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TESTIMONY OF

DRAFT

MONSANTO COMPANY  
BEFORE THE  
SENATE AGRICULTURE COMMITTEE  
AND THE  
HOUSE AGRICULTURE COMMITTEE  
SUBCOMMITTEE ON DEPARTMENT OPERATIONS, RESEARCH, & FOREIGN  
AGRICULTURE  
WASHINGTON, D.C.  
APRIL 4, 1985

THANK YOU, MR. CHAIRMAN.

I AM OF  
MONSANTO COMPANY. MONSANTO, AS YOU MAY KNOW, MAKES AND MARKETS  
AGRICULTURAL PRODUCTS THAT ARE SOLD AROUND THE WORLD. LAST YEAR  
OUR SALES RELATED TO FARMING AMOUNTED TO ROUGHLY \$1.3 BILLION---  
WHICH PUTS OUR COMPANY, MR. CHAIRMAN, AT THE VERY CENTER OF WHAT  
HAS COME TO BE CALLED "AGRIBUSINESS."

I WOULD SUGGEST, HOWEVER, THAT WHAT WE CALL  
AGRIBUSINESS DOES NOT STAND APART FROM AGRICULTURE IN AMERICA AND  
THE WORLD. WE ARE, RATHER A PART OF AGRICULTURE. WE STAND WITH

FARMERS IN THEIR EFFORT TO INCREASE THE PRODUCTIVITY OF AMERICAN AGRICULTURE. OUR FORTUNES RISE--- OR FALL--- WITH THE FORTUNES OF FARMERS.

IN 1983, OUR COMPANY LAUNCHED AN AGRICULTURAL POLICY PROJECT CALLED DIALOGUE. ONE OF ITS PURPOSES IS TO IMPROVE PUBLIC UNDERSTANDING OF FARM-POLICY ISSUES--- BY BRINGING TOGETHER FARMERS, BUSINESS PEOPLE, PUBLIC OFFICIALS AND OTHERS TO DISCUSS THE FUTURE OF FARM POLICY. THROUGH A SERIES OF REGIONAL FORUMS AND OTHER PROGRAMS, WE HAVE HEARD LITERALLY HUNDREDS OF IDEAS AND SUGGESTIONS WHOSE PURPOSE IS TO STRENGTHEN THE FARM SECTOR, INCREASE ITS PRODUCTIVITY--- AND SECURE A DECENT LIFE FOR FARMERS AND THEIR FAMILIES.

I HOPE I SPEAK TODAY, MR. CHAIRMAN, NOT JUST ON BEHALF OF AGRIBUSINESS, BUT ON BEHALF OF ALL THOSE WHO HAVE TAKEN PART IN OUR DIALOGUE PROJECT--- AND ON BEHALF OF ALL THOSE PEOPLE WHOSE LIVES AND LIVELIHOODS DEPEND ON FARMING, OUR MOST BASIC AMERICAN INDUSTRY. I SAY "BASIC," BECAUSE THE EXPERTS TELL US THAT EACH AMERICAN FARMER SUPPORTS DOZENS OF OTHER AMERICAN WORKERS; IN ALL, FEWER THAN THREE PERCENT OF AMERICANS ARE FARMERS. BUT THEY SUPPORT AN ESTIMATED 22 PERCENT OF THE NATION'S JOBS--- ALL THROUGH OUR ECONOMY. SO IF FARMERS GET IN TROUBLE, IT'S FAIR TO SAY THAT ALL OF US ARE IN TROUBLE--- EVEN PEOPLE FAR AWAY FROM RURAL AMERICA.

## THE IMPORTANCE OF EXPORTS

THIS COMMITTEE, THE CONGRESS AND THE COUNTRY ARE HEARING A GREAT DEAL THESE DAYS ABOUT WHAT FARMERS NEED IF THEY ARE TO PROSPER. I WANT TO FOCUS ON ONE OF THOSE MANY REQUIREMENTS. BEYOND STABILIZING FARM INCOME AND DEALING WITH THE PRESENT SHORT-TERM CRISIS IN THE FARM ECONOMY, IT IS IN OUR JUDGMENT THE KEY REQUIREMENT FOR LONG-TERM FARM PROSPERITY. I AM SPEAKING, OF COURSE, OF INCREASING FARM EXPORTS.

SEVERAL WEEKS AGO, THE MEDIA REPORTED THAT OUR COUNTRY'S TRADE DEFICIT HAD REACHED AN ALL-TIME HIGH: \$123 BILLION. THE UNITED STATES, FOR MANY YEARS A TRADE COLOSSUS, IS NOW FEELING THE DISCOMFORTS OF BEING A "DEBTOR NATION" WITH A DECLINING SHARE OF WORLD MARKETS. OUR FARM SECTOR, WHICH IN THE 1970'S ENJOYED RISING SALES ABROAD, HAS BEEN PLAGUED IN THE LAST FEW YEARS BY A FALLOFF IN EXPORTS.

SOLVING THIS PROBLEM WILL REQUIRE MORE THAN AN "EXPORT TITLE" IN THIS YEAR'S FARM BILL--- IMPORTANT AS THAT IS. IT WILL REQUIRE A MIX OF POLICIES WHICH INCLUDES FOOD AID, ECONOMIC DEVELOPMENT EFFORTS ABROAD, AGGRESSIVE MARKETING TACTICS AND OTHER INITIATIVES. IT WILL REQUIRE COOPERATION AMONG GOVERNMENT AGENCIES, THE CONGRESS, PRIVATE COMPANIES AND OTHERS. AND IT WILL REQUIRE ADEQUATE GOVERNMENT FUNDING, EVEN IN A TIME OF BUDGET AUSTERITY.

TODAY, MR. CHAIRMAN, I'D LIKE TO FOCUS ON SOME POSITIVE STEPS THAT GOVERNMENT AND THE PRIVATE SECTOR CAN TAKE, INDIVIDUALLY AND TOGETHER, TO IMPROVE THE PROSPECTS FOR OUR AMERICAN FARM EXPORTS.

### DEVELOPING THIRD-WORLD MARKETS

THE FIRST CHALLENGE, IN OUR JUDGMENT, MR. CHAIRMAN, IS TO EXPAND MARKETS IN THE DEVELOPING COUNTRIES FOR OUR FARM PRODUCTS.

THIRTY YEARS OF EXPERIENCE PROVE THAT OUR FOOD-AID PROGRAMS HELP BUILD MARKETS FOR OUR FARM PRODUCTS. TODAY, EIGHT OUT OF TEN OF THE LARGEST FOREIGN CUSTOMERS FOR U.S. FARM PRODUCTS ARE ONE-TIME RECIPIENTS OF U.S. "FOOD FOR PEACE" SHIPMENTS. SUCH AID IS VERY MUCH IN OUR LONG-TERM ECONOMIC INTEREST. MONSANTO, THEREFORE, STRONGLY SUPPORTS PROPOSALS TO ENLARGE AND STRENGTHEN OUR PROGRAMS OF FOOD AND DEVELOPMENT AID.

\* WE SUPPORT THE PRESIDENT'S "FOOD FOR PROGRESS" PROPOSALS AS A USEFUL COMPLEMENT TO THE P.L. 480 "FOOD FOR PEACE" PROGRAM. WE NEED TO CREATE INCENTIVES FOR THIRD WORLD COUNTRIES TO DEVELOP FREE-MARKET ECONOMIES AND TO IMPROVE THEIR INFRASTRUCTURES FOR PRODUCING AND TRANSPORTING FOOD.

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\* WE ALSO SUPPORT PROPOSALS WHICH WOULD AUTHORIZE THE PRESIDENT TO OFFER MULTI-YEAR COMMITMENTS OF U.S. SURPLUS COMMODITIES AS A BONUS TO LESS-DEVELOPED COUNTRIES WHICH AGREE TO REFORM THEIR FARM POLICIES IN A FREE-MARKET DIRECTION.

\* WE SUPPORT AMENDMENTS TO P.L. 480 WHICH WOULD ALLOW THE UNITED STATES TO ACCEPT PAYMENT FOR COMMODITIES IN LOCAL CURRENCIES. THE U.S. WOULD THEN RE-LEND THESE FOREIGN-EXCHANGE MONIES TO FINANCIAL INTERMEDIARIES FOR PRIVATE INVESTMENT IN THOSE COUNTRIES.

\* WE BELIEVE THAT CONGRESS NEEDS TO REVIEW THOROUGHLY THE SO-CALLED "CARGO PREFERENCE" LAWS, WHICH MANDATE THAT PORTIONS OF U.S. FOOD-AID SHIPMENTS MUST BE SHIPPED ON U.S. FLAG VESSELS. HOWEVER WELL-INTENDED, THE PRACTICAL EFFECT OF THESE LAWS IS TO INCREASE THE PRICE OF U.S. FOOD SHIPMENTS. "CARGO PREFERENCE," IN FACT, VIRTUALLY NEGATES THE CREDIT AND OTHER CONCESSIONS WE OFFER TO FOREIGN COUNTRIES WHO SEEK TO BUY OUR FARM PRODUCTS.

BEYOND GOVERNMENT INITIATIVES, MR. CHAIRMAN, WE STRONGLY ENDORSE RECOMMENDATIONS TO SPUR PRIVATE-SECTOR INVOLVEMENT IN HELPING DEVELOPING COUNTRIES MAKE ECONOMIC AND AGRICULTURAL PROGRESS. WE SUPPORT THE RECOMMENDATIONS OF THE PRESIDENTIAL TASK FORCE ON INTERNATIONAL PRIVATE ENTERPRISE. AND

WE STRONGLY SUPPORT THE WORK OF THE FOWLER-McCRACKEN COMMISSION, WHICH IS WORKING, IN KEEPING WITH THE RECOMMENDATIONS OF THE PRESIDENTIAL TASK FORCE, TO RALLY CORPORATE AMERICA TO ADDRESS THE PROBLEMS OF WORLD HUNGER AND UNDERDEVELOPMENT.

REPRESENTATIVE BENJAMIN GILMAN OF NEW YORK HAS SPONSORED A "SENSE OF THE CONGRESS" RESOLUTION, H.R. 57, ENCOURAGING GREATER PRIVATE-SECTOR INVOLVEMENT IN HELPING TO SOLVE THESE PROBLEMS. WE COMMEND IT TO YOUR ATTENTION.

FINALLY, THE STATE DEPARTMENT, AT THE PRESIDENT'S REQUEST, HAS ESTABLISHED A PRIVATE-SECTOR ADVISORY GROUP THROUGH WHICH BUSINESS LEADERS WILL SHARE INFORMATION ON THIRD WORLD PROBLEMS AND SEEK OPPORTUNITIES TO HELP SOLVE THOSE PROBLEMS. JUST THIS WEEK, THE GROUP'S SUBCOMMITTEE ON FOOD, HUNGER AND AGRICULTURE IN DEVELOPING COUNTRIES MET TO IDENTIFY PRIVATE-SECTOR DEVELOPMENT OPPORTUNITIES.

MONSANTO STRONGLY SUPPORTS THE EFFORTS OF BOTH THE FOWLER-McCRACKEN COMMISSION AND THE STATE DEPARTMENT ADVISORY GROUP.

#### AN AGGRESSIVE PROGRAM TO DEVELOP EXPORT MARKETS

BEYOND FOOD AND DEVELOPMENT AID, MR. CHAIRMAN, WE SEE GREAT POTENTIAL IN A SECOND DIRECTION: A MORE AGGRESSIVE PROGRAM TO DEVELOP MARKETS FOR U.S. FARM PRODUCTS.

\* WE BELIEVE THAT THE CONGRESS SHOULD EXPLICITLY RECOMMIT OUR COUNTRY TO ITS ROLE AS A RELIABLE SUPPLIER OF FOOD IN THE INTERNATIONAL MARKETPLACE: A SUPPLIER WHICH WILL NOT VIOLATE THE SANCTITY OF ITS CONTRACTS. THAT IS TO SAY, WE SUPPORT AN EXPLICIT NO-EMBARGO PLEDGE.

\* WE BELIEVE THAT THE EXPORT-STIMULATING PROGRAMS OF THE COMMODITY CREDIT CORPORATION SHOULD BE EXPANDED.

