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**Record Group/Collection:** George H.W. Bush Presidential Records  
**Collection/Office of Origin:** Speechwriting, White House Office of  
**Series:** Speech File Backup Files  
**Subseries:** Chron File, 1989-1993

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**OA/ID Number:** 13700  
**Folder ID Number:** 13700-004

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**Folder Title:**  
National Farm Bureau 1/8/90 [OA 8309] [2]

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<b>G</b>	<b>26</b>	<b>19</b>	<b>5</b>	<b>6</b>

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[ -- FROM COOPER EVANS ]

for 12/89 Tanke speech

Talking Points - WHO Radio

\* Very pleased with the improvements in the farm economy over the past few years since the passage of the 1985 Farm Bill.

\* The news is good-- both for farmers and for taxpayers.

*accomplishments*

- Farm income is near record high, while government costs of farm support programs have fallen to less than one half the level of a few years ago.

- The huge surpluses of agricultural commodities are virtually gone.

- Agricultural exports measured in dollars have roughly doubled since 1986.

- Most of our good land that was idled is now back in production. 30 million acres of fragile lands have been semi-permanently retired.

- The farm credit situation is greatly improved, both for borrowers and lenders.

*goal*

\* The goal now is to keep the train on the track.

\* The real test will come next year when the 1985 Farm Bill expires and Congress must write a new bill.

- It is important that we stay with the proven principles of the 85 Farm Bill -- make certain improvements but not change direction.

*Δ's*

\* Among the things we must change are:

- The market and export orientation of our present programs.


- The need to maintain a true safety net under farm income. Farm program costs have fallen greatly without hurting farm income -- and I want to say to rural America, as I have said many times before, that I do not intend to try to balance the federal budget on the backs of American farmers and ranchers.

\* There are, however, areas of the bill which need to be improved:

- We must make sure that all Americans can be confident of the safety of their food supplies.
- We must ensure that we maintain a high level of water quality in agricultural areas.
- We must do more to make certain that all of rural America -- not just the farmers and ranchers -- can look forward to a promising economic future.

THE WHITE HOUSE  
WASHINGTON

TO: CHRISS WINSTON  
COOPER EVANS  
ALIXE GLEN  
CHRIS HOLT, CONGRESSMAN TAUKE'S OFFICE

FROM: SARA MALTBY 

DATE: DECEMBER 5, 1989

SUBJ: WHO-RADIO INTERVIEW WITH PRESIDENT BUSH

President Bush and Congressman Tauke will participate in a 15-minute live one-on-one interview Friday, December 8th in Des Moines. The interview will be conducted by Bob Quinn, the Farm/News Director at WHO. The program will begin at 5:00 p.m. with a panel discussion of ag issues with various ag experts and industry leaders. Following the interview they will continue with an analysis of what the President discussed.

The President should be prepared with about a 30-second opening and then the following subjects will be covered;

1. Trade -- Following the President's recent trip to Malta what new developments took place and what type of involvement can we expect from the Soviet Union. Will they be given favored trade status.
2. Eastern Bloc Countries -- In regard to trade with Eastern Bloc nations, are we willing to encourage an open economy to break trade barriers. The State of Iowa will be sending a delegation in January, what will their role be. (Cong. Tauke to address this question.)
3. 1990 Farm Bill -- What changes or revisions will President Bush propose. What is the fate of crop insurance and what about the addition of soybeans for crop support.
4. Ethanol -- Why doesn't President Bush issue a nationwide mandate for all American cities to use ethanol in their fuel. Denver and Phoenix are in the midst of an analysis of their cities in regard to ethanol, why not target those cities. Iowa has made the switch. (Cong. Tauke to discuss

INFO:  
CONTACTS

---

Susan Offutt X 4762  
OMB - Farm Policy

Greg Jenner 566-5911  
Treasury - Tax Policy  
(capital gains)

Jack Jenkins 382-6193  
Dept of Ag -  
Jentler's speechwriter

Lehman Lee X 7968  
Economic Policy Council  
WH

# Treasury of Presidential Quotations

Caroline Harnberger

Thomas Jefferson 5/29/1807 p. 2

"Agriculture is the most useful  
of the occupations of man."

"Those who labor in the earth  
are the chosen people of God -  
if ever He had a chosen people."  
1782, p. 91

Rec'd 11/20/89  
AHC

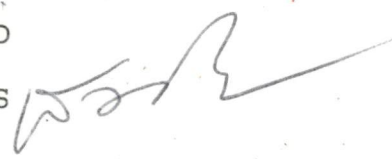
To David Demarus  
and Jim Whay  
FYI and/or  
Acknow.  
Andy  
11/20

THE WHITE HOUSE  
WASHINGTON

November 17, 1989

MEMORANDUM FOR ANDREW H. CARD

FROM: DAVID Q. BATES



SUBJECT: Agriculture

Secretary Yeutter is recommending that the President make a speech outlining his overall farm policy. He believes that such a speech would be useful now because: (a) the President has not yet outlined a comprehensive strategy on agricultural policy; and (b) outlining the positive aspects of his farm policy now might help neutralize the fallout resulting from the effects of the FY 1991 budget proposal on farmers.

An overall agricultural policy speech would have the following positive elements:

1. Free markets. The Administration has just tabled a bold proposal in the Uruguay Round that calls for the elimination of trade-distorting subsidies.
2. Food safety. The Administration has just proposed a program for improving food safety, which will benefit both farmers and consumers.
3. Ethanol. The Administration is promoting the development of ethanol through a variety of means.
4. Rural development. The Administration will propose ways of improving the coordination of federal and state rural development programs.

GATT  
negotiations

ETBE  
and  
clean air  
11/20  
Rural devel.  
package

One possible date for such a speech is December 8 when the President travels to Iowa for the Tauke fundraiser. The President is scheduled to travel to Colorado earlier that day. The Tauke fundraiser is scheduled for 6:30 pm in Des Moines. If possible, it would be useful to schedule an event in Illinois that afternoon. If that is not practical, we could schedule an event in Iowa.

