

SPEECH TO TEXAS PLANT FOOD INSTITUTE  
Sheraton Hotel, Fort Worth, Wed. Jan. 21, 1976

CHEER UP! ~~N~~ This may be the low point of the day. Things are bound to get better after a speech on "Grain exports and their effect on the world wheat market, local farmers and fertilizer dealers."

When the situation can't get any worse, it is bound to improve. We thought ~~things~~ <sup>things</sup> were pretty bad a couple of years ago when cattlemen were going through the ~~mm~~ wringer---and they were.

One cowman became so depressed he went to see a psychiatrist to try to improve his outlook. "What is your problem?" the Psychhiatrist asked. The cowboy raised his head out of his hands, said: "Well, I've been out there at home, home on the range, where the deer and the antelope play, and all I hear all day long is discouraging words

Recently, his cousin, who is a wheat grower, has been similarly depressed, but he told HIS psychiatrist: "I have neither delusions, illusions or confusions. My problem is that I exist in a world of grim reality, understand the situation clearly, and can't do a darn thing about it."

In order to bring the wheat export situation into focus, let's look at some related elements that will help to determine future of American wheat growers, and ultimately the fate of hungry world.

First, the world does not have enough food. One authority says that if all the food in the world were divided up equally, everybody would be hungry.

The world has seldom had as much as a year's supply of food on hand, and most nations eat out of their crops as they harvest them. Only seven of world's 140 nations are net food exporters and few of the others have sizeable reserves.

World food production is increasing, but not as fast as world population is increasing. Countries with the worst food supply problems seem to be growing fastest in numbers. Family planning and birth control are not yet generally accepted.

Farmers in underdeveloped lands resist adoption of methods that would step up food production. The world has ample arable land, but lack of good leadership, limited education and traditions keep down food production in many hungry nations.

The United States utilizes world's most modern methods, machinery and manpower to grow more than we can eat. Besides exporting food for cash, we have adopted a massive foreign aid program to help feed hungry nations. The United States has given away more food than all other nations of the world combined.

Some people are not satisfied with this. They argue that as long as anybody in the world is hungry, it is sinful and selfish for us to enjoy having enough to eat. Political leaders of the "have not" countries agree with them.

Delegates from more than 100 nations attending the annual FAO food conference in Rome have voted to create a world food bank or international food reserve. This reflects the strong world demand for food but offers a poor way to meet it.

The plan is based strictly upon the Communist doctrine of Karl Marx, which is that everybody puts in what he has and everybody else takes out what he needs. Not all countries which support this plan are classified as Communist, but they ~~must~~ know free food when they smell it.

In my opinion, the U.S.A. should steer clear of involvement in such a scheme, for the simple reason that it would remove our priceless food resources from our control and place them under control of a sort of United Nations of Food Management. Such a group would include enemies, friends who are too friendly, and countries which don't like us at all but enjoy our food pretty good if it is free.

I agree with a statement made in a congressional hearing on the proposed international grain system last year. John Datt, representing the AFBF in opposition to the plan, said:

"The best ~~reserve~~ food reserve for America and for the people of the world is the productive capacity of our ~~land~~ land, the ability of the American farmer and the profit incentive system."

From what I read, the U.S.A. is not as strong as we ought to be militarily, but as a food power, we are very powerful. We have food for export.

Food is a resource that can build world peace.  
Food is an asset that can maintain world trade.  
Food is a weapon that can protect our freedom.  
--<PROVIDING WE HAVE SENSE ENOUGH TO ~~use~~ USE IT.

I do not think it would be very smart for us to relinquish control of our food resources to our enemies, potential enemies or even to friends.

But we produce more than we can consume, and we must export a lot of wheat, corn, soybeans and other commodities, or we must pile great amounts in government granaries, or we must cut down on production and pauperize our agricultural industry.

Any business man can see that the best thing to do is to export what we don't need. That means selling on the world market, to any peaceable nation that has the money to buy our wheat and grains.

The time to do business is when you have something to sell and your prospective customer is ready to buy, and has the necessary money or acceptable cred-

This takes us back to the famous Russian wheat deal of 1972. That was when wheat and feed grain prices were low, and the totalitarian Russian government walked into our free enterprise system, outsmarted our experts and made a profit on it.

Time will not permit us to review the details of those transactions, but it is important to note that the outcome resulted in powerful forces taking new interest in our food supplies and exports.

First, there were the consumers, whose self-appted spokesmen began screaming that unless we shut down on exports we would run slap out of wheat and the price of bread would go to a dollar a loaf.

Second, labor union spokesmen joined in the chorus to sing that exporting grain was driving up food prices. Labor needed a diversion to cover up the effect that soaring wage rates were having on the prices of food, as well as costs of everything else.