\* WE BELIEVE THAT THE "COOPERATOR PROGRAM" OF THE U.S. DEPARTMENT OF AGRICULTURE SHOULD BE EXPANDED AND REVITALIZED.

\* WE STRONGLY RECOMMEND THAT THE PROGRAMS OF THE EXPORT-IMPORT BANK BE STIMULATED, EXPANDED--- AND FOCUSED, AS THEY NEVER HAVE BEEN BEFORE, ON U.S. AGRICULTURAL EXPORTS.

"BARGAINING TOUGH" WITH OUR TRADE PARTNERS

FINALLY, MR. CHAIRMAN, WE BELIEVE THAT OUR GOVERNMENT NEEDS TO FORMULATE A FIRM, EXPLICIT AND COHERENT GLOBAL TRADE POLICY.

TEMPERS ARE HIGH NOW AMONG AMERICAN FARMERS, MR. CHAIRMAN--- AS THEY ARE IN OTHER INDUSTRIES--- ABOUT UNFAIR TRADE PRACTICES THAT HANDICAP OUR PRODUCTS IN THE GLOBAL MARKETPLACE.



MANY OBSERVERS ARE URGING A STRATEGY OF RETALIATION UPON THE PRESIDENT AND CONGRESS. FOR OUR PART, WE BELIEVE THAT THE MOMENT IS NOT TOO LATE TO AVOID AN OUTRIGHT INTERNATIONAL TRADE WAR--- IF WE ACT SOON.

\* WE BELIEVE IT WOULD BE WORTHWHILE TO ORGANIZE SOON AN "AGRICULTURAL SUMMIT" OF THE WORLD'S NATIONS, LINKED TO THE CONTINUING PROCESSES OF THE GENERAL AGREEMENT ON TRADE AND TARIFFS, TO DISCUSS THE PROBLEMS OF GLOBAL AGRICULTURAL TRADE AND HELP SHAPE AN AGENDA FOR FUTURE NEGOTIATIONS.

\* WE WOULD URGE THAT THE CONGRESS, MR. CHAIRMAN--- AND PARTICULARLY THIS COMMITTEE--- URGE THE PRESIDENT TO APPOINT A NEW SPECIAL TRADE REPRESENTATIVE WHO IS THOROUGHLY FAMILIAR AND EXPERIENCED IN THE FIELD OF AGRICULTURE. AND WE HOPE THAT YOU WILL URGE THE PRESIDENT'S NEXT TRADE REPRESENTATIVE TO PUT AGRICULTURAL ISSUES NEAR THE TOP OF THE AGENDA FOR DISCUSSIONS WITH OUR TRADING PARTNERS. THE NEW STR SHOULD BE GIVEN THE AUTHORITY AND RESOURCES NECESSARY TO BARGAIN TOUGH WITH OUR TRADING PARTNERS--- TO DISCOURAGE SHARP PRACTICES WHICH CAUSE TEMPERS TO RISE AND TRADE TO DECLINE.

#### A CHALLENGE TO THE CONGRESS

AS YOU ARE AWARE, MR. CHAIRMAN, MUCH OF WHAT IS NEEDED TO STIMULATE EXPORTS LIES BEYOND THE REALM OF FARM POLICY OR FARM

LEGISLATION. WE NEED, ABOVE ALL, TO REDUCE THE FEDERAL DEFICIT AND COPE WITH THE PROBLEM OF A SHARPLY OVER-VALUED U.S. DOLLAR.

BUT THERE IS MUCH THAT WE CAN DO WITHIN YOUR REALM: THAT OF FARM LEGISLATION. AND SO WE WELCOME THIS OPPORTUNITY TO PARTICIPATE IN THE DIALOGUE LEADING UP TO THE PASSAGE OF A NEW FARM LAW.

WHILE WE MAY DIFFER ON SOME DETAILS, MR. CHAIRMAN, I BELIEVE THAT EVERY FARMER AND EVERY REPRESENTATIVE OF AGRIBUSINESS WILL AGREE THAT ONE THING IS NEEDED: A STRONG AND MEANINGFUL EXPORT TITLE IN THE 1985 FARM BILL. NO SINGLE ITEM COULD DO MORE TO RESTORE THIS NATION'S FARMERS TO THE PROSPERITY THAT THEY NEED--- AND DESERVE.

THANK YOU.

# # # # #

The National Partnership to Prevent Drug and Alcohol Abuse

Rexford E. Tompkins

President

"The National Partnership [to Prevent Drug and Alcohol Abuse] represents a major new step in addressing the demand for drugs and alcohol among youth. This Administration -- President Reagan, first among us -- recognized that restricting the supply of drugs alone cannot solve America's drug problem. We must also attack demand, even though the Department set new records for seizure of marijuana, cocaine and heroin last year, and expects to do the same this year ...

"I have high hopes for the National Partnership. As far as I can see, all signs are go. We have the talent, the resources and the spirit of cooperation necessary to launch an aggressive, effective campaign."

Attorney General Edwin Meese  
October 10, 1985

Just what is the National Partnership?

The National Partnership is a nationwide alliance of local, state, regional and national organizations, united by their commitment to prevent substance abuse among youth. The

--- (more) --

National Partnership seeks total community mobilization by bringing into the youth drug and alcohol prevention effort institutions and organizations that are not traditionally considered to be intimately involved in the alcohol and drug prevention field. A non-profit educational and service corporation, the National Partnership works in the public interest to

- o enhance awareness of the critical importance of drug and alcohol abuse and how it can be prevented;

- o stimulate the development of similar local alliances to carry on effective abuse prevention programs in states and communities throughout the country;

- o provide professional services in support of those activities;

- o and bring new ideas and resources to the task of reducing and eliminating abuse.

Through a wide network of state and local partnerships, the National Partnership will be able to draw on the best in community prevention efforts.

The idea of the National Partnership was born in Williamsburg, Virginia, in January 1985. There, some 150 leaders from throughout the country -- representatives of parent and youth groups, media, business, churches, medicine, government and other institutions -- gathered to consider how best to overcome the mounting problem of youth drug and alcohol use. Frankie Coates, deputy chief of public affairs at DEA, was

actively involved in those deliberations. The Williamsburg group reflected a growing grassroots consensus, calling for a major national cooperative effort to strengthen and extend abuse prevention programs. Backed by the endorsement of Attorney General Meese and a \$1 million operating grant from the Justice Department, the commitment of the honorary chairperson, Nancy Reagan, and bipartisan support evidenced by the inclusion of Senate Majority Leader Robert Dole and Speaker of the House Tip O'Neill as honorary board members, the National Partnership was formed and announced in a White House ceremony October 10, 1985.

Enforcement and Prevention Work Hand-in-Hand

To echo the words of the Attorney General, alcohol and drug abuse enforcement is vital, but alone, is not enough. The problem of youth drug and alcohol use is too widespread to limit the attack to only one front. DEA recognized this many years ago and added drug prevention methods to its sphere of operations. The same realization among a broad range of concerned organizations in the public and private sectors led to the development of the National Partnership. We at the National Partnership view DEA as a crucial ally in the substance abuse battle and look forward to working with DEA in every way possible to achieve our common goals.

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One way to assist national drug enforcement efforts is to try to reduce the demand for drugs. The DEA drug prevention programs, such as Sports Drug Awareness, under the Demand Reduction Task Force, complement DEA drug enforcement efforts.

The National Partnership now has leaders in every part of society. The unifying connection is the belief that there is no greater problem in our country than the problem of youth substance abuse. Through the talents and resources represented in the board of trustees and in the local, state, regional and national members of the National Partnership, we aspire to nothing less than a fundamental re-shaping of societal attitudes toward alcohol and drug consumption. And, by focusing on youth substance abuse, we are planting the seeds for eliminating drug demand among future generations.

#### Translating Community Efforts into a National Campaign

In early January, I traveled to Mobile, Alabama, to meet with former Congressman Jack Edwards who, since retiring from the U.S. House, has become involved in the development of a local partnership in that town. I also met with Admiral William Stewart, USCG retired, who, charged with responsibility for the security of the U.S. Gulf ports -- magnets for drug smuggling operations -- was keenly aware of the extent of drug trafficking in the Southeastern United States.

Stewart said the enforcement effort in the United States was being overwhelmed. He said this year the United States could expect to "import" four to five tons of heroin, 100 tons of cocaine and 15,000 tons of marijuana.

I talked with Juvenile Court Judge John Butler, who translated the national problem into community terms. Butler said that the Gateway Drug Treatment Center under Mobile Mental Health had run a survey every ten years on youth substance abuse. In 1972, the Center interviewed 25,000 children in public and private schools. The 1972 survey revealed that 20 percent admitted to using marijuana or some other drug at least once a week, not including alcohol. In 1982, the survey was repeated and the figure had risen to 40 percent. Since 1982, Butler told me he had conducted his own informal surveys; though unscientific, the results of his personal interviews always placed high school substance use at above 50 percent.

Both men, Stewart and Butler, are becoming actively involved in the youth substance abuse prevention effort in Mobile through the National Partnership. Designed to stimulate and support but never to replace or direct local efforts, the National Partnership is grounded on the premise that a local response to youth drug and alcohol abuse is the best response. Indeed, the National Partnership is a means for turning those many effective community prevention efforts into a broad national campaign.

Mobile Mayor Arthur Outlaw said, "This is not a program that somebody is going to dictate to us ... [the

National Partnership is] going to help [Mobile] with the knowledge they get from all over the country, and [Mobile is] going to be able to help the rest of the country."

We can make a difference. V.J. Adduci, chairman of the National Commission on Drunk Driving, in a December status report, says the commission is making progress in its campaign to "make drunk and impaired driving socially unacceptable." And U.S. Department of Transportation Secretary Elizabeth Dole seems to corroborate those findings with her announcement that alcohol involvement in fatal crashes dropped significantly between 1980 and 1984, indicating that, "programs to discourage drunk driving are yielding tangible results."

The energy, the interest and the talent exist to launch a powerful national campaign for the prevention of youth drug and alcohol abuse. In the coming year, the National Partnership will be engaged in an active program to harness that energy and talent in 100 local partnerships.

#### Many Centers of Activity

There are many centers of activity all across the country. The National Partnership will study and analyze many of these community prevention efforts to learn which programs are



effective and might be used in other communities. And, though not under the Partnership umbrella, let me mention two such prevention efforts launched in March 1986.

The State of Tennessee, under the direction of Tennessee First Lady Honey Alexander, unveiled a multi-media promotion, the Tennessee "No" Team, centering on the "Just Say No!" project, to motivate children and teenagers to reject alcohol and drugs. The Tennessee project actually began in November 1984, when Gov. Lamar Alexander appointed the Task Force on Youth Alcohol and Drug Abuse. Chaired by Nat Winston, M.D., former director of the Tennessee Department of Human Resources, the Task Force was directed to develop a comprehensive plan of action for the prevention and treatment of alcohol and other drug problems among Tennessee youth. Honey Alexander's March announcement will be girded by the efforts of ten state-supported community coalitions across Tennessee. In February 1986, representatives of the National Partnership met with members of the Task Force to learn from one-another and to explore areas of opportunity.

Also in March, the Alcoholism Council of Greater New York started a campaign to educate the non-problem drinker as to how drinking habits can affect personal health. The New York Times reported the director of the effort, Allan Luks, as saying, "Present prevention in the United States focuses on social consequences, the drunk driver ... In the statistics,

kids look at them and say, 'That's not me.' We found that when we began to talk to these people about their muscle tone and sexual performance, they began to listen. We're hitting them where they live."

We will be sharing with our members information not only on the activities of local partnerships, such as the organization being developed in Mobile, but also information on effective independent operations such as those unveiled in March in New York and Tennessee.

Effective Prevention Must be the Work of Many Hands

The cure for the epidemic of youth alcohol and drug use does not rest in the hands of any one organization or approach, though parts of the cure may be found in every prevention group and philosophy. The National Partnership represents a way to coalesce these many diverse and, often, fragmented approaches to reducing youth drug and alcohol use.

As we stand on the brink of a major race to develop local partnerships in communities across America, we extend a special hand of cooperation to our partners at DEA.