I agree with Secretary Yeutter that a speech along the lines outlined above would help the President in farm country.

cc: Roger Porter  
Joe Hagin  
Bob Grady

This could be the speech  
@ the Tauke event.

per DQB  
11/20

THE OFFICE OF THE SECRETARY  
WASHINGTON  
20250-0100

November 6, 1989

**MEMORANDUM TO: LEHMANN LI**  
**FROM: SECRETARY CLAYTON YEUTTER** 

Lehmann, a few days ago we discussed the possibility of having the President do a speech out in the middle of the country where he might cover a number of issues -- rural development, alternative fuels, trade, and perhaps even forestation. I discussed that with Kelly Shipp, my Press Secretary, and Kelly suggested that a good place to do such an event might be in the Quad cities area, meaning either Moline, Illinois or Davenport, Iowa. According to Kelly, the television and radio stations in the Quad cities reach well into both Illinois and Iowa, so such an address could be helpful to two Republican Senatorial candidates -- Tauke of Iowa and Martin of Illinois.

CY:lf

cc: David Bates

bcc: Jack Parnell  
Gary Blumenthal  
Kelly Shipp  
Pat Kearney  
Paul Kindinger

THE WHITE HOUSE

WASHINGTON

November 10, 1989

TO: JOSEPH HAGIN  
DEPUTY ASSISTANT TO THE PRESIDENT  
FOR APPOINTMENTS AND SCHEDULING

THROUGH: DAVID BATES  
ASSISTANT TO THE PRESIDENT  
AND CABINET SECRETARY

FROM: COOPER EVANS *CE*  
SPECIAL ASSISTANT TO THE PRESIDENT  
FOR AGRICULTURAL TRADE AND FOOD AID

REQUEST: PRESIDENTIAL VISIT WITH IOWANS ON WHO RADIO

PURPOSE: To reach rural Iowans during the visit  
planned on behalf of Congressman Tauke.  
The informal nature of the news team at WHO  
would highlight the comfortable feeling  
Iowan's have with the President and Mrs. Bush.

BACKGROUND: WHO Radio is a stalwart in Iowa -- especially  
in small towns and on the farm. It is an  
excellent means of reaching the heart of Iowa  
and the best time is mid-day during farm radio.  
Even a brief drop-by would be beneficial.

PREVIOUS PARTICIPATION: During the 1988 campaign, Mr. Bush had a  
similar conversation with Iowans on WHO Radio.

DATE AND TIME: December 8, 1989 during his visit to Iowa  
on behalf of Congressman Tauke.

LOCATION: WHO studio, 1801 Grand Avenue,  
Des Moines, Iowa.

PARTICIPANTS: WHO Radio news/farm reporters.



1801 GRAND AVENUE, DES MOINES, IOWA 50308, (515) 242-3500 FAX (515) 242-3798

October 30, 1989

Mr. Cooper Evans  
Special Assistant to the President  
Agriculture  
Old Executive Office Building  
Room 178  
Washington, D.C. 20500

Dear Mr. Evans:

Just a quick note and a simple request. As you can see by our letter to Mr. Hagin, WHO Radio is interested in broadcasting a message from President Bush to Iowans during his upcoming visit to the state.

We'd appreciate any help you can give us in this matter. Thanks very much.

Sincerely,

BOB QUINN  
News Director  
WHO Radio

Attachment

BQ:vc



1801 GRAND AVENUE, DES MOINES, IOWA 50308. (515) 242-3500 FAX (515) 242-3798

October 30, 1989

Mr. Joseph W. Hagin  
Deputy Assistant to the President  
Appointments and Scheduling  
White House  
Washington, D.C. 20500

Dear Mr. Hagin:

This letter is in reference to President Bush's scheduled visit to Des Moines December 8. The President is appearing on behalf of Congressman Tom Tauke's United States Senate Campaign.

WHO Radio would like to offer the President an opportunity to speak to Iowans via our airwaves. A similar program was done with Mr. Bush on September 23, 1987, while he was campaigning in Iowa for the presidential nomination.

WHO Radio is a 50,000 watt, clear-channel, news and information radio station, and the flagship operation for the Palmer Radio Network, a group of 17 stations carrying news, farm and sports programming across the state. We also have satellite uplink capabilities to send the program anywhere in the United States. WHO Radio is also an affiliate of the ABC, NBC and Associated Press Radio Networks.

WHO Radio has a tradition of presidential visits. President Reagan stopped by our studios on Caucus Day 1984.

I look forward to speaking with you in the near future to discuss format and length of the program.

Sincerely,

BOB QUINN  
News Director  
WHO Radio

BQ:vc

THE WHITE HOUSE

WASHINGTON

November 10, 1989

TO: JOSEPH HAGIN  
DEPUTY ASSISTANT TO THE PRESIDENT  
FOR APPOINTMENTS AND SCHEDULING

THROUGH: DAVID BATES  
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LOCATION: WHO studio, 1801 Grand Avenue,  
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PARTICIPANTS: WHO Radio news/farm reporters.

BASIC INFO FOR ADDRESS TO AMERICAN FARM BUREAU

EVENT:

71st Annual Convention  
their 3rd year in Orlando  
7,000 attendees from farms and ranches

VIPS: AFB President Dean Kleckner will be  
introducing POTUS  
Florida Governor Bob Martinez will be  
welcoming the attendees  
Sec. of Ag. Yeutter

US Trade Rep. Carla Hills will be there  
the following day,

AFB:

The group is 71 years old.

POTUS has addressed the AFB top leadership during the  
campaign, at a Council on Presidents' gathering. Every  
president except Carter has addressed them.

ETC:

Great year for their membership drive: they have 3.8  
million member families, an increase of 100,000 this  
year.

They strongly back this administration's "NO TAX" line and  
are strong supporters of reduced government  
spending and the balanced budget program. Have worked  
with the administration on several issues, including  
capital gains and the confirmation of Jim Cason at Ag.

They want to hear POTUS' "vision of the future for the  
nation and American agriculture.

