Montana Graingrowers Annual Convention (2)

Max S. Baucus

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Record Type*: Speeches & Remarks

MONTH/YEAR of Records*: November-1981
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(1) Subject*: Montana Graingrowers Annual Convention
(select subject from controlled vocabulary, if your office has one)

(2) Subject* Agricultural Exports-Hope for Prosperity in the Eighties and Beyond

DOCUMENT DATE*: 11/16/1981
(Example: 01/12/1966)
AGRICULTURAL EXPORTS--HOPE FOR PROSPERITY IN THE EIGHTIES AND BEYOND

Good afternoon Grain Growers, Wheat Hearts and Friends.

Ever since I climbed down from the Rominger’s combine near Great Falls last summer, I’ve been looking forward to celebrating another bumper harvest.

But as you all know, a bumper crop doesn’t mean bumper profits. American agriculture is producing more than ever before. Yet, American farmers and ranchers have seldom faced such troubling times.

The great statesman Daniel Webster once said:

“Unstable is the future of that country which has lost a taste for agriculture. If there is one lesson in history which is unmistakable, (it) is that national strength lies very near the soil.”

The Industrial Revolution had not transformed America from a nation of farmers to a land of cities when Daniel Webster spoke those words.

However, I suspect that had he been in the Senate chambers this year during debate on the Farm Bill, he would have spoken
EVEN LOUDER ABOUT THE IMPORTANCE OF AGRICULTURE.

THIS YEAR'S FARM BILL IS PROOF THAT MANY IN CONGRESS DO NOT APPRECIATE THE ROLE OF AGRICULTURE. TO THEM PRICE SUPPORTS ARE COSTS, NOT INVESTMENTS IN THE FUTURE.

THEY FORGET THAT AGRICULTURE PROVIDES FULLY 25 PERCENT OF OUR NATION'S GROSS NATIONAL PRODUCT.

THEY FORGET THAT AMERICA'S FARMERS PROVIDE AN ABUNDANCE OF FOOD FOR 225 MILLION PEOPLE AT REASONABLE PRICES -- AND STILL EXPORT OVER 45 PERCENT OF EACH YEAR'S CROP.

THEY FORGET THAT THOSE EXPORTS PROVIDE $47 BILLION FOR OUR BALANCE OF PAYMENTS.

THE 1981 FARM BILL IGNORES THE INCREASING COSTS OF PRODUCTION.

IT IGNORES THE FACT THAT OVER 28,000 FARMS HAVE GONE OUT OF BUSINESS SINCE 1977.

AND, BY TRYING TO SAVE A NICKEL NOW, IT WILL GUARANTEE AN UNSTABLE MARKET IN THE FUTURE.

AGRICULTURE IS MONTANA'S NUMBER ONE INDUSTRY. IT IS OUR JOB TO LOOK FOR NEW WAYS TO STRENGTHEN THE FARM ECONOMY -- DESPITE WHAT GOES ON IN WASHINGTON.

THE BRIGHT SPOT ON THE FARM HORIZON IS EXPORTS. FOR MONTANA FARMERS, EXPORTS OFFER NEW MARKETS AND THUS, PRICES THAT ARE MORE STABLE.

EACH DOLLAR EARNED ABROAD IN A GRAIN SALE RETURNS OVER 2 DOLLARS TO THE U.S. ECONOMY. AND THAT'S NOT ALL.

MANY NATIONS WHICH NEED OUR FARM PRODUCTS IN TURN SUPPLY US WITH CRITICAL RAW MATERIALS. FOR EXAMPLE, HEAVILY POPULATED ZAIRE PROVIDES US WITH MAGANESE AND COBALT -- USED IN PRODUCING
HEAT-RESISTANT METAL FOR JET ENGINES.

The U.S., in turn, has the greatest abundance of food that nations, like Zaire, need—and buy—in return for selling us their resources.

Montanans already are taking advantage of the export market. The leaders of the MGGA and the Montana Wheat Research and Marketing Committee -- Bob (Brastrup) and Jim (Christianson) -- all deserve thanks for their leadership and foresight.

The export market looks strong. China has already become the largest foreign buyer of U.S. wheat -- to the tune of $1.1 billion last year. Only the Soviet Union, Japan, and Mexico buy more U.S. farm products.

China could be our biggest market some day. That's not surprising given China's population of over a billion people.

China is not the only foreign market that is growing, however. Mexico bought $608 million worth of agricultural commodities in 1977. By 1980, this jumped 300 percent to over $2 billion.

Brazil went from $87 million to $698 million in that same period.

Egypt is another growing market -- with over $750 million in purchases last year.

Despite these positive signs, there are major hurdles yet to overcome before American farmers reap the full benefits of the export trade.