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September 6, 1985

Lifecare Monitor

Issue 7

IN THIS ISSUE: Summary of key 1985 state legislative action to date, and what to look for in the fall....  
Imputed interest to lifecare entry fees at top of Congressional agenda....  
Legislation for national task force on long-term care to be re-considered by Congress....  
Manor Care looks to expand/diversify nursing care services....  
Conference and editorial calendars.

## LEGISLATIVE AFFAIRS

### STATES SLOWLY MOVE TOWARD REGULATION OF LIFECARE, LONG-TERM CARE SERVICES/INSURANCE

As the industry continues to grow, states have begun to distinguish lifecare from other forms of long-term and continuing care. During the past few months, several major states have adopted new rules, or modified old ones to fit the maturing long-term care industry. A state-by-state summary of recent legislation and developing legislative trends follows.

**PENNSYLVANIA:** Effective March 1, 1985, lifecare communities must be certified by the State Department of Insurance. Certification requires a demonstration of fiscal fitness on the part of a proposed operator or developer. To show the requisite degree of economic and management soundness, a developer must maintain an escrow account in the amount of at least 10 percent of projected annual operating expenses.

Developers are required to disclose corporate structure, a list of services and fees, and detailed corporate financial information to prospective residents prior to negotiating a lifecare contract.

NEW YORK: The New York ban on lifecare is beginning to antagonize the "younger" elderly who would like to be able to take advantage of increased living options.

Legislative counsel will be looking closely at the continuing care field to determine if legislation to open up some of these options is feasible. Governor Cuomo will play a key role, as he places issues affecting the elderly near the top of his social policy agenda.

Cuomo is expected to receive a report from his task force on aging, manned by state officials and representatives from senior citizens' groups, late fall or early winter. The need for increased housing and health care options is expected to be a major theme of this report.

The New York legislature will return for a brief session in the fall, but substantive legislation will be tabled until 1986. It would not be surprising to see the concept of lifting the continuing care ban.

In addition, a bill addressing long-term care insurance will be introduced. The bill, which was left unconsidered in the most recent legislative session, would require coverage for long-term and residential care under group accident and health insurance policies.

ILLINOIS: The Illinois legislature passed three bills that are waiting the signature of Gov. Jim Thompson before becoming Illinois law.

The House passed a bill (H.B. 1410) prohibiting nursing homes from refusing to admit or retain residents that are about to become Medicaid patients.

Senate-passed S.B. 1084 creates a new type of classification called "exceptional care." This type of person is defined as medically stable for discharge from a hospital, but still requires acute intensity hospital care.

S.B. 390 allows the Department of Public Aid to offer nursing homes "quality incentive payments" as an award for high quality care, particularly for nursing homes offering care for Alzheimers disease.

VIRGINIA: Earlier this year, Governor Charles Robb signed into law new regulations creating extensive annual disclosure requirements for continuing care providers to lifecare residents; and to state officials for registration purposes.

These include projections of estimated operating expenses of the facility; an estimate of the required percentage of occupancy for continued operation of the facility; and details of any mortgages and financing arrangements held by or concerning the facility, including identification of any assets pledged as collateral for any purpose.

The regulations also stipulate conditions which must appear in the continuing care contract between the provider and resident regarding rescission, cancellation, of contract services.

CALIFORNIA: The California assembly will conclude its legislative session September 13. As yet, no major legislation has cleared both houses. A complete list of major legislation to be signed into law will be included in the next Monitor.

NEW JERSEY: The New Jersey legislature is expected to formally adopt a comprehensive package of regulations for the continuing care industry, this fall. A bill has already cleared the state's Senate and General Assembly, and only minor details need to be resolved.

The law will require an annual certified financial statement to be filed by each continuing care facility demonstrating continuing long-term economic viability; the maintenance of liquid reserves equal to at least 10 percent of projected annual operating expenses; the preparation of a detailed statement regarding the anticipated source and application of the funds used in the purchase or construction of the facility, including estimated operating expenses; and a quadrennial inspection of the facilities' books by the Department of Community Affairs.

TEXAS: Texas currently does not make special provision for lifecare developments per se; however, all nursing facilities and retirement developments must meet new registration requirements to continue in business.

The State Senate will continue an on-going examination of the feasibility of long-term care insurance, and third party reimbursement for long-term care services, this fall.

MARYLAND: Governor Hughes signed into law, at the end of May, a bill which included regulations of continuing care facilities. Maryland now requires a feasibility study showing a long-term financial viability, including a demonstration of probable commercial success -- illustrated, in part, by signed contracts for 65% of a development's living units and collection of 10% of entrance fees -- be submitted to a Commission on Aging before a construction license or a preliminary certificate of registration is issued.

The law exempts lifecare communities from the requirement of obtaining a state CON for nursing beds given certain limitations on the use, number and location of those beds.

The act also established a 30-day "cooling off" period for potential residents who sign a lifecare contract during which all entrance fees or endowments are fully refundable.

OHIO: Currently, Ohio does not make significant distinctions between continuing care communities and nursing homes within their regulatory scheme. Lifecare developments must go through the CON and licensing processes which can cause a substantial increase in the time between the point of commitment of resources to a development project, and the time of operation of that facility.

A legislative distinction may be near at hand, however. Several leading state representatives are considering legislation to regulate lifecare following the publicity heaped on the cases of several Ohio residents who lost their investments in bankrupt Pennsylvania lifecare facilities. Such action could come this fall, looking to passage early next year. This may become a campaign issue for state legislators up for reelection in 1986.

CONNECTICUT: Efforts toward adopting long-term care insurance are on hold for the time being and legislation on this issue does not appear imminent. Studies by insurance associations of Connecticut indicate that assessing the long-term care needs among 25-year-old age group would prove inconclusive at this time. The long-term care requirements of this age group, they note, may differ significantly from the needs of individuals now over 60 years old.

#### TASK FORCE ON LONG-TERM CARE INSURANCE MAY BE CONSIDERED DURING FALL BUDGET DEBATE

A House bill to establish a task force on long-term care insurance (see Monitor, June 15) reportedly may become a part of any budget reconciliation bill developed in the fall.

The bill, introduced by Rep. Ron Wyden (D-OR), and its counterpart in the Senate, offered by Sen. Dave Durenberger (R-MN) and others, has apparently benefitted from recent media and Congressional spotlights on long-term care, marked by the 20th Anniversary of Medicare and Medicaid.

House Energy and Commerce staff apparently favor moving the bill during the budget reconciliation process; while some representatives of the National Association of Insurance Commissioners -- the would-be leaders of the proposed task force -- and others, favor moving the bill separately in order to avoid the political in-fighting certain to occur during debate on the budget.

The 18-member task force would be made up of representatives from the insurance industry; long-term care providers; and senior citizens' groups.

The original bill has been weakened to call only for proposed "guidelines," rather than "standards" from the task force. Also, the revised bill does not include provisions for a state certification program for insurers.

#### SENATE TO SEE PROSPECTIVE PAYMENT PLAN FOR NURSING FACILITIES UNDER MEDICARE

Sen. Dave Durenberger (R-MN) is expected to introduce legislation, later this month, to establish a Medicare prospective payment system for skilled nursing facilities.

Durenberger is preparing legislation in cooperation with the American Health Care Association, and several other health care and senior citizens' groups.

Legislative staff said the need for such a system has developed because of the impact on the nursing care field of the Medicare prospective payment program established for hospitals, last year.

American Association of Homes for the Aging staff are in favor of such a program, but with certain specific provisions not currently included in the Durenberger draft pertaining to recipients' contributions under the program.

#### CONGRESS ISSUES NEW STUDY: "AMERICA'S ELDERLY AT RISK"

California Congressman Edward Roybal, chairman of the House Select Committee on Aging, this week called on the U.S. Congress to "cap" future out-of-pocket health care cost increases for the elderly and to pass badly needed long-term care legislation. Roybal's conclusions grew out of two studies contained in his report, "America's Elderly at Risk."

"Aged Americans are at great risk because their health care costs are rising nearly twice as fast as their incomes," Roybal said. "Our projections show that the elderly will be spending over \$2,583 for health care by 1990 -- 18.9 percent of their already limited incomes.

"It is outrageous that the elderly are paying out more of their income for health care than when Medicare and Medicaid began twenty years ago," said Roybal.

One startling finding of the study conducted by Harvard Medical School and Massachusetts Blue Cross/Blue Shield is that 63 percent of elderly persons aged 66 and older living alone will become impoverished after just 13 weeks in a nursing home.

According to Roybal, "This study documents, for the first time, that the financial risk of long term care reaches further into middle income levels than many care to think."

#### IMPUTED INTEREST DEBATE CONTINUES MARRIOTT TAKES LEADING ROLE

"Real estate interests should get their members lined up to vote," said Anne Moranne, attorney for the Senate Finance Committee, concerning the up-coming vote in the Senate on the controversial imputed interest tax legislation.

This is only one of the pressing issues facing a Senate that returns from a month-long August recess on September 9. Because of the recess, no action has been taken on this issue since the August 15 Monitor.

Moranne says she expects Sen. Majority Leader Robert Dole (R-KS) to push for action on imputed interest, though the legislative log-jam may prohibit Congress from addressing the issue expeditiously.

## INDUSTRY NEWS

#### MANOR CARE LOOKS TO CONTINUED EXPANSION AS POPULATION AGES, GAINS AFFLUENCE

Nursing home operator Manor Care, Inc. is moving quickly to gain a stronger foothold in the expanding nursing care industry. Through internal growth, and acquisition where feasible, Manor Care looks to expand its national operations by approximately 2,500 beds per year.

Manor Care's new president and chief executive officer, C. Arnold Renschler, said in a Washington Post (Aug. 26) interview that he expects to see the industry move towards providing "a segmentation of care levels, with the well elderly living for longer periods of time in less sheltered kinds of communities...[and in] their own apartments in senior citizens communities. There's going to be more of an emphasis on targeting services that are specific to the needs of a given resident."

One of the obstacles to providing such "special care," said Renschler, is that Medicaid does not cover "limited-care programs." Renschler said he believes this will be increasingly less of a problem because senior citizens, just like the general population, are gaining in affluence.



CALIFORNIA HEALTH PLANNING AGENCY  
PROMOTES NURSING CARE DEVELOPMENT

The North San Joaquin Valley Health Systems Agency is working to encourage development of nursing services and facilities in that area. HSA officials are contacting private developers, State organizations, and national groups in an effort to overcome a shortage of both skilled and intermediate level nursing care. To date, five nursing homes, totaling 580 beds, have come under construction.

MARRIOTT REPRESENTATIVE QUOTED  
ON IMPUTED INTEREST DEBATE

Stephen Norris, a Marriott vice-president, was quoted in Kenneth Harney's nationally syndicated column, "Nation's Housing," which appeared during the week of August 5-11. Norris was quoted during a discussion of the imputed interest tax provisions.

"... legislation [exempting] from 'imputed-rate' tax coverage the refundable, up-front deposits made by elderly residents of continuing-care or life care projects ... 'will be extremely helpful' to existing and would-be residents in life-care communities. Marriott, which is planning to develop a series of such communities around the country lobbied Congress for the change, along with senior-citizen groups."

NLRB CONTINUES INVESTIGATION OF UNION  
CHARGES AGAINST OWENS-ILLINOIS

The Pittsburgh National Labor Relations Board (NLRB) is still investigating charges made by the National Union of Hospital and Health Care Employees (District 1199p) against Owens-Illinois and the Health Care Retirement Corp. of America. The charges were filed in mid-August (See Monitor, August 15), surrounding the release of union health care employees following the Health Care Retirement Corp. purchase of nursing homes from Health Group Care Centers, Inc. of Nashville, TN. No action has been taken.