They are considered "the largest and most politically  
active of the nation's agriculture groups", "the  
equivalent to the "US Chamber of Commerce" in the  
ag industry.



MK -

Here's a copy of  
Kleckner's speech - it's the  
one preceding the President's  
entrance & intro by Kleckner.  
Thought you'd want to see it.

—CC

-----  
Annual Address by:  
Dean Kleckner, President  
American Farm Bureau Federation  
Orlando, Florida  
January 8, 1990  
-----

12/27  
draft

For release after 9:30 a.m.  
Monday, 1/8/90

### The Power of Ideas

The past year has been one of solid Farm Bureau advances set against a background of tremendous international turmoil and change.

It seems appropriate to speak about the power of ideas, the power of people and the power of teamwork.

In Europe, we have witnessed the power of people filled with the powerful idea of freedom --beginning with an exodus of almost biblical proportions.

We are shaped by the ideas we hold.  
Ideas endure. Good ideas are precious, powerful and...  
almost imperishable.

In the words of Irish playwright, Sean O'Casey:

"You cannot put a rope around the neck of an idea; you cannot put an idea up against a barrack-square wall and riddle it with bullets; you cannot confine it in the strongest prison cell that could ever be built."

And, you can't contain it behind a Berlin Wall.

Mr. O'Casey was right. Truly great ideas endure.

They cannot be stopped by walls, or borders, or psychological torture, or attack-dogs, or even death.

How many people died attempting to cross that killer barrier to the freedom of West Berlin? Some say 300 people.

I am told that many of them were so young they could only imagine the idea of freedom, having never experienced it.

The wall was barely completed in the fall of 1961 when an 18 year-old East Berlin boy was allowed to bleed to death at the foot of it by border guards of his own country who shot him as he reached outside for freedom.

Freedom. The right to be free; one of the greatest, most precious, ideas of all time!

-more-

Freedom to think, and be and do!

Freedom of religion. Freedom of speech. Freedom of the press. Freedom of assembly. Freedom to petition authority to correct abuses. Freedom from unreasonable search and seizure and the right to keep and bear arms.

And, by extension, the rights we farmers and ranchers exercise as we freely assemble to speak for ourselves through the organization of our choice --through Farm Bureau.

It seems fitting to pause here to welcome a new state member, the Alabama Federation of Agricultural Producers. Once more Alabama farmers are provided the full national voice and representation only possible through affiliation with the American Farm Bureau Federation.

-----  
Will the Alabama delegation, headed by David McGriff as president, please stand?  
-----

In 1919, seventy-one years ago, farmers of this nation gathered to crystalize the powerful idea of a united, voluntary voice, for American agriculture. Holding true to this powerful idea, they created the American Farm Bureau Federation.

In 1919, as Farm Bureau was born, Russian communists created the "Comintern" --or Communist international, to unite the communist world into a disciplined force for revolutionary action, as directed by the Soviet Union.

In application, communism views religion and God as hostile forces. Morals don't count. The Party and State become primary to everything at all times.

Such monstrous ideas, made it easy for Stalin to execute literally millions of Russian land-owning farmers. Their lives and their property were taken in a reign of terror designed to stifle individualism and control the basic means of production.

In the process, Russia's once-efficient agriculture was so thoroughly wrecked that it has never recovered. Instead, it has dragged down the farming systems of satellite nations as well.

I can best illustrate this by telling about Wilhelm Eisenberg, a young German exchange student, who was a boyhood schoolmate of mine for a time. Wilhelm has long since returned to his farm home in West Germany.

Coincidentally, the American Farm Bureau Federation is now involved in a similar exchange program, sponsored by the McCloy Foundation, and involving U.S. and German young adult farm leaders.

I had been invited to speak in Germany at the 10th anniversary gathering of the McCloy exchange participants. I contacted Wilhelm to let him know when I'd arrive in his country.

Wilhelm was the perfect host as I knew he would be. He took me around the countryside including a stop at the rural extension of the killer wall that reached out from the city of Berlin to divide East and West Germany for hundreds of miles.

The rural version of the wall marched through farmland and barnyards, across fields and pastures. Eight hundred and sixty miles in all of double-row ten-foot high fences, with a mine field between; overlooked by a network of tall, six-sided observation guard towers, 590 of them. It provided a clear demarkation between a productive agriculture and a bankrupt farming and governmental system.

A chill ran down my back as Wilhelm and I stood on our own little platform on the Western side; boyhood friends, now grown men, seeing this monstrous structure close up, built and maintained at tremendous cost by a government intent on imprisoning its own people.

A bankrupt country pursuing a bankrupt idea to the bitter end.

The former head of the Czechoslovakia government, Gustav Husak, said as he resigned: "If there were mistakes, they were the mistakes of people, not of ideas."

Wrong. Dead wrong!

Wrong ideas generate mistakes. The mistaken idea that people can be forced into forever being a voiceless, godless pawn of a cold and vicious government is the prime example.

The great, sweeping idea of the Soviet Comintern failed to produce the anticipated world revolution or even to unite those nations already part of the Communist movement.

Now, 71 years later, history is recording a new kind of revolution as the Communist Party itself is overrun by those demanding to be heard, demanding human rights and personal freedom.

For more than seven decades, Farm Bureau has been unswerving in its defense of many of these same rights that are increasingly challenged in both our courts of law and the courts of public opinion.

The right to own property.

The right to use natural resources --land and water.

The right to produce: to manage, and to profit from one's labors.

The right to the tools of production including the use of agricultural chemicals.

Twice in the past year, the American Farm Bureau Federation took the issue of your private property rights to the Supreme Court. Both occasions involved what amounted to a "taking" of private property for what others presumed to be the Common Good.

We also went to the Court of Appeals to overturn a ruling that would have made it easier to cancel more agricultural chemicals.

Farm Bureau led a successful fight against reclassifying anhydrous ammonia fertilizer as a poisonous gas, saving farmers great sums of money in new handling and insurance costs. We were successful in preventing farmers from being included among those required to hold commercial drivers licenses.

In many ways, Farm Bureau fought for tax relief. We successfully opposed a motor fuel tax increase --supposedly offered for deficit reduction purposes.