Third, politicians turned their attention back to food. They think they can farm as well as they run the post office, &amtrak and time was when most members of Congress were actual farmers, but that was long ago. Now, most congressmen don't have any agricultural constituency to speak of, and their interest in farming is to get cheap food and welfare benefits so they can be reelected.

During the past several months wheat prices have been declining, but bread prices have been going up, because costs of labor have raised other cost

The cost of labor went up again Jan.1, when the minimum wage went to \$2.30 per hour under federal law demanded by unions, and all other wages will go up accordingly. People who get the raises will no doubt expect food prices to remain the same, but that is an economic possibility.

Because we depend so heavily upon export sales, prices for wheat, feed grains and other agricultu commodities are set in the world market. The world price for wheat was good and demand was strong last year, when the embargo was declared.

The president ordered grain exports stopped because consumers and labor unions put on the pressure. With our grain stores closed to export sales, or nearly so, many nations went to other sources to buy what they needed. We missed sales permanentl

The longshoremen's strike didn't help any. The President Ford negotiated a contract with Russia for 6 to 8 million tons of grain, not with advice from anybody in agriculture, but on terms dictated by George Meany, president of AFL-CIO.

about double

One of the terms was that Russia would pay \$16 ton for hauling wheat in American ships, benefitting union workers no matter what wheat prices are.

As evidence that the wheat-grain agreement with Russia is promoted for political reasons, with ~~pm~~ emotional reactions, we might note that the U.S. has a 3-year agreement with Japan calling for export of twice as much grain that has had half as much attention as the Russian deal. R. 6-8 mil. tons.

J. 14 mil. tons year.

When Russia got a guaranteed contract for the U.S.A. to deliver wheat to cover her needs, she dropped back on purchases and let the price go down.

Why should Russia worry? The lower the price goes, the more anxious we will become to sell wheat for export, and if Russia chooses to buy less than contracted for, what will Uncle Sam do about it?

There was talk of trading wheat for oil, but this has not turned into anything more than talk. If it did, we're not likely to come out on top, because we are being outtraded on this score, too.

Three years ago, a barrel of oil from the Mideast would buy less than three-fourths (0.7) of a bushel of American wheat. Last year, a barrel of oil would buy over three bushels of wheat (3.1 bu.) Oil prices are going up again, but wheat is not.

In addition to agreements with Russia and Japan, the U.S. will be affected by outcome of current multilateral trade negotiations and also be affected by international commodity agreements. The latter is a system a number of countries are setting up for allocating international markets on a political basis, and they would like the U.S. to join in.

Because domestic requirements consume only about one-third of our total wheat crop, we must export grain or pile ~~up~~ surpluses in govt. granaries

Latest projections from the 1975 crop year indicate that wheat exports will reach a new high of 1,350 million bushels in 1975-76. This is more than we were growing just a few years back, and compares with 1,039 million bushels exported last year and the record 1,186 mil. bu. 1972-73.

Our wheat carryover is now being projected at around 400 million bu., 25 per cent above the carryover of 1975. We have wheat to sell, but will farmers benefit from it as they should?

Some people think that selling wheat to Russia is a system for bailing out that country when it has a crop failure, or a system failure. These people insist we should let the Communists go hungry.

Others argue that we ought to exploit the Russian failures by charging more for wheat and let DETENTE go to pot. They say that is what the Russians would do to us, if they had a chance.

Kissinger seems to think that the way to make friends is to promise more food aid in one form or another to nations where he is entertained, and by now that includes just about all of them.

OSU economists surveyed grain industry personnel and wheat producers at a marketing conference in Oct. They asked: "Do you think the embargo on grain sales to the Soviet Union has decreased the sales of U.S. wheat in the 1975-76 crop year?"

87 per cent of industry and 100 per cent of producers said YES

Farmers don't believe they are getting a fair deal on grain exports and are trying to do something about it. The NWGA is trying to file a lawsuit against the govt., labor unions and others who may be involved, for losses they claim as a result of the embargo on exports last year.

Agriculture is up against a critical decision, but it won't be the one to make the decision. That crucial question is: Who will run our farms?

Is govt. going to be dominant voice of agriculture? Will agri. be run by the State Dept. to

facilitate negotiation of international trade? Will agri. be run by the Labor Dept. to cover up high wage costs?

Or will it be run by HEW to pacify consumers with subsidized food ~~programs~~ and low prices?

Farmers would like to know if they will be bosses of their own spreads. The answer may not come soon because there are some who can make more political medicine and more money out of agriculture if it is kept in an uncertain turmoil.

Like the busy doctor who flitted through his waiting room several times. He noticed one patient was getting fidgety, so he told him: "Don't get well. I'll be right back."

Today, govt. is saying to wheat growers: "Don't get well. I'll be right back to take you over."

The issue facing wheat farmers, and our nation, is whether nationalization of business & industry will bring our free enterprise system to an end, and establish a national policy on when, how and where to do everything---but only with permission.