MULTI-HOUSING WORLD SEMINAR DISPELS MYTHS  
ABOUT LONG-TERM CARE COMMUNITIES

At a recent Multi-Housing World seminar, Mel Gamzon, director of independent living division, Forest City Dillon, Boston, noted several myths about senior living including assumptions that pre-marketing continuing care housing is an easy task. "In fact, we're asking seniors to move from a predictable environment for our promise of quality housing. That is not easy "

Another myth to be dispelled, according to Gamzon, is that many financing options for senior housing exist. In fact, recent tax proposals regarding syndications and tax exempt financing could have a detrimental effect on the availability of funds. Earl Wade, partner in Ernst and Whinney, Memphis, noted that "the non-profit entity has limited access to the sophisticated credit markets, but that is changing. As the for-profit companies enter the picture, the financing will change." (Multi-Housing News, July, 1985)

## CONFERENCE CALENDAR

### September

26-27.....Chicago, IL.....Healthcare Financial Management Association: "Institute for Financial Managers New to the Healthcare Field. Contact: Conference staff, 800/252-4362.

30-Oct.1..Los Angeles, CA.....The 1985 Fall Conference for the Retirement Living Industry. (Marriott Food Service scheduled to participate.

### October

6-9.....Las Vegas, NV.....National Assn. of Quality Assurance Professionals: Annual Meeting. Contact: Conference staff, 312/724-7700.

13-17.....Honolulu, HI.....American Health Care Assn.: Expo85 on Long Term Health Care. Contact: Washington staff, 202/296-5960.

### November

4-7.....Los Angeles, CA.....American Assn. of Homes for the Aging: 24th Annual Meeting and Exposition. Contact: Conference staff, 202/296-5960.

12-13.....Alexandria, VA.....American Medical Assn.: "Health Policy and Quality of Care for Older Americans. Contact: Washington staff, 202/789-7400.

14-15.....San Francisco, CA.....Healthcare Financial Management Association: "The Aging of America: Provider Strategies for Growth and Profit. Contact: Conference staff, 800/252-4362.

18-23.....Salt Lake City, UT.....American Academy of Medical Directors: Institute on Healthcare Leadership and Management. Contact: Sherry Mason, 813/935-3111.

### December

15-18.....Baltimore, MD.....American Health Planning Assn.: Systems Integration: Compounding the Cubes. Contact: Conference staff, 202/861-1200.

## EDITORIAL CALENDAR

### September

American Healthcare Assn. Journal....."Communicating with the Consumer."

Contemporary Long-Term Magazine.....A feature on design parameters of lifecare communities.

Golden Years....."Adult Communities...How to Choose."

Modern Healthcare (Sept. 27)....."How healthcare providers are using marketing research to design their services and decide how to deliver, price and promote them."

Retirement Life.....An article on continuing care networks.

50 Plus....."Easing into Retirement Living."

### October

American Healthcare Assn. Journal.....Special issue on long-term care insurance.

Fortune (Oct. 14).....Fortune Forecast: Survey of Housing Builders.

Real Estate Magazine (Oct. 18).....Article on residential development trends.

### November

American Healthcare Assn. Journal....."Technology and Long Term Care."

Golden Years....."The Most Fabulous Adult Communities."

Health Industry Today....."Long Term Care in America."

### December

Fortune (Dec. 9).....Products of the Year: Noteworthy new products and services.

Healthcare Financial Management Assn. Journal....."Marketing and Competition in Health Care."

Health Care Strategic Management, The Journal of Health Care Planning, Marketing, and Resource Allocation....."Health Care 2000/Futures."

# DIALOGUE<sup>by</sup> Monsanto

THE AGRICULTURAL POLICY NEWSLETTER

VOL. 1 NO. 5 SPRING 1985

## 1985 FARM BILL



### CONFLICT OR CONSENSUS?

The agricultural policy debate would not be stymied for long by name-calling and horse-trading if policymakers and public, alike, would act upon their own knowledge that agriculture is the mainstay of the U.S. economy, as well as grainery of the world.

Instead, while farming communities turn slowly in the winds of economic change, warring factions hold Cabinet nominations hostage and agricultural leaders stand eyeball-to-eyeball with the president—each waiting for the other to blink in concession to export development, price support or other demands.

Altogether, it is a standoff that benefits only our agricultural competitors.

Balance is possible in policymaking. As former Secretary of Agriculture Orville Freeman says, we need food and agriculture policy that effectively integrates "domestic and international realities; a policy that goes on the offense to build markets as well as on the defensive to protect our farmers."

Fortunately, Congress seems poised to launch an agricultural export offensive, while addressing longer-term remedies to the sector's domestic problems. House Speaker Tip O'Neill's activation of a task force on trade augurs well. Also, Senators Rudy Boschwitz (MN) and Dan Quayle (IN), among others, have introduced substantial trade bills; and, the National Commission on Agricultural Trade and Export Policy has offered solid preliminary recommendations.

Simultaneously, the White House is putting itself in order by establishing a focal point for economic, trade and other issues.

Ideas suddenly seem as numerous as committees and conferences. For example: Amendments to the P.L. 480 (Food for Peace) program have been offered to allow the United States to accept payments for commodities in recipient nation's currencies, making U.S. goods more affordable to Third World nations.

There is significant movement, too, toward review of laws that mandate that certain of our food-aid shipments travel to U.S. vessels. Critics say that this stricture effectively increases the price of U.S. food aid shipments and virtually negates credit and other concessions—considerations which must be weighed in the balance with short-term jobs and income generation in the transportation sector.

Continued on page 11

## AAA: 'DEAD ON DEPARTURE'

### Farm Bills, Trade Group Recommendations Emerge

With the first wave of farm policy hearings due to conclude in May, agricultural leaders in Congress are focusing on Farm Bill proposals offered by the White House and Senate Agriculture Committee Chairman Jesse Helms (NC). Additional proposals are expected from Sen. Rudy Boschwitz (MN), chairman of the Senate Foreign Agriculture Subcommittee, from farm state leaders in the House of Representatives, and from various commodity and farm groups.

The sorting-out process is expected to continue into the fall.

Further, on March 31, the National Commission on Agricultural Trade and Export Policy made its preliminary recommendations to Congress. Both Helms and House Agriculture Committee Chairman E. Kika de la Garza (TX-15) serve on the commission.

#### THE REAGAN PROPOSAL

"It was dead on departure and wasn't worthy of burial on arrival," said Mike Hall, executive vice president for government and public affairs

Continued on page 2

## STATE OF THE AMERICAN FARM CONSENSUS?

### \$1.8 Trillion Debt Costs U.S. Jobs, Speeds Rural Decline



Senator Robert Dole (KS), Senate Majority Leader

A federal debt of \$1.8 trillion is the principle impediment to addressing a rural decline that has cost hundreds of thousands of jobs, Senate Majority Leader Robert Dole (KS) and agricultural economist Michael Boehlje told *State of the American Farm Conference* participants Feb. 24, just two days after the unveiling of the Reagan Farm Bill proposal.

More than 400 legislators, farm group leaders and agricultural policy experts gathered in the nation's capital to address the farm financial crisis and the administration's proposed Farm Bill.

The Monsanto-sponsored conference "kicked-off" a week of intense lobbying for several hundred state legislators, representing 28 states.

Their cries for help in farm credit were often countered by demands for budget cuts.

"There is no money," Dole told the conferees, citing the \$1.8 trillion total debt.

But Congressman Tony Coelho (CA-15), in addressing budget cuts directed at agricultural programs, said, "It is not that they [the Reagan administration] want to cut the deficit, ... it is that they want to take \$10 billion out of agriculture and transfer it to defense programs."

Boehlje, Ph.D., with Iowa State University, said, "In the United States, our estimates are that we have lost somewhere around 260,000 jobs, both direct and indirect, because of the financial problems encountered by the agricultural

Continued on page 11

**AAA: 'DEAD ON DEPARTURE'****Farm Bills, Trade Group**

Continued from page 1

of the National Corn Growers Association.

"There's nothing in it in terms of export programs and financing ... we will work with the House and Senate agriculture committees to develop different commodity support prices."

And John Baize, director for Washington, D.C. operations of the American Soybean Association, said, "They put the trade title up front, but they didn't put anything in it ... it is a budget-oriented bill rather than a market-oriented bill because there's nothing there to open markets."

Agriculture Secretary John Block, at the Feb. 22 unveiling of the Administration proposal, said the Reagan bill, the Agricultural Adjustment Act of 1985 (AAA), contained tough trade language. The AAA, said Block, required the U.S. Trade Representative (USTR) and the secretary of agriculture to work toward reducing trade barriers. If sufficient progress is not made in eliminating barriers by July 1, 1986, the AAA requires the secretary and the USTR to submit a plan to Congress outlining methods for securing adequate progress on the removal of those barriers—including "export subsidies maintained by other countries."

**THE HELMS PROPOSAL**

Senate Agriculture Committee Chairman Jesse Helms (NC) has already introduced an alternative to the Reagan AAA. The Helms bill, the Agriculture Food, Trade and Conservation Act of 1985 (S. 616), according to a statement by Helms, "is both market-oriented and opportunity-oriented ... Due to current conditions, current carryover supplies and excess worldwide production capacity—a market-oriented policy may result in lower prices in the short-run," the statement continued. "But the transi-

tion toward market orientation will be cushioned with a safety net providing adequate income protection, giving farmers the opportunity to adjust their operations to take advantage of the opportunities for production and profit that will be available in the marketplace," read the statement by the senator.

**OTHER PROPOSALS**

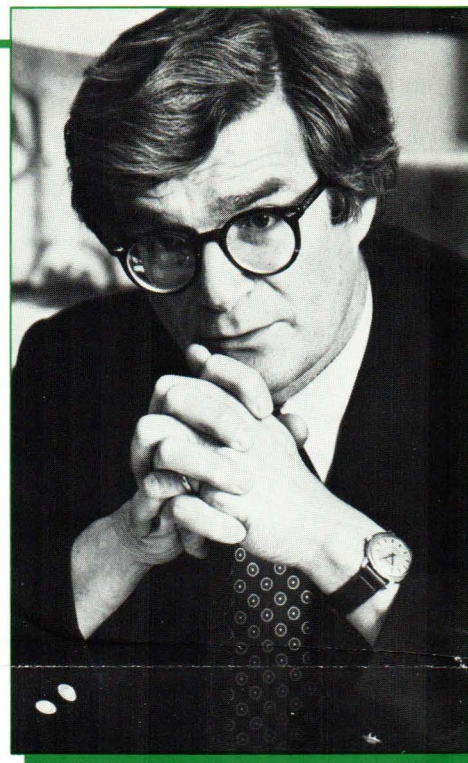
Sen. Rudy Boschwitz (MN) is expected to introduce an alternative to the AAA, as well.

Boschwitz, in a position paper, has charged the AAA could cause net income in the wheat sector to drop \$1.4 billion in 1986.

The Boschwitz paper adds that acreage reduction programs continued in the AAA are a "built-in inefficiency" and a burden to U.S. farmers expected to compete in world markets. AAA continues annual acreage reduction programs for three more years.

A Boschwitz bill will likely include a long-term Conservation Acreage Reduction program. The position paper suggests there is congressional support to take roughly 20 million acres of highly erodible soil and wetlands out of crop production for at least 10 years.

Congressman Charles Stenholm (TX-17), a member of the House Agriculture Committee, is drafting a "farm program that will move toward a market-oriented system while allowing the continuation of a safety net to provide for a smooth transition." Stenholm said his proposal "represents a logical compromise between current farm programs and the Administration's proposal." A spokesman for Stenholm said the Texas congressman hopes his proposals will be incorporated into a House Agriculture Committee Farm Bill proposal.



Senator Rudy Boschwitz (MN)

Stenholm has met with Agriculture Secretary Block and President Reagan concerning his proposals, and left those meetings with a sense that the Administration was willing to bargain, said the source.

The American Farm Bureau Federation released details of their Farm Bill proposal March 13. Joe Fields, information director, described it as a "flexible, market-responsive federal farm program that offers farmers protection against price or income disasters and bolsters U.S. farm export markets."

The National Corn Growers Association will recommend that cargo preference be removed as a budget item under P.L. 480 (Food for Peace) in their Farm Bill proposal.

Continued on page 4

**USDA, OSU TELECONFERENCE****Yeutter Calls for Increased U.S. World Market Share**

"We've got to stop shooting ourselves in the foot," said Clayton Yeutter, president of the Chicago Mercantile Exchange, recently appointed U.S. trade representative, on a March 19 teleconference sponsored by the U.S. Department of Agriculture and Oklahoma State University.