We defended the current treatment of estate taxes against efforts to lower our hard-won exemption levels. Through our "No to More Taxes" national campaign, Farm Bureau tipped the political balance against almost certain tax increases.

Above all, Farm Bureau stood up to activist critics who challenged the safety of the food we provide --and to animal rights activists bent on telling us how to farm.

Farm Bureau continues to defend the right to produce... a right that is under new pressure from those who promote a compressed, low production "minimal" agriculture of the kind associated with the minimal farm incomes of the Good Old Days.

We hear about LISA, the concept of Low Input, Sustainable Agriculture, and about "alternative" farming methods. Many assumptions appear to be offered as hard fact.

Conventional agriculture, so carefully developed through a partnership between our Land Grant colleges and farmers themselves, is indicted as inefficient and wasteful.

This simply is not true. American agriculture has been, and continues to be, the most consistently productive of any in the world. American farmers and ranchers join in demanding the freedom to produce in tune with our own developing markets here and abroad.

The American Farm Bureau Federation continues to host regular meetings of all commodity groups and grower associations to examine mutual problems and seek mutually agreed solutions in the interest of a positive, growing American agriculture.

All of us are very much aware that food health scares and environmental emotionalism have already limiting our productive capability. It's time that the debate over future environmental policy for U.S. agriculture be moved out of the field of emotion and assumption into the scientific and economic arena.

The Alar apple scare is said to have cost growers over three hundred million dollars. Presently, we can only guess what increased regulation and reduced use of farm chemicals have cost, and may cost, U.S. farmers and ranchers.

We intend to find out.

Under Farm Bureau leadership, over 100 university researchers; agronomists, plant scientists, commodity management experts, will review yield-impact results as the base for cost projections. As part of our continuing high Farm Bureau profile, results will be revealed to the Congress, the media and the public.

Environmental activism continues to take new forms. We are now told by church activists that ecological concerns have become central to their religious mission and to a virtuous life.

Activists are courting church leadership. As a result, the biblical declaration of mankind's dominion over the fish of the seas, the fowl of the air, cattle of the earth and every other living thing, is increasingly coming under church scrutiny and challenge.

There now are religious leaders who appear more concerned with animals and plants than with people... and, who support the thesis that mankind must yield claim to the central place in creation.

Animal "funerals" have been held. Some declare that "Meat is Murder."

But animals are not moral, rational beings with souls. We have an obligation to treat them well, to avoid cruelty, to reduce and avoid tension and fear.

Once again the FBI is blaming animal-rights activists for increasing sabotage and vandalism on Western ranches in attempts to undermine wool and beef production.

As producers, we must not surrender our rights in the name of Animal Rights; our rights to include animal agriculture in our farming operations without harassment or the threat of economic reprisal.

Food safety has been receiving much attention. Through our Information Division, we have a national research project on food safety now underway.

Measuring the non-farm attitude toward today's agriculture is the first step in what will be a broad campaign to bolster public confidence in farmers and ranches and, in our national food supply.

Our efforts to reduce the capital gains tax failed last year when that provision was stripped from the Budget Reconciliation bill. It had been falsely reported that the proposed reduction in capital gains would primarily benefit people in top brackets who need it least.

Quite the opposite is true.

A private study shows middle-Americans, not the affluent, would be primary beneficiaries. Other studies show that a lowered rate would stimulate economic growth, bringing new investment, new jobs and new money into the Treasury.

\* Farm Bureau remains fully committed to capital gains tax reduction to cover sales of land, livestock, timber and depreciable assets. Through the effectiveness of volunteer members and teamwork between our Park Ridge and Washington office staffs, we will work closely with Congress to get this job done.

You can help in several ways. First, by making doubly sure your representatives in Washington know how important this is to us and (let's stress it) to them.

Second, you can help by stopping at the capital gains exhibit booth in the trade show to add your signature to Farm Bureau's petition document, addressed to the Senate Majority leader and the Speaker of the U.S. House of Representatives. The petition you sign, calls on Congress to reduce the tax this year.

This also is the year of the 21st "decennial" census, marking the 200th anniversary of the first census taken in 1790 when George Washington was President.

The new census begins the important re-districting process. The people in state legislative offices next year will do the actual work of drawing new district boundaries based on the updated population figures and their political interpretation.

This year's legislative elections become extremely important to farm and ranch people if we are to preserve rural-conservative seats. Without our effective participation in every legislative election our best friends could become victims of politically distorted boundaries, or left to drown in a sea of liberal votes.

Two especially difficult and challenging projects have required great amounts of my time and effort during the past twelve months.

They were Farm Bureau's on-going efforts to keep agricultural trade negotiations moving and on track at the Uruguay Round, in Geneva; and work to guide the National Economic Commission to a positive conclusion without endorsing a tax increase.

Much of the extra work for myself and our staff, began with my appointment to the "N.E.C." --the National Economic Commission two years ago. The Commission was created by Congress to find appropriate ways to solve the federal deficit. Specifically, to recommend workable methods to reduce the deficit, while at the same time encouraging savings and promoting national economic growth.

As one of the twelve original Commissioners, I found myself, an Iowa hog farmer, among such people as Lee Iacocca, head of Chrysler, Lane Kirkland, president of the AFL-CIO; two U.S. Senators, two members of the House, the former U.S. Ambassador for trade and two former Secretaries of Defense.

While this was impressive, high powered company that greatly increased Farm Bureau visibility, it was disturbing that the majority of the Commissioners seemed to be looking at new taxes as an easy way out of the national deficit problem by increasing federal revenue.

It was my opinion that new taxes encourage more of the over-spending that caused the deficit problem in the first place. Budget deficits can be managed and made to disappear, but only if Congress wants to do this badly enough to exercise the spending self-discipline it has so far avoided.

Believing this, and having considerable evidence to support it, I began my Commission service as an outspoken opponent of any attempt to solve the deficit by throwing new tax money at it.