American trade negotiators must take an aggressive position in working out sale agreements. Farmers need a clear signal from the Reagan Administration that food will not be used as a weapon
-- THROUGH LIMITED EMBARGOES.

We must also be a consistent supplier to compete with other exporters. Trading partners must understand that the weather is still the ultimate control of available supplies.

But other nations also must understand that we will not make American farmers a costly tool of foreign policy. We all know how the Russian grain embargo realigned the worldwide grain market. That must not happen in the future.

In return, though, American farmers should receive a reasonable market price. My message to trade negotiators is that producers must be paid enough to cover production costs and a reasonable profit. That's only fair.

I expect the Administration to take action to curb trade barriers that stand in the way of free trade with Europe and Japan. I plan to meet with representatives of the European community when they visit Washington, to make that point personally.

Just recently we won a small victory in the Senate. With your grain leaders' support, and support from national groups like the National Association of Wheat Growers, I was successful in amending the bill that funds USDA programs.

The money budgeted to the Foreign Agricultural Service (FAS) for U.S. Wheat Associates was below the level they needed to expand their export market development program.

My amendment corrects that mistake. U.S. wheat farmers have assessed themselves for more than two decades to establish funding for overseas market development initiatives.

This kind of cooperative effort should not be cut, but
No matter how aggressive we are in selling our products, however, unless our transportation network can move that grain efficiently and quickly, we will lose the benefits of the export market.

We face critical transportation barriers in developing export markets.

In Montana, we are now stuck with only one railroad. Competitive rail service has gone the way of the passenger pigeon.

The result is all too familiar. The railroad will charge whatever the market will bear to haul your grain. It will abandon whatever lines it pleases.

One railroad official recently told me this was "railroad enrichment." I agree. But it is a form of railroad enrichment that can mean shipper bankruptcy. I will work with the State of Montana to develop a unified position on each rail line abandonment that is proposed by Burlington Northern. We will need one comprehensive strategy to retain the most important branch lines.

As you know, in 1980, Congress passed a law deregulating the railroads. I could not support that bill because it did not adequately protect captive shippers from monopoly rates. But, the bill is law and we must live with it until it can be changed.

One way to survive is to guard what little transportation competition we have. The truck/barge alternative for hauling grain to the West Coast for export must be protected.

The rates for truck/barge help hold down rail rates.
HARD TO BELIEVE THAT THE RAIL RATES COULD GO ANY HIGHER, BUT THEY WOULD.

Unfortunately, the Reagan Administration doesn't see it this way. They want to impose a gigantic waterway user fee that would reduce the amount you receive when you sell grain. That fee would jeopardize Montana involvement in the world grain market.

I sit on both the Public Works and Finance Committees. These two committees have jurisdiction over waterway user fee legislation. I will oppose unreasonable increases in waterway user fees and will urge my colleagues to do the same.

In addition, I will continue to monitor the activities of Burlington Northern's new holding company. I am worried -- as are many of you -- that the holding company could be the first step in reduced rail service in this state. We must all be prepared to acknowledge that Burlington Northern is entitled to make a reasonable profit. But we must be just as ready to assert that BN has substantial obligations to serve the public of the state as well.

Let me add a word about the railroad land grants. It's an issue being raised here and in Washington with greater urgency each day. I know that some believe the grants are a matter of ancient history and should be forgotten.

Others argue that the grants should be taken from the railroads and restored to the public domain or sold to farmers.

I believe the issue needs a full and fair airing. Accordingly, I support a Congressional review of the land grants. Once and for all we need to decide whether the railroads have discharged all their obligations under the grants.
If they have, fine. If not, does Congress have the power to require better service to shippers? Can we require some land grant income to be used for rail maintenance?

In short, does a railroad which received millions of acres of public land in the 19th century have any obligation to provide reasonable service to grain shippers and the public? If so, what is it? We need to know.

Last, I have recently formed the Senate Rail Caucus with Senator Durenberger of Minnesota. The caucus has three dozen Senate members. We will explore a number of critical rail problems over the next several years. We want solutions -- not just seminars and studies.

Most of all, we want railroads that are healthy and responsible. As we learned from the Milwaukee, one without the other is useless.

The 1980s should be the golden era of agricultural exports. Montanans can and should play a prominent role.

We are blessed with the productive land. We have made enormous strides in marketing techniques and gaining access to export markets.

Working together, we can master our two greatest challenges. We must constantly press the federal government to adopt policies that promote agricultural exports. And we must redouble our efforts to preserve quality export transportation. I look forward to the chance to work with you in meeting these challenges.
NOTE TO MAX: IF YOU NEED TO HAVE SOME WORK DONE ON THIS, CALL
Bob Vogel at 202--797-9679 or Rick at 202--543-8519.