The USDA Extension Service and Oklahoma State University are making available videotapes of the teleconference that examined the causes and conflicts behind America's declining share of the world agricultural products market.

The teleconference, prompted by a Commerce Department announcement of a \$123 billion U.S. trade deficit for 1984, was broadcast by USDA from Oklahoma State University to

more than 50 locations, mostly other land-grant universities around the country.

USDA plans to distribute six edited videotapes on different topics, accompanied by leaflets to the extension services of each state.

Conference participants put U.S. political and policy decisions under sharp attack.

Yeutter cited prior embargoes that undermined U.S. credibility as a reliable supplier; the current Cargo Preference Act, which requires 50 percent of government-backed cargo to be shipped on more costly U.S. vessels—adding unnecessarily to the final cost of commodities shipped overseas; and unilateral U.S. production cutbacks which permitted foreign producers to ex-

pand their markets at U.S. expense as examples of poor policy development.

Kenneth Bader, chief executive officer of the American Soybean Association, attacked the European Community for failing to follow through on commitments to reduce production.

Leo Mayer, deputy director, Foreign Agricultural Service, USDA, called for a commitment to expand competitiveness and a gradual elimination of export subsidies. Mayer also argued against a multi-tiered pricing structure to subsidize exports, calling such a policy "self-defeating" when its effect is considered on the national economy as a whole.

In addressing the importance of private sector initiatives, Yeutter said, "We can't ask government to do everything. In the 1970s, we had people knocking on our doors and begging us to sell to them." In the 1980s, though, the private sector has not worked as hard as it should to open new markets, Yeutter said.

Continued on page 7

**EDITORS BORED?**

# Agriculture, Journalism Deans to Address Course Revamp

More than a dozen agriculture and journalism deans met Jan. 31 to examine agriculture journalism curricula, and to determine the place of such issues as international communications,

hosted by Kansas State University President Duane Acker and Monsanto Agricultural Products executive Gerard Ingenthron. "We need to tell the editors—the gatekeepers—that 'Hey,

**"We need to tell the editors—the gatekeepers—that 'Hey, this is *The Grapes of Wrath*'"**

rural/urban issues and national food and agricultural policy concerns in the field of study.

"Editors' eyes glaze over when you talk about parity," agreed the deans attending the meeting

this is *The Grapes of Wrath*," offered another.

Editors seem to have taken notice, as evidenced by front-page and cover stories on agriculture.

"I can't recall any time in the past 20 years when there were as many front-page stories on agriculture as there are today," said Ken Farrell, Feb. 24, executive director of the National Center for Food and Agricultural Policy, in a DIALOGUE interview.

The media have devoted more attention to the farm financial crisis and other agricultural issues, says Farrell, for three reasons:

- There are more and better organized groups that are bringing farm issues to the public's attention;

- These groups and others have learned how to get media attention more effectively; and

- Editors see the current situation as more than just a farm financial crisis, but also a test of the seriousness of the Reagan administration's budget constraints.

A farm editor for *The Des Moines Register* and a farm reporter for more than 30 years, Don Muhm reminded the deans that he and his colleagues "are not spokesmen for agriculture. We write about farmers, not for them. We are not cheerleaders for agriculture."

Continued on page 7

**DIALOGUE REGIONAL FORUMS**

## Exports, Income and Federal Deficit Key to 1985 Farm Policy

The common thread running through the five regional DIALOGUE forums on U.S. agricultural policy is that macroeconomic issues—the federal budget deficit, the strong dollar overseas, the trade deficit, and high interest rates—are just as important, if not more so, than the language that will eventually constitute the 1985 Farm Bill.

As part of the DIALOGUE Project, and in laying a foundation for the Feb. 24 *State of the American Farm Conference* in Washington, D.C. (See related article), Monsanto Agricultural Products Company hosted agricultural policy forums in Memphis, TN; Kansas City, MO; Fresno, CA; Dallas, TX; and Atlanta, GA.

The five regional forums brought together producers, farm group leaders, agribusiness executives, bankers, academicians, and others to discuss farm policy—with particular emphasis on agricultural export policy.

An agricultural leader from each forum attended the *State of the American Farm Conference*.

**MEMPHIS, TENNESSEE**

Nearly 50 agricultural leaders from Tennessee, Arkansas, Louisiana, Illinois, Mississippi, and Missouri gathered Sept. 20 in Memphis for the first DIALOGUE regional forum (See related article, Oct. 1984).

In anticipation of the farm credit crisis that struck in Jan. 1985, a Tennessee farmer predicted, "With the federal deficit the way it is, the first thing that's going to go is the farm program."

A member of Women Involved in Farm Economics (WIFE) said, "When we continue to produce at the cost of production and we get less than the cost of production, aren't we subsidizing the American consumer?"

**KANSAS CITY, MISSOURI**

Agricultural leaders from Kansas, Minnesota, Missouri, Iowa and Nebraska met Nov. 2 in Kansas City and echoed concern about the macroeconomic issues voiced at the Memphis forum. "We can't formulate an agriculture policy that is isolated from total economic and international commitments," one participant said.

Though the group generally supported P.L. 480 (Food for Peace) and other export development efforts, some warned that "improved exports don't necessarily mean a profitable U.S. agriculture."

**FRESNO, CALIFORNIA**

In admonishing conferees to expect less for agriculture in the 1985 Federal budget, Clare Berryhill, director of the California Department of Food and Agriculture, said, at the Dec. 11 Fresno forum, "I feel strongly we should discourage price supports and subsidies... Farm credit should not be extended to a point where you're keeping inefficient farmers in the business."

California farmer Bill McFarlane announced the formation of the California Farm Policy

Committee, which advocates "more reliance on the free market. There are many of us that think farm programs have been a drain on the taxpayers and only encourage high surpluses." In addition to California, the states of Arizona, Idaho, Washington, and Oregon were represented at the Fresno forum.

**DALLAS, TEXAS**

Most participants at the Jan. 11 Dallas forum agreed a more market-oriented farm economy was coming, but believed the federal government should fund transition programs. "If you only want a little more of what you have now, don't waste Congress' time," said Dallas keynote speaker, Rep. Charles Stenholm (TX-17). "And the free market is not going to do it all, either." He said a totally free market was a good goal, but was not realistic for farmers in the near future. Other states represented at the Dallas conference included New Mexico, Oklahoma and Louisiana.

**ATLANTA, GEORGIA**

At the Feb. 15 DIALOGUE conference in Atlanta, Jeff Idleman unveiled what he called the "market-orientation" of the Reagan administration's 1985 Farm Bill proposal. Idleman was special assistant to then-U.S. Department of Agriculture Assistant Secretary William Leshner.

Dr. John Ikerd, head of the University of Georgia Extension Agricultural Economics Department, opined that defense expenditures should be cut in favor of agriculture and suggested that the burgeoning defense budget could serve to undercut funding for agricultural programs.

States represented at the Atlanta forum included Georgia, North and South Carolina, Virginia, Alabama, Mississippi and Florida. □

**CONFERENCE JUNE 17-18**

# Curry Foundation Weighs U.S.-European Trade Ties

The Curry Foundation, a Washington, D.C.-based think tank, is studying United States confrontation with the European Economic Community [EEC] on agricultural trade issues.

A prospectus for the Foundation study states, "Agricultural trade has been a contentious issue in Atlantic relations since the establishment of the EEC's Common Agricultural Policy (CAP) 25 years ago. Recent pressures of an over-supply of grain and dwindling farm incomes, coupled with worldwide recession and an over-valued dollar, have made the issue a particularly lively one, and one that, in light of other critical tensions, threatens to seriously erode the fundamental ties between the United States and its European allies."

The study will focus on the importance of preserving those ties and "developing policy op-

tions which might allow the United States to more effectively address its political differences with CAP."

The study will be structured in four stages. The first stage presents a general overview of US/EEC relations.

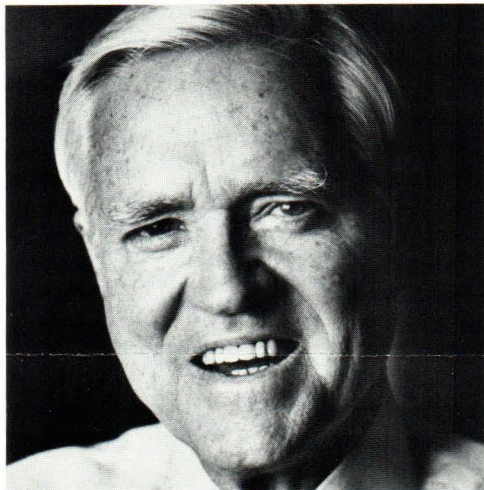
The second stage will study trade policies and negotiation mechanisms, including both United States and EEC viewpoints.

The third stage will be a project conference at which experts will examine the prospect of integrating the policy options developed in stage two. The Washington, D.C., conference is scheduled for June 17 and 18.

Stage four will "assess the political viability of the policy options discussed and try to arrive at practically workable proposals for action," the Foundation reports. □

**SENATE INITIATIVES**

## Hollings Bill Sees National Trade Council Reporting to President



Senator Ernest Hollings (SC)

A food and fibre board to ensure the United States' reputation as a "reliable supplier of foodstuffs the world around," would be a key component of Sen. Ernest Hollings' (SC) bill (S. 282) to create a National Trade Council.

To correct U.S. trade policies that have led to a 1984 trade deficit of \$123 billion and the subsequent loss of more than three million U.S. jobs, Hollings has introduced legislation creating a National Trade Council, headed by the President, to coordinate the policies of the various departments of government "into a coherent and competitive trade policy."

Said Hollings Jan. 24, "Every billion dollars in America's trade imbalance is 25,000 jobs lost."

The council, patterned after the National Security Council, said Hollings, would be "charged with advising the President on the totality of our competitive position and mandated to consider the standard of living and national security ramifications of America's trade policy."

According to Hollings, membership of the council would be comprised of the President, the vice president, the U.S. trade representative, and the secretaries of state, treasury, defense, agriculture, commerce and labor.

"Just as there is an assistant to the President for national security affairs, so would there be an assistant to the President for trade policy," said Hollings.

Hollings took a jab at a proposal to create a new Department of Industry and Trade, saying, "Don't come with suggestions to add the word 'trade' to an old cabinet department and call that meaningful. Don't come with suggestions simply to move the deck chairs around on the Titanic. That may improve the appearance of the ship on the surface, but the ship is sinking."

Sen. David Pryor (AR), introduced a bill (S. 126) to create a position of Under Secretary of State for Agricultural Affairs.

Pryor maintains that U.S. foreign service personnel are in an excellent position to monitor any changes in trade policy abroad; under the guidance of an Under Secretary for Agricultural Affairs, they could anticipate trade obstacles with U.S. trade representative is working to eliminate. □

**AAA: 'DEAD ON DEPARTURE'**

Continued from page 2

Many farm and food aid groups believe cargo preference is an impediment to export market development—ballooning the cost of U.S. goods abroad. The National Commission on Agricultural Trade and Export Policy found in their March 31, preliminary report to Congress, "Costs of cargo preference subsidy to the U.S. maritime industry are currently borne by the Department of Agriculture and the agriculture sector. The commission believes that cargo preference has failed to maintain a strong maritime industry."

### THE NATIONAL COMMISSION ON AGRICULTURAL TRADE AND EXPORT POLICY

The National Commission on Agricultural Trade and Export Policy, tasked with improving U.S. farm trade, was created by legislation introduced by Sen. Robert Dole (KS), which cleared Congress Aug. 10, 1984, and issued its preliminary report to Congress March 31. It will issue a final report July 31, 1986.

The commission made nine recommendations.

■ Congress and the President should give greater weight to agricultural export interests in the formulation of fiscal and monetary policy, particularly if such policy directly results in an appreciation of the value of the dollar.

■ The 1985 Farm Bill should identify and establish a national policy and priority for agricultural exports, with appropriate responsibility for executing such policy lodged in a single agency of government, preferably the U.S. Department of Agriculture, subject to intensive oversight by Congress.

■ Congress should continue authority in the 1985 Farm Bill for direct export credits; direct the secretary of agriculture to use export-PIK programs as warranted and to use variable import restrictions to reward nations cooperating in efforts to lower trade barriers and to punish nations which continue to employ predatory or unfair trade practices.