My remarks before the Commission stressed how Congress continues to spend more than a dollar-fifty cents for every new tax dollar received in revenue. In fact, Congress has authorized spending well beyond revenues in 29 of the last 30 years! In this period of time, there have been any number of substantial tax increases.

Several Commission members who shared my anti-tax views suggested that, through Farm Bureau member-involvement, a very effective national anti-tax public campaign could be mounted.

Our board agreed, and this was done. Thousands upon thousands of Farm Bureau members across the country joined in what became a very effective, national, "No to More Taxes" effort.

We used our new satellite telecommunications system to launch, and to maintain, Farm Bureau's high public anti-tax profile. We printed bumper stickers, bought "No Tax" buttons and did all of the rest of the things that have become necessary to successful public motivation.

And, we have been successful.

As a result, the Commission report that by law had to be delivered to the President and to Congress by the first of March, did not call for more taxes. Instead, the majority report was anti-tax and pro-economic growth. It examined the spending and budgetary problem and recommended actions to cure it.

We got the kind of report Farm Bureau wanted and our nation needed. We are now working to move the recommendations into action. There is need to support the Presidential line-item veto, and the "Common Sense Budget Act" sponsored by Senator Rudy Boschwitz and fellow Economic Commission member, Bill Frenzel. Common Sense budgeting would eliminate the present practice of including the amount the budget is expected to grow, as if it were established fact.

Trade expansion and efforts to bring a positive conclusion to the current trade talks now underway in Geneva, were other year-long concerns.

We have responded to the call of our delegate body for an aggressive trade attitude, including pursuit of expanded markets for U.S. farm products.

It is unfortunate that, by refusing meaningful consideration of long-term subsidy reduction goals, the European Community has slowed GATT progress in key farm trade areas for nearly three years. With one year of the Uruguay Round remaining, there is danger that the time-clock will run out.

About three weeks ago, in an attempt to "jump-start" the negotiations into meaningful dialogue, I presented several possible solutions to the present impasse before a special U.S./E.C. agricultural conference in Tucson.

The suggestions I used were basically those outlined by our Trade Advisory Committee. It is helpful that the committee found Farm Bureau policies to be broadly consistent with the efforts of our U.S. negotiating teams in Geneva.

I challenged the Europeans to join in developing a reasoned, international process for settling trade disputes involving food-safety, environment, animal health and plant health issues.

I asked that we work for informal consultation in disputes between us, and that farm producers and farm organization representatives be included as advisors in areas of farm trade conflict.

We are pleased that the E.C. came forward with its own proposals for the agricultural negotiations just two weeks ago. We didn't expect it to be bold, and it wasn't. But it will help to pave the way for more concrete talks during 1990.

My own re-appointment to the President's Advisory Committee for Trade Policy Negotiations, this time by President Bush, continues to provide a window on trade opportunities for American agriculture.

Again, I am the lone farmer, surrounded by committee colleagues drawn primarily from the board rooms of corporate America.

Learning to deal with the European Economic Community has become increasingly important. Already the world's largest single trading group, it is possible that the E.C. will continue to grow.

Turkey has been talking about seeking active membership, as has Yugoslavia. Six other nations, Austria, Finland, Iceland, Norway, Sweden and Switzerland, all non-members within the E.C. sphere of influence, have moved to bring their Free Trade Association into a "special relationship" with the Community, and Austria is well along in working toward individual E.C. membership.

Political and economic walls everywhere have come down.

There is new graffiti on the portions of the Berlin Wall that remain. One reads, "They came. They looked around. They went shopping."

"Shopping" means new trade opportunity! Not just for Europeans, but for us as well. In many ways, it is the challenge of the decade.

The new Polish Prime Minister who supports the free market rather than the bankrupt socialist system, has shown interest in moving Poland into a full-scale market economy. "We don't want to try a third way," he said, in rejecting any blend of socialist-capitalism.

All of us must work and pray and do our best to see that the walls stay down: to see that freedom is established. And that it is universally understood and supported.

We already are a large part of this through Farm Bureau's emphasis on constitutional government, our support for division of power, states' rights, local rights; for our continuing emphasis on family --on religion and on faith in God.

In the words of the foreword to our policies, our delegates remind us that America's unparalleled progress is based on freedom and dignity of the individual as sustained by basic moral and religious concepts.

We need to remember that the inscription on the Liberty Bell in Independence Hall, in Philadelphia, is borrowed from the 25th Chapter, 10th verse of Leviticus. It reads: "Proclaim Liberty Throughout All The Land Unto All the Inhabitants, Thereof."

That brings me to the second memorable occasion that sent shivers down my spine. About five years ago, Natalie and I were in Israel as part of a Farm Bureau group observing dry-land agriculture and advances in drip irrigation.

We were at Capernaum, the ruined city of ancient Palestine on the northwest shore of the Sea of Galilee. It was the home of Jesus during most of His ministry. On its bank, the miracle of the loaves and fishes took place when Jesus fed the multitudes with five barley loaves and two small fishes.

Our local guide used a Bible as a map to show us areas where the Disciples fished and where Peter, James and John were told they would become fishers of men.

This was a totally unforgettable experience! It was all the more indelible because of a parallel between the geography of that area and our own personal lives and the work we do in Farm Bureau.

From a map of the Israel-Jordan area, you can see how the Jordan river connects and feeds two seas; the Sea of Galilee, and the Dead Sea to the south of it.

The fresh water of the Sea of Galilee is filled with fish and other life. The brackish salt water of the Dead Sea is as dead as its name.

Yet, both are fed by the River Jordan.

The Sea of Galilee is a living sea.  
It has an inlet and an outlet.

It receives --and gives --and so, it lives.

The Dead Sea has only an inlet.

The Dead Sea receives, but does not give;  
--and so, it exists, but does not live.

Here is a great lesson in living for all of us.