■ Funding for Commodity Credit Commission export credit should be increased.

■ Foreign market development needs greater priority.

■ Food aid programs should represent a higher percentage of total U.S. foreign economic assistance and should be better targeted to foreign market development.

■ The United States must re-establish its reputation as a reliable supplier of agricultural products.

■ The 1985 Farm Bill should repeal existing cargo preference requirements.

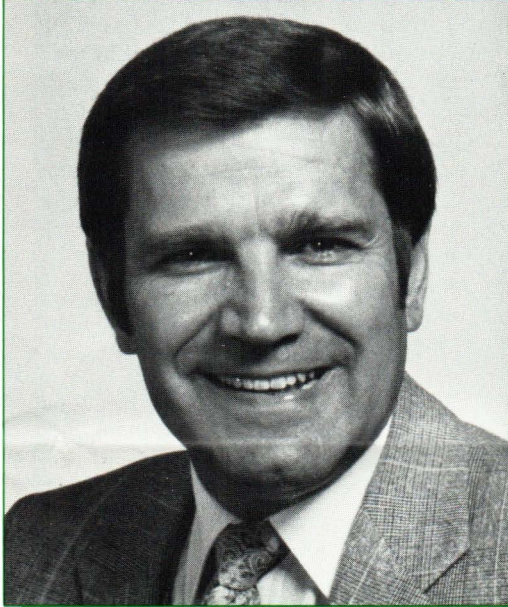
■ Long-term domestic farm programs are needed to provide assurance of profitability for U.S. agriculture. □

For further information on commission recommendations, contact Steve McCoy at (202) 488-1961.



## WORKING PROFILE SERIES

## KENNETH BADER



Kenneth Bader, Ph.D.

"We should be using our food assistance programs, our credit programs, in such a way as to enhance our agricultural competitiveness," said Kenneth Bader, Ph.D., chairman of the National Commission on Agricultural Trade and Export Policy in a DIALOGUE interview.

Bader, who is also chief executive officer of the American Soybean Association, expressed this view at the first meeting of the commission at which he was elected chairman, Nov. 30.

The commission, created by legislation introduced by Kansas Sen. Robert Dole, will examine the effectiveness of existing agricultural and assistance programs; the development of new export alternatives; foreign policy and practices that are detrimental to U.S. exports; U.S. trade agreements and international economic trends; and possible conflicts of international food assistance programs and U.S. trade.

"I believe that most of our food aid policy today is directed toward an objective other than increasing our agricultural exports," said Bader. "The U.S. Department of Agriculture (USDA) has only a part of the decision-making process—in fact, only a minimal part—and a good bit of that is directed toward foreign policy objectives." Bader characterized many of those objectives as designed to "meet someone else's desire, like cargo preference, designed to try to make the maritime industry strong, which, since 1954, it has failed to do."

Bader, a graduate and former dean of Ohio State University, went on to say that aid and trade policies, other than humanitarian emer-

gency relief, should be coordinated. "We should be using our food assistance programs, our credit programs, in such a way as to enhance our agricultural export competitiveness," he said, "rather than to achieve foreign policy" or other objectives unrelated to the export picture. "And I think that's one of the major areas of concern I have—that we just don't seem to be putting it all together," he said.

The commission chairman further stated, "Part of the problem is that we don't have a national commitment or a national export policy that says our resources need to be geared and legislation considered for their impact on agricultural exports."

Bader called agriculture "the one industry ... that has had a comparative advantage like no one else in the world; and we are fast losing that competitiveness because of injuries we've been inflicting upon ourselves, such as the embargoes and the lack of legislation that enhances rather than deters agricultural exports."

One of the reasons for the decline in agricultural exports, which have fallen from

but we need to start moving toward some way of getting expenses in line with income rather than just printing more money. It doesn't appear that anyone has anything better to suggest than to require it. And I know that 32 of the 34 required states have passed state resolutions requesting a constitutional convention on the subject. Congress will never let a constitutional convention occur, in my opinion. And if we get two more states, Congress is going to be taking some action, I am confident, to get a requirement imposed of balancing the budget."

Bader hopes the commission can make a real difference in export policy. "I think the optimism I perceive commission members having ... is related to the fact that just maybe the commission now, in the way it's constructed, with 20 members from the private sector, 12 members of Congress (six Democrats and six Republicans), from three different committees (foreign relations, agriculture and appropriations), and three members from the Reagan administration just might be able to get into some areas where our exports have been inhibited or areas where we need

***"We need to start moving toward some way of getting expenses in line with income rather than just printing more money."***

***"Our resources need to be geared and legislation considered for their impact on agricultural exports."***

\$43.5 billion in 1981 to about \$38 billion in 1984, has been the strong U.S. dollar against foreign currencies, making U.S. goods less of a bargain abroad. "Everybody knows a strong dollar ... is a major impediment to our export trade; there are fewer who are in agreement on the means of getting that changed," said Bader. "It ranges all the way from President Reagan's feeling that we need to strengthen the other [nations'] currencies rather than reducing ours, to getting our federal budget deficit under control, reducing interest rates, and making our country less attractive as a place for foreign investments."

The diversity of ideas on this subject has Bader concerned that the commission "may end up with very little other than the fact that we've got a major problem here which needs to be addressed by our fiscal macroeconomic policy."

Bader believes that policies that lead to a balanced federal budget are the first step. Bader said, "None of us are foolish enough to think that's going to solve all the problems,

to take some political action to provide an enhancement for agriculture exports." □

*As chief executive of the American Soybean Association since 1976, Bader has participated in export expansion missions to the Soviet Union, Europe, Africa, Asia, and Latin America. He has been an official delegate on U.S. Department of Agriculture missions to Africa and the People's Republic of China. He helped found the St. Louis Agribusiness Club and received the organization's first Agriculture Leader of the Year award. He serves on the U.S. Chamber of Commerce Food and Agriculture Committee and its Committee on International Affairs.*

*Born in 1934, Bader was raised on a small farm in southeastern Ohio. He attended Ohio State University and received bachelor's, master's and Ph.D. degrees in agronomy. His 16 years in higher education included service as an agronomy professor, College of Agriculture assistant dean and university dean of students at Ohio State and agronomy professor and vice chancellor of student affairs of University of Nebraska-Lincoln.*

# AGRICULTURAL AGENDA

## MAY 1985

- 2-3 WASHINGTON, D.C.  
*Agriculture Council of America;*  
"Leadership Forum."  
(202) 682-9200.
- 4 WASHINGTON, D.C.  
*U.S. Feed Grains Council;*  
25th Annual Board of Directors  
Meeting.  
(202) 789-0789.
- 4-5 BONN, W. GERMANY  
*Annual Economic Summit of Industrialized  
Nations.*
- 7 WASHINGTON, D.C.  
*Image of Agriculture Project;*  
Steering committee meeting.
- 8 WASHINGTON, D.C.  
*Image of Agriculture Press Conference;*  
Govs. Schwinden, Cuomo, and  
Carlin, Release of Gallup Poll on  
the Image of Agriculture.  
(406) 444-3111.
- 8-10 WASHINGTON, D.C.  
*National Conference of State Legislatures;*  
State-Federal Assembly.  
(303) 292-6600.
- 9 WASHINGTON, D.C.  
*National Center for Food and Agricultural  
Policy;* Advisory committee  
meeting.  
(202) 328-5082.
- 9-10 ST. LOUIS, MO  
*Council of State Governments;*  
State Agricultural Policy Coordi-  
nating Committee meeting.  
(312) 236-4011.

## MAY 1985

- 10 ST. LOUIS, MO  
*National Commission on Agricultural  
Trade and Export Policy;*  
Field Hearing.  
(202) 488-1961.
- 19-22 WASHINGTON, D.C.  
*Rural Coalition;*  
"Uniting for Rural Change,"  
1985 annual meeting.  
(202) 342-0739.

## JUNE 1985

- 2-5 GENEVA, SWITZERLAND  
*Agri-Energy Roundtable, Inc.;*  
"Emerging Agricultural  
Technologies—New Dimensions  
for Food Security."  
(202) 887-0528.
- 2-6 DURANGO, CO  
*National Association of Wheat Growers;*  
Summer policy meeting.  
(202) 547-7800.
- 4 WASHINGTON, D.C.  
*Fowler-McCracken Commission;*  
Executive Committee on Ending  
World Hunger Through  
Government-Business  
Cooperation.  
(202) 337-1022.
- 9-12 WHITE SULPHUR  
SPRINGS, WV  
*Fertilizer Institute;*  
"1985 Marketing Conference,"  
Annual meeting.  
(202) 861-4900.

## JUNE 1985

- 10 ATLANTA, GA  
*National Commission on Agricultural  
Trade and Export Policy;*  
Field hearing.  
(202) 488-1961.
- 17-18 WASHINGTON, D.C.  
*Curry Foundation;*  
"Confrontation or Negotiation:  
U.S. Policy and European  
Agriculture," Conference on  
US-EC relations.  
(202) 429-0320.
- 17-19 NEW ORLEANS, LA  
*Cotton Foundation;*  
National Cotton Outlook.  
(901) 274-9030.
- 23-27 ITHACA, NY  
*Cornell University;*  
International Symposium,  
"Biotechnology in Plant Sciences:  
Relevance to Agriculture in the '80s."  
(607) 256-6290.

## JULY 1985

- 7-10 INDIANAPOLIS, IN  
*National Council of State Governments;*  
Annual legislative meeting.  
(312) 236-4011.
- 12 WASHINGTON, D.C.  
*National Commission on Agricultural  
Trade and Export Policy;* Field hearing.  
(202) 488-1961

For food and agriculture related activities you would like to see included, contact Mary O'Brien (202) 833-3013.

## SECRETARY'S CHALLENGE FORUM

# New Uses for Agricultural Products

Agriculture Secretary John Block is encouraging a public/private partnership to bridge the "technological communications gap" between the government, industry and academe and to promote the development of new and productive markets.

At the same time, a report is being prepared by the Office of Technology Assessment on the effects of research and development on U.S. agriculture. The initial report, released March 19 for Senate hearings, on agricultural research and development, will be completed in June.

The catalyst for the U.S. Department of Agri-

culture (USDA) effort was the Oct. 11 Challenge Forum: New Uses for Farm Products.

At the Oct. 11 meeting, Block said the competitive edge America has enjoyed in agriculture was "earned ... with years of hard work ... with American innovation. This is where the hope for the future lies ... in innovation ... in American free enterprise and flexibility."

The Reagan administration's 1985 Farm Bill proposal calls for, in part, increased cooperation and coordination in the performance of agricultural research by federal departments and agencies, the states, state agricultural experiment sta-

tions, colleges and universities, and user groups.

One of the major objectives of the Challenge Forum will be to encourage such cooperation. Frank Press, Ph.D., president of the National Academy of Sciences, stated, "Successful innovators must work together as science and technology teams. In the 1970s, investment in food and research development was low. There was no climate for government and industry research. Now, there are new approaches and new modes and efforts to make use of the best people in the country." □

## PRIVATE SECTOR INITIATIVES

# Hunger Crisis Spurs Public-Private Sector Partnerships for Development

The Ethiopian famine crisis has spurred new public and private sector partnerships to assess ways to alleviate world hunger.

Meeting early in 1985 were the congressional-sanctioned Fowler-McCracken Commission Executive Committee on Ending World Hunger—Through Government-Business Cooperation; the State Department advisory subcommittee on "Food, Hunger and Agriculture in Developing Countries;" and a group of private voluntary organizations and businesses examining technological and equipment needs of the Third World.

### FWOWER-McCRACKEN

"Since that initial meeting [Dec. 4-5, 1984], our task force has developed into a body that represents a wide spectrum of challenging thought," said U.S. Rep. Benjamin Gilman (NY-22), congressional chairman of the Fowler-McCracken executive committee and a member of the House Select Committee on Hunger. Gilman made the statement at the Feb. 6 session in Washington, D.C.

The executive committee suggests forming a task force of U.S. corporate executives and government officials to visit developing countries and to assess the Third World's most urgent needs and the incentives and disincentives to U.S. trade there.

The committee also pledged to convene five Regional Leadership Conferences in 1985, similar to the Second National Leadership Conference in Washington, D.C., planned for December 1985.

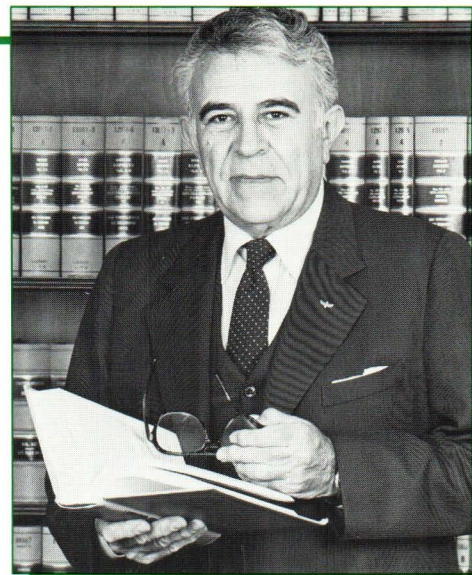
### STATE DEPARTMENT

The State Department advisory group is one of the elements in President Reagan's initiative for Third World hunger relief, announced July 9. At a Dec. 7 meeting, the State Department's Advisory Committee on Investment, Technology and Development established the group as the "Subcommittee on Food, Hunger and Agriculture in Developing Countries." Carol Brookins, president of World Perspectives, Inc. is chairperson of the group.

Among other things, the efforts of the advisory group will complement President Reagan's recently announced "Food for Progress" program.

### FOOD FOR PROGRESS

Announced 30 years after President Eisenhower's "Food for Peace," President Reagan initiated "Food for Progress" to put "America's agricultural abundance in support of countries which have made commitments to agricultural policy reform during a period of economic hardship, including adequate price



Congressman Benjamin Gilman (NY-22)

levels for agricultural production, based on market principles, and improved rural infrastructure and private sector involvement."

### OTHER PRIVATE SECTOR INITIATIVES

In late February, representatives from CARE and the Cooperative League, as well as an equipment manufacturer and technology consultant met to discuss the transfer of appropriate food technologies to developing nations.

The group will look at both the short-term needs of famine-affected countries, as well as long-term opportunities to bring food processing into the Third World.

Contacts for the group are Charles Sykes, CARE, and Carol James, Food Systems Associates. □

## EDITORS BORED?

# Journalism Deans

Continued from page 3

Muhm agreed with the deans that agriculture journalism programs have succeeded in addressing the "micro" skills—the writing and broadcast techniques, but they now need to emphasize the "macro" dimension—the international communications, urban/rural issues, and national food and agricultural policy concerns.

Attending the meeting were James Atwater, School of Journalism, University of Missouri-Columbia; Walter Bunge, School of Journalism, Ohio State University; John Campbell, Department of Agriculture, University of Illinois-Urbana; Barbara Cooper, Department of Agriculture Education, Ohio State University; Robert Coughlin, Agricultural Information Department, New Mexico State University; James Evans, Office of Agricultural Communications, University of Illinois-Urbana; Veryl Fritz, Department of Journalism, Iowa State University; Kenneth Larson, College of

Agriculture, Iowa State University; Dick Lee, College of Agriculture, University of Missouri-Columbia; Harry Marsh, Department of Journalism, Kansas State University; Larry Meiller, Department of Agriculture Journalism, University of Wisconsin-Madison; James Oblinger, College of Agriculture, University of Missouri-Columbia; and Kenneth Reisch, College of Agriculture, Ohio State University.

The group agreed to form an informal working group to continually address agriculture journalism curricula and programs for the working press. □

## DIRECTORY

The Monsanto DIALOGUE *State of the American Farm Report* will be available in May. The Report will serve as a directory to key players and pertinent data on the 1985 Farm Bill debate. Contributors to the report include Agriculture Secretary John Block, Sen. Rudy Boschwitz and Gov. Bob Kerrey, among others.

Those interested in receiving a copy of the report should contact the DIALOGUE office at Suite 605, 1919 Pennsylvania Avenue, NW, Washington, D.C., 20006.

## USDA, OSU TELECONFERENCE

# U.S. Share World Market

Continued from page 2

While Yeutter said he favors an effort to expand U.S. world market share, Bruno Julien, agricultural representative, Commission of the European Community, said he thinks it would be best for all to "expand the pie."

Bader surmised that the "winner" of an international export sweepstakes would be the nation

capable of producing at the lowest cost. As such, Bader was both optimistic for the future and realistic about the present: "Over the long-term, we will be the least-cost producer, at least on grains; but in the short-term, we face macroeconomic burdens that must be overcome, and dealt with," he said. □

For information on obtaining the videotapes, contact Randy Corley, staff leader, agricultural economics, USDA extension service, (202) 447-5633.

**SHAKE-OUT MAY NOT YIELD STRONGER FARM SECTOR****Governors, State Legislators Tackle Policy**

**DOLE, KANSAS STATE LEGISLATORS WORK ON FARM CREDIT RELIEF**  
 WASHINGTON—U.S. Senate Majority Leader Bob Dole recently met with leaders of the Kansas State Legislature in his Washington office to discuss the new Reagan Administration plan to provide short-term credit relief to financially distressed farmers. Pictured, left to right: Kansas House Majority Leader Jim Braden (Clay Center); Senator Ross Doyen (Concordia); House Speaker Pro Tempore David Heinemann (Garden City); Dole (Russell); Senate President Bob Talkington (Iola); and Senate Majority Leader Paul "Bud" Burge (Leawood). □

Governors and state legislators, meeting in Washington, D.C. during "Farm Crisis Week" (Feb. 24-March 2), told the Reagan Administration that the federal government doesn't understand or appreciate the suffering in America's farm sector.

Many of those who attended the Feb. 24-26 National Governors' Association (NGA) winter



Kansas Gov. John Carlin

meeting and the National Conference of State Legislatures (NCSL) agriculture committee meeting, were continuing policy deliberations begun with the *State of the American Farm Conference* held in Washington, D.C., Feb. 24 (See related article).

In addition, 15 state legislatures sent delegations—including the entire South Dakota legislature—to the nation's capital to voice their concerns about the state of the American farm to federal policy-makers.

The discussions—focused on the short-term credit crisis and the long-term Farm Bill to be voted on this year—prompted Gov. Ted Schwinden (MT) to observe, "For about one-fourth of America's farmers, the short- and long-term have rolled into one imperative need: That's financing of their spring planting this year."

Neil Harl, Ph.D., an agricultural economist with Iowa State University, panned the idea that the credit crisis "shake-out" is a necessary metamorphosis to make agriculture "more competitive." Through this scale-down, he said, "we are selecting in favor of those who are older, the less well-educated, those who are not taking risks, and we are eliminating the younger, better educated ones," which, he said was not the "way to proceed."

Despite the stories of Farm Belt depression brought to Washington, D.C., by the governors and state legislators, Agriculture Secretary John Block insisted before the NCSL Agriculture Committee Feb. 25, that the 1985 Farm Bill is the right vehicle in the "historically correct time" to make some fundamental changes in the farm economy.

Robert Delano, president of the American Farm Bureau Federation, objects to the methods by which the Reagan administration seeks to realize these changes. In a statement issued Feb. 22, he said the Reagan proposal "is based solely on budget considerations with a total disregard for its economic impact on farmers ... Even those of us who want to see a reduction in government spending cannot support a farm program based solely on budget considerations."

The Reagan proposal has drawn fire of farm and commodity groups such as the National Corn Growers Association and the American Soybean Association. Mike Hall of the Corn Growers told DIALOGUE March 1, "There's nothing in it in terms of export programs and financing." John Baize of the American Soybean Association said, "It is a budget-oriented bill rather than a market-oriented bill because there's nothing there to open markets."

Where Block and the Reagan administration maintained that a free-market economy and export market development will support U.S. agriculture in the place of federal programs, many state legislators and governors see no provisions in the Reagan bill to take advantage of either exports or the free market.

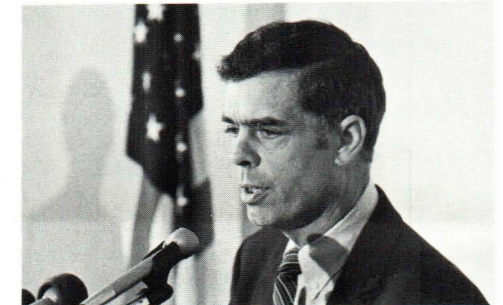
Responding to what he saw as an anemic export title in the Reagan proposal, Gov. William Janklow (SD) said Feb. 24, "We [the farmers] can't whip the treasuries of France, Argentina, Canada and the EEC [European Economic Community], but we can whip their farmers—and it's our government's responsibility to make sure they get a fair fight."

Of the damage inflicted on U.S. exports by a strong dollar, partly the result of a bloated federal budget deficit, Janklow added, "A 10 percent decline in the value of the dollar on the world market will add 20 cents to wheat [and] cause the EEC to lose \$15 billion in world sales."

Kansas Gov. John Carlin asked Block Feb. 25, "Are you sure the free market is the way of the future?"

Block's response was, "Two-thirds of U.S. agriculture does not receive direct government support ... I submit that this two-thirds is at least, if not more, healthy than the one-third ... that becomes increasingly hooked on government programs."

Iowa Gov. Terry Branstad objected, "We can't move to market orientation until the govern-



Agriculture Secretary John Block

ment gets its fiscal house in order. Unless we provide stability in the short term, the situation is only going to get worse."

Before NGA and NCSL adjourned, the NCSL adopted a resolution Feb. 25, urging the Reagan administration to address the farm credit crisis and urging the President to "declare a state of economic emergency and to use the powers of the executive branch to address this state of agricultural depression."

The NGA, the same day, adopted a resolution calling for a "reasoned, deliberate reduction in farm program outlays that is consistent with sound long-term agricultural policy." The resolution highlights that reducing the federal deficit and lowering interest rates will improve the economic outlook for modern agriculture. □

# FOOD AND PEACE.

**When America Casts Its Bread Upon The Waters,  
We Help Feed The Hungry Upon The Earth.**

They have fought world hunger and malnutrition for decades. Now Congress, federal agencies, the U.S. private sector *and* the governments of many developing nations seem ready to work together — encouraging trade initiatives, food and economic assistance and investment.

This fresh impetus stems from seeing malnutrition and starvation as being still deeply entrenched in parts of the world — and recognizing that such venerable U.S. aid programs as *Food for Peace* must be augmented.

When adequately funded and managed for *progress*, U.S. assistance can save lives, strengthen laggard economies and open markets, equitably, for U.S. exports. The result can be healthier peoples, reliable new trading partners and robust consumers — in nations that buy more and more things stamped, “Made in America.”

It's a classic case of how casting a little bread upon the waters can mean a lot, later. When the tide turns.

**Monsanto Agricultural  
Products Company**

Monsanto DIALOGUE Policy Project, c/o Suite 605,  
1919 Pennsylvania Ave., N.W., Washington, DC 20006.