# AMERICAN FARM BUREAU FEDERATION

225 TOUCHY AVENUE • PARK RIDGE • ILLINOIS • 60068 • (312) 399-6700  
800 MARYLAND AVENUE S.W. • SUITE 800 • WASHINGTON, D.C. • 20004 • (202) 464-8222

## MEMORANDUM

TO: Pat Kearney  
FROM: John C. Detsch  
DATE: January 11, 1990  
SUBJECT: Suggested Ideas for President Bush's Speech to Farm  
Bureau Annual Meeting Next Monday

---

For your consideration, here are a few rough ideas to be used in President Bush's speech next week to the Farm Bureau. I understand the White House has asked and we have supplied a copy of the speech President Kleckner will be delivering just ahead of President Bush.

I recognize that these ideas are rough, but they will give you some of my thoughts. Please let me know if I can be of any further assistance.

JCD/lh

JAN 02 '90 11:39 AFBF D.C.202 484-3604

**BUSH SPEECH**

1. Thanks to Farm Bureau for support provided during his term as Vice President and specifically the support provided his Administration during his first year as President.

Particular issues where Farm Bureau has supported him:

- A. Capital Gains Tax Reduction
- B. No to More Taxes
- C. Uruguay Round Trade Negotiations
- D. Line Item Veto

2. Thanks to individual Farm Bureau members who supported, worked and voted for him. Particular thanks to former AFBF President Robert Delano, who served as chairman of the Farmers for Bush/Quayle 88 Rural USA.

3. Thanks to Dean Kleckner for his support on the National Economic Commission and the Farm Bureau leadership and membership in the "No to More Taxes" campaign. He could restate his pledge of "No to More Taxes" and urge Farm Bureau to redouble its effort.

4. Cite the current farm income and agricultural trade situation as indications that agriculture continues on the road to economic recovery. He could cite the 1985 farm bill -- and that his administration will support the basic principles of domestic and international competitiveness as a part of the 1990 farm bill.

Since Secretary Yeutter will be on the program in the afternoon, the President may want to limit his comments on agriculture.

5. The importance of trade to farmers and ranchers should be one key element in his remarks. Agriculture has a real stake in the outcome of the current round of trade negotiations. He may want to note that many Farm Bureau leaders serve in key roles on the Agricultural Trade Advisory Committees.

6. The main body of his speech should be on the current change in the world and his role as a world leader. This audience will be very receptive to his world leadership role so it should be stressed.

**DRAFT**

**ADDRESS TO  
THE AMERICAN FARM BUREAU FEDERATION  
BY  
SECRETARY OF AGRICULTURE  
CLAYTON YEUTTER**

January 8, 1990  
Orlando, Florida

# DRAFT

## "1990's Farm Legislation, Defining the New Parameters"

It's always a pleasure to meet with members of the American Farm Bureau Federation. You and I have arrived here in Orlando at one of the most important times in the history of American agriculture. 1990 is a year of choices, and those choices will begin with the 1990 Farm Bill. Just as important as the Bill itself is the context within which it will be debated.

Seldom have farmers had so much at stake as in the next 12 months. Great economic, social and political changes are sweeping around us throughout the world, and all of us must respond. One response will come through U.S. participation in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT); another will be the 1990 Farm Bill. A third will be the actions we take to foster market oriented democracies in Eastern Europe and elsewhere, an important subject that I will not have time to address today.

The farm organizations having the most influence in shaping the new farm bill will hopefully be those most clearly understanding the issues -- and who articulate their views convincingly in the legislative process. The Farm Bureau has always met this test, and I'm sure 1990 will be no exception. Legislation in this country is truly a participatory process. A friend of mine in Nebraska says that farm bill debates, once they are over and the ink is dry, always remind him of the beaver and a rabbit standing in front of an enormous hydroelectric dam. The beaver says, "I didn't actually build it, but it's based on my ideas."

So it's important we work together to get the right ideas in the 1990 Farm Bill. We have a clear choice of direction; bold, outward looking, and unafraid -- or protectionist, defensive, and timid. I choose the former. I know that you will too.

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Together, during this year, we will -- or we won't -- get legislation that will help American farm products compete successfully in the world marketplace. In the process, we must be careful not to repeat past mistakes that led to legislation which sounded good for the immediate situation, but was too rigid to adjust to changing economic situations.

We now farm in an environment characterized by globalization of business, and international financial institutions which instantaneously shift funds around the world. Inexpensive facsimile and sophisticated video communication among countries. Quick, efficient long range transportation and increasing international travel, education and research activities, Environmental issues that transcend national boundaries.

Such changes continually redefine the rules within which United States farmers compete in the world -- and can seriously affect individual income potentials. We can either put our heads in the sand and ignore what is happening around us -- or adapt to it, attempt to influence it, and try to make it work to our advantage. It seems obvious to me that the latter is the more intelligent course of action.

Whether the changes now occurring will be positive or negative for American agriculture depends largely on our own actions. We are an integral part of world events as never before, and we can choose to sit on the sideline, or we can boldly enter the international arena.

In either case we must accept the consequences. Should we choose the former, sitting on the sideline, then our agricultural production plant will inevitably shrink and farm incomes will ultimately fall. Regrettably some of our farm organizations have not yet figured that out!

Is success thereby guaranteed if we choose the latter course, boldly entering the international arena? Of course not. There are no sure winners in international trade, but we have an opportunity -- perhaps even a good probability -- of succeeding. And that's worth a lot. While sitting on the sideline will only deprive us of that chance for major segments of American agriculture to capitalize on the opportunities.

To succeed, we must vigorously pursue export markets for American farm goods wherever we can. We must push ahead with research and new technology to expand industrial uses of farm commodities here and abroad. We must capitalize on biotechnology to provide more efficient, environmentally sound crop protection techniques -- and we have to work like never before to help Americans outside of agriculture understand what we are doing and how it directly benefits them.

Our farm programs should be redesigned to give farmers the flexibility to manage their operations in the most efficient way. As we enter the '90's, U. S. farmers will have to begin earning more from the marketplace in order to offset reduced government subsidies in these times of budgetary austerity. To do that they need the flexibility to plant those crops the market demands, rather than what Uncle Sam has heretofore required.

We should also vigorously pursue other nations to join us in trade liberalization policies that will allow all farmers, including Americans, to compete fairly in an international marketplace based on equal market access and opportunity.