# Some Indicators of Financial Stress In the Rural Community

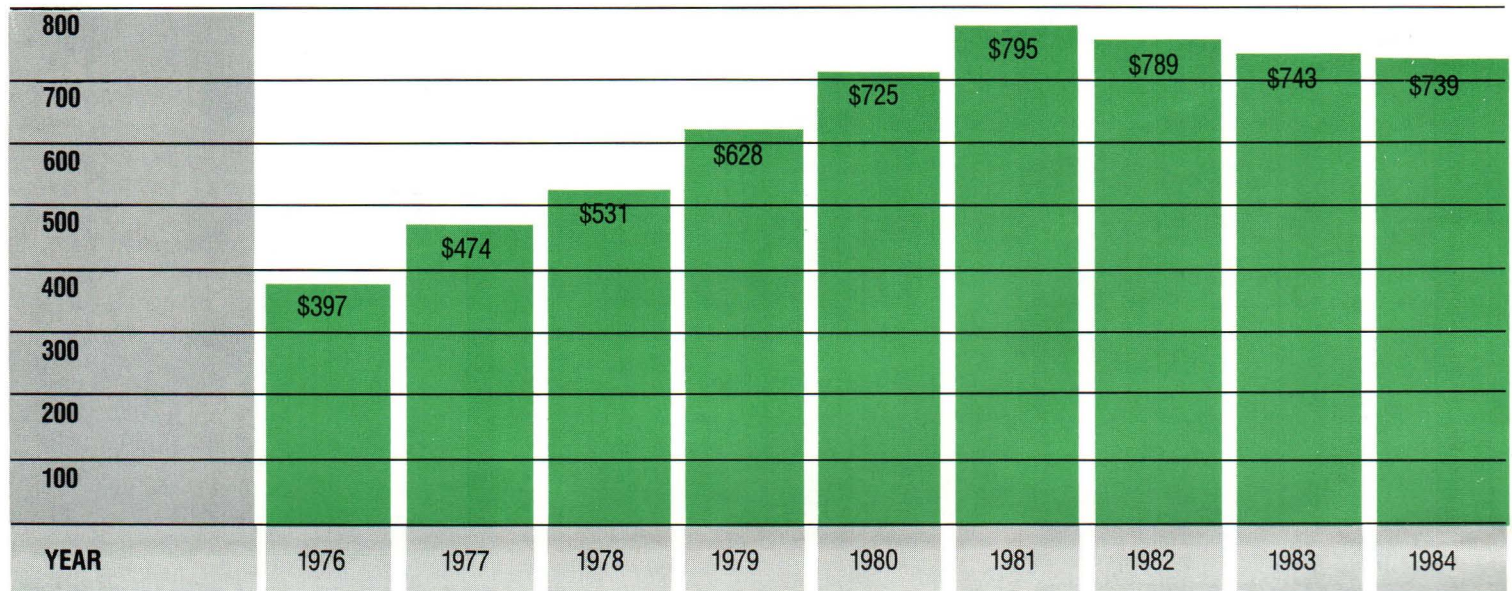
## FARMERS HOME ADMINISTRATION PROGRAM DELINQUENCIES 1977-1985

<b>Number of active borrowers</b>	255,214	293,490	324,941	372,046	423,134	434,460	436,611	446,855	437,228
<b>Total Delinquent</b>	37,857	40,798	42,061	62,200	84,955	120,166	146,251	158,237	272,005
<b>Percent of Total</b>	14.8	13.9	12.9	16.7	20.1	27.7	33.5	35.4	62.2
<b>MONTH/YEAR</b>	JUN. 1977	JUN. 1978	JUN. 1979	JUN. 1980	JUN. 1981	JUN. 1982	JUN. 1983	JUN. 1984	JAN. 1985

NOTE: Some borrowers have loans out under several different programs. Therefore, there are some duplicated cases.

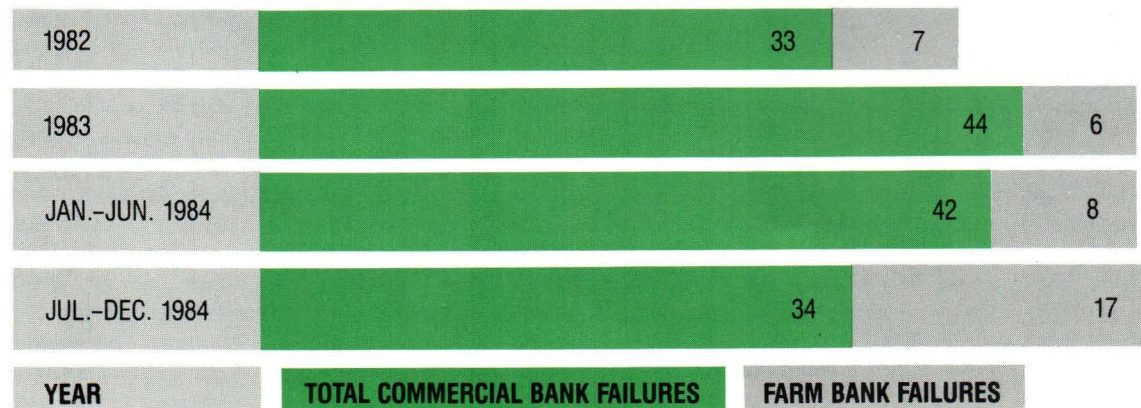
(SOURCE: USDA)

## AVERAGE VALUE OF FARM LAND/ACRE



(SOURCE: USDA)

## BANK FAILURES



(SOURCE: USDA)

## STATE OF THE AMERICAN FARM CONSENSUS?

# \$1.8 Trillion Debt Costs U.S. Jobs, Speeds Rural Decline

Continued from page 1

sector—not exclusively the [farm] debt problem, but the overall decline we have seen since 1977.”

Due to the current crisis, the anticipated foreclosures and potential bankruptcies, Boehlje said, “We will be short \$2.2 billion in terms of scheduled interest payments that will not be made. Lenders will not receive \$2.2 billion of their scheduled interest payments ... [We] estimate that nationwide there will be approximately \$6.2 billion of scheduled principle reduction.”



Orville Freeman, former secretary of agriculture

Former U.S. Department of Agriculture Deputy Secretary Richard Lyng told conference participants, “I think the Agricultural Adjustment Act of 1985 (AAA), [the Reagan Farm Bill proposal,] could be improved a bit,” but argued the bill provides a foundation for discussion and the kind of policy necessary to compete in the global economy of the 1980s and beyond.

In reviewing AAA, Lyng described a market-oriented bill, which “does not mean you turn everything over to the free market, but means supply and demand play a bigger role.”

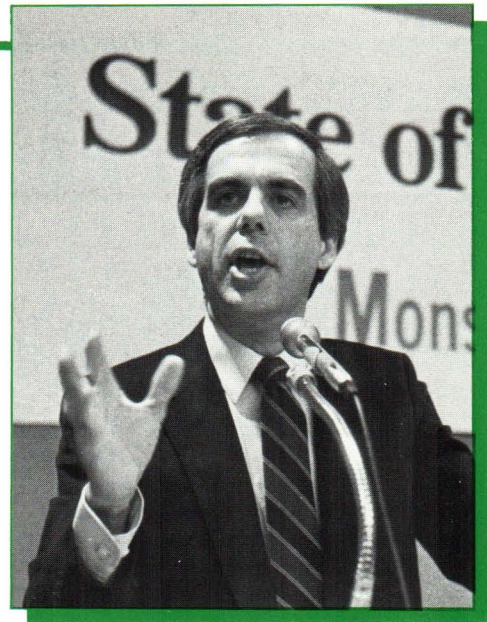
Tommy Willis, immediate past president of the American Agricultural Movement, said what he had assumed were market-oriented programs since 1973 had meant “catastrophe to the agricultural economy.”

Former secretary of agriculture under Presidents Kennedy and Johnson, Orville Freeman of Business International, urged the United States to compete more aggressively for global markets, particularly in the developing world.

“Forty percent of our exports go to the developing world now. Even with a turndown ... last year, there was a 10 percent increase in exports to those countries,” he said.

Freeman compared the “explosive capacity” for market growth in the developing world to “minimal” domestic expansion, saying, “We have to have markets to which we can move this tremendous productive capacity.”

The *State of the American Farm Conference* was held in conjunction with Washington, D.C. meetings of the National Governors’ Association (NGA), and the National Conference of State Legislatures (NCSL) (See related article). □



Congressman Tony Coelho (CA-15)



Richard Lyng, former deputy secretary, U.S. Department of Agriculture

## 1985 FARM BILL



# CONFLICT OR CONSENSUS?

Continued from page 1

Of course, the tradeoffs get even tougher to gauge as we get closer to addressing the state of the American farm at the level of individual “productive units”—places people call home, in many instances.

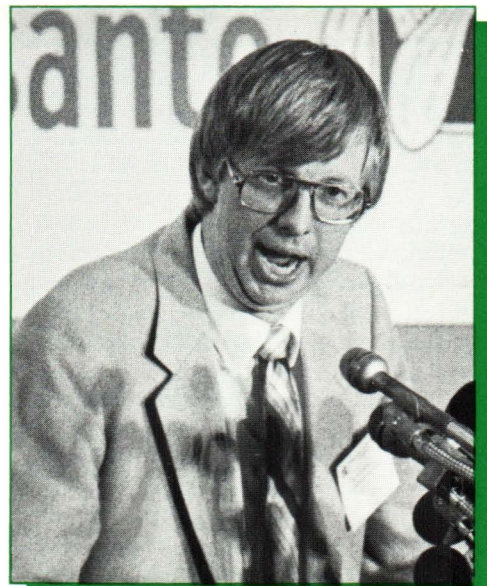
Thus, national debate of domestic programs must now advance. We must *test*, for example, the merits of the “Aggie Mae” proposal for a corporation federally chartered to buy farm loans and hold them until the economy improves, thus saving distressed farms.

We must now assign *values* to the options on the nation’s table. We must faithfully appraise

such proposals as the Farm and Ranch Opportunity Act, which calls for debt-ridden farmers to transfer their farms to the Farmers Home Administration, which, in turn, would lease the farm back to the farmer for five years.

Such options are but a sample of the *dozens* of ideas offered by the best U.S. minds and now under review by congressional committees.

Now, we wait with our countrymen the emergence of leadership in sorting through these options—and courage in enacting the best ideas into law. □



Michael Boehlje, Ph.D., Iowa State University

**HOUSE, SENATE AGRICULTURE HEARINGS****“International Trade War Can Be Averted”**

Congressman E. Kika de la Garza (TX-15), chairman of the House Agriculture Committee, holds hearings on the 1985 Farm Bill.

WASHINGTON, April 4—Private and public sector partnerships that focus on market development and aid are crucial to improving agricultural exports and the U.S. farm economy, an agribusiness executive told congressional panels April 4.

In written testimony provided to the House and Senate Agriculture Committees, Monsanto Company Executive Vice President Nicholas Reding said Monsanto and other agribusinesses are concerned the 1985 Farm Bill could emerge from this year's debate without necessary strengthening of export development programs, despite the best intentions of legislators and other influentials.

“An ‘export title’ alone will not be enough,” Reding said. “We need a mix of policies which include food aid, economic development efforts abroad, aggressive marketing tactics and other initiatives.” Reding suggested that greater cooperation between public and private sectors is essential to export development.

Reding cited the bipartisan Fowler-McCracken Commission and a State Department agricultural advisory group as examples of public-private partnerships. Both groups are tasked with identifying ways to alleviate chronic world hunger.

Calling for support of President Reagan's proposed “Food for Progress” program, the Monsanto executive told the committees the program complements P.L. 480 (Food for Peace)

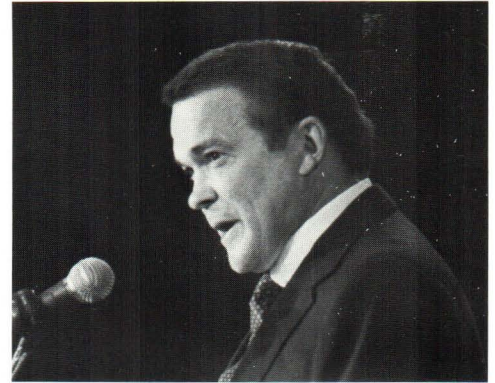
***“We urge the Congress to appoint a new Special Trade Representative who is familiar with agricultural issues and who will place agriculture near the top of the agenda for discussions with our trading partners.”***

and serves to create incentives in Third World countries to develop free-market economies and to improve their infrastructures.

Regarding P.L. 480, Reding encouraged amendments to the Food for Peace program that would allow the United States to accept payment for commodities in local currencies.

“The United States could then re-loan these monies to financial intermediaries for private sector investment in those countries,” Reding said.

The agribusiness executive also encouraged expanding export-stimulating programs of the Commodity Credit Corporation, the USDA cooperator program which supports market



Monsanto Company Executive Vice President Nicholas Reding

research and trade missions, and Export-Import Bank programs that stimulate agricultural exports.

Regarding trade policy, Reding said tempers are high among American farmers about unfair trade practices that handicap U.S. products in a global marketplace, and the moment is not too late to avoid an outright international trade war. □

Note: Copies of testimony are available. Contact DIALOGUE staff (202) 833-3013.

DIALOGUE, The Agricultural Policy Newsletter, is published by Monsanto Agricultural Products Company, St. Louis, MO.

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