As we go through 1990, the Bush Administration will be working with farmers and the Congress to reach these goals. We need the American Farm Bureau's help to get the job done. There are two areas in particular which demand that we build a better understanding of the issues:

- 1.) The indirect but important links between the 1990 Farm Bill and the Uruguay Round of multilateral trade negotiations;
- 2.) The essential differences between today's farm situation and the conditions of 1985; including a look at some of the external pressures that will affect 1990 farm legislation.

The issues surrounding this year's farm bill are broad and complex. The Farm Bureau's task in communicating these issues to the farm community will be more important -- and tougher -- than ever. American farmers need to better understand their crucial stake in the GATT, and how the newly emerging environmental and food safety issues can directly impact their own farming operations.

# DRAFT

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## THE FARM BILL AND THE GATT

1990 offers a unique challenge. We will be overhauling U.S. farm policy while concurrently negotiating the most significant multi-lateral agricultural trade discussions since the end of World War II -- in fact, probably the most significant multi-lateral trade negotiations ever on agriculture.

The 1990 Farm Bill needs to be finished by early fall, and the GATT negotiations are scheduled to reach a conclusion in December. This parallel timing has led some to worry that the GATT might somehow take precedence over the farm bill. A few critics on Capitol Hill have even been demanding that the 1990 farm bill be written in Washington.

All that is a non-issue. Of course the 1990 Farm Bill will be written in Washington. It will be written by the United States Congress as it always has been. To suggest otherwise is just so much political poppycock.

But it would be equally foolish to say that U.S. farm legislation will not be affected by the GATT negotiations -- or vice versa. Changes in world agricultural trading rules will obviously affect the United States as the world's major agricultural exporter -- hopefully for the better. And when the United States Congress alters farm policy in the world's leading agricultural nation, that certainly changes the shading of issues involved in world trade negotiations.

For the American farmer, one hazard in all this is to get bogged down in meaningless debate when the real issue is to build a stronger agricultural economy for America, a move that will benefit farmers, consumers and taxpayers alike. We must keep our eyes on the ultimate target as we go through this busy, complex year in agriculture -- and there will definitely be attempts to distract us. There is nothing some of our trading partners would like better than to see the U.S. go off on a divisive tangent, just when the hard negotiating on agricultural trade issues is really beginning -- as it is in 1990 in the GATT. That has happened in the past, which is one reason we've never accomplished much in the GATT on agriculture so far.

While it's natural for the U.S. agricultural community to have differences on the nuances of trade policy, the more united

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front we can muster, the more likely our negotiators in Geneva will succeed in gaining improved market access for American farmers.

The Uruguay Round is a "horse-trading" session -- and a rugged one. The more we understand this, the better we'll do. When our negotiating partners attempt to decoy us by spreading misinformation, it's important to spot it, call it what it is, and bring it to the attention of American farmers and our negotiating allies. The Farm Bureau can help do this, and in the process, be of service to all our farmers.

One misstatement some Europeans seem determined to make, and sporadically attempt to fan into life in the media, is that the U.S. position in the Uruguay Round is to eliminate all farm program benefits to all farmers -- everywhere.

That has never been the U.S. position.

Our position is that farm policies and economic safety nets for farmers -- our own or anybody else's -- ought to be designed and administered in ways that do not distort international trade. That does not preclude the use of safety nets for farmers. It simply says that all nations ought to be creative enough to establish non-distortive (or at least minimally distortive) farm programs. I do not believe this is an unrealistic expectation for anyone.

A similar red herring, raised here in the U.S. by proponents of stronger government intervention in agriculture, is that the GATT negotiations are just a Bush Administration ploy to slash target prices and commodity loan rates in the 1990 farm bill. Again, this is not true. It makes absolutely no sense for the U.S. to "unilaterally disarm" in agricultural policy, then stand back and expect other nations to respond in kind simply because we've been nice guys. They're not likely to do it.

You know this. I know this. Ambassador Hills, our Special Trade Representative in charge of the GATT negotiations, knows this. And so do the Europeans, the Japanese, and every one of the other 95 nations participating in the negotiations.

Throughout this last year I have had individual farmers ask me what the GATT's really all about, how it relates to U.S. farm policy and why I consider it so vital. It's simple. The American purpose in negotiating agricultural trade issues is to win market access for U.S. farmers to the maximum extent possible. The importance of doing this can be seen by examining some of the gains we have made through bilateral negotiations in recent years.

**Beef to Japan**

Following intense negotiations, Japan agreed in the summer of 1988 to gradually eliminate its import quotas on beef. Here's what happened.

During the first year of the three year transition period, U.S. beef exports to Japan are up 70 percent - and sales for the year are expected to reach \$1 billion. We now enjoy a 40 percent share of the Japanese meat import market.

Overall, Japan now accounts for over 70 percent of all U.S. beef exports, which the U.S. Meat Export Federation says has increased the value of fed cattle in the U.S. by an estimated \$2.83 per hundredweight.

If you are a cattle feeder, do a little kitchen table figuring and you'll come up with about \$20 per fed steer you wouldn't have in your pocket if we were still battling Japanese beef quotas.

So all those airplane flights, the intense preparation, and long hours at the negotiating table sometimes do pay off. Agricultural trade negotiations have become a vital contributor in the marketing of American farm products.

**Citrus to Japan**

While there are some remaining implementation details to be smoothed out, Japan's purchases of U.S. orange juice have already nearly doubled as a result of the agreement on citrus which was concluded at the same time as the agreement on beef. Purchases of fresh oranges in the first nine months of 1989 are up 9 percent, and grapefruit sales are up 13 percent.

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## Tobacco Exports to Japan, South Korea, and Taiwan

Prior to 1986, local regulations precluded or limited imports of U.S. cigarettes into Japan, South Korea and Taiwan, even though smoking was quite popular in those countries. The United States instigated action under the GATT to eliminate those exclusions of American products. Agreements were worked out with Japan and Taiwan in early 1987, and today U.S. branded cigarettes hold 12 percent of the Japanese market and 15 percent of the Taiwanese market.

In South Korea, where an agreement was reached in mid-1988, U.S. brands immediately captured 3 percent of the market and are expected to increase market share to 10 percent this year.

The local tobacco monopolies in these three Asian countries responded to the challenge by starting to import American burley and flue-cured tobacco to improve the quality of their own products. Total value of U.S. cigarette and unmanufactured leaf exports to the region reached \$1.06 billion in 1988, up over 150 percent from 1986.

If we can bring the GATT to a successful conclusion for agriculture, it will go a long way toward liberating American farmers from dependence on farm programs, without suffering loss of income.

It's taken a long time and a lot of work to get to this point. Unfortunately, agriculture has not always been a top negotiating priority for the U.S. in the GATT -- and for 35 years, U.S. farmers have been getting rolled. This time we are fighting back. The United States has put agricultural trade on the front burner of the GATT, and Ambassador Hills and her people are keeping the heat turned up.

This is a real change, and, as farmers, you need to know about it. So do your neighbors across the fence row back home. Previously, the Europeans have never even allowed a serious discussion of agricultural trade reforms to occur in the GATT. They would talk about manufacturing and industrial goods, but not agriculture.

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The GATT has been quite successful in the industrial sector. Tariffs on manufactured goods in industrial countries have been lowered from 40 percent in the mid-1960's to an average of less than 6 percent following Tokyo Round of the GATT which ended in 1979.

During a similar time frame, nominal rates of protection on agricultural commodities in the industrialized countries have been prodded up from 21 percent in 1965 to a crippling 40 percent in 1988.

Who Pays? You do. Put a 40 percent tariff on \$1000 worth of grain, and it suddenly costs \$1400. That's enough to kill most deals -- and certainly enough to make U.S. farmers non-competitive with any farmers who don't have to pay such a tariff.

While the GATT negotiations in the industrial sector have led trade in manufactured items to become more responsive to marketplace conditions, agricultural trade has been smothered under layer after layer of government intervention between farmers and their potential customers.

U.S. farmers get hurt badly by all this, as do efficient farmers everywhere. This is the condition we have set out to change in the Uruguay Round of the GATT.

Ambassador Hills is doing an outstanding job, and her team representing you in the GATT is absolutely one of the best in the world. Carla Hills and her people are committed to making significant gains for U.S. farmers and U.S. farm exports. They know that aggressive, high-value agriculture is one of our national strengths, and they intend to capitalize on it.

I also believe, as do President Bush and Ambassador Hills, that the U.S. position on agriculture is intellectually correct, morally honest, and carries the potential to truly benefit all the world's people. Privately, many of our European, Canadian, Australian and Japanese friends -- and others -- agree on this.

So the only conflict I can discern between the 1990 Farm Bill and the concluding negotiations of the Uruguay Round of

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multilateral trade negotiations is a detail of timing. The current GATT negotiations aren't scheduled to conclude until December, 1990, and we need to get a U.S. Farm Bill out the door before that. U.S. wheat farmers need to know by late August what the farm program rules will be, and as Secretary of Agriculture I will work to make that happen. I know that the House and Senate agricultural leaders feel the same way.

I basically support fine tuning the 1985 Food Security Act, and USDA will certainly not be complicating this year's farm bill debate by asking Congress to make major legislative changes based only on our own sincere prognosis of a successful conclusion to the GATT negotiations.

Only after -- and if -- we get major agricultural trade concessions from the EC and other GATT members, will we want to re-tool some of our own farm policies to synchronize with potential new realities in world trading rules. This is something we simply will not know before early in 1991.

What must be done, then, is to go ahead and fine tune the 1985 Food Security Act into the 1990 Farm Bill. Then, following any world trade reform through the GATT in early 1991, we will need to go back to modify the 1990 Farm Bill to take full advantage of any changed situation for America's farmers.

Realistically, we are looking at a two step process: a 1990 Farm Bill, and a 1991 Farm Bill revision, possibly containing significant, longer term adjustments to be determined at that time. If we are to gain maximum benefit for America's farmers and consumers, there is simply no way around this procedure.

## **1989 FARM SITUATION VS. 1985 FARM SITUATION**

Financial stress on farmers and rural communities was the major policy issue during the debate on the Food Security Act of 1985. This will not be the case in this year's debate. The farm situation has changed for the better in many ways since 1985 when we last revised agricultural legislation.

We have moved from crisis to recovery in the farm economy since 1985.

A recovery in farm exports, helped along by a 30 percent depreciation of the dollar between early 1985 and mid-1988, led the charge. After hitting a low of \$26 billion in 1985, U.S. farm exports bounced back up to \$40 billion in 1989. The Export Enhancement Program and lower commodity loan rates played significant roles in rebuilding America's agricultural competitive position.

Paralleling this development, net cash farm income rose almost 22 percent between 1985 and 1988, hitting about \$57 billion in 1988.

Farmers' overall debt-to-asset ratio improved about 25 percent between 1985 and 1989. It now stands at a fairly comfortable 17.6 percent. In total, farm debts are sharply lower, \$50 billion less than their peak in 1983.

The Farm Credit System, which was on the edge of virtual collapse in 1985, has recovered most of its health -- while using only about one-quarter of the federal assistance money that Congress thought would be needed. About \$1 billion has been used to date.

Overall, farmers had their best income year ever in 1989. We have to give the 1985 Farm Bill a good deal of credit in helping bring about this turn-around -- but we also have to acknowledge that it has been a relatively expensive exercise. Annual farm program costs have run in the \$10 to \$14 billion range the last two years, after hitting a high of \$26 billion in 1986.

Looking ahead, I see two closely related factors affecting the 1990 Farm Bill.

The First: A massive federal budget deficit which must be reduced through a combination of economic growth and spending discipline in federal programming.

The Second: U.S. agriculture is still far too dependent on the generosity of the American taxpayer for its own long-term good.

The federal deficit, while it has been reduced to the \$150 billion range -- which is substantially below the \$221 Billion peak in 1986 -- is still massive, and is still unacceptable. Under the Gramm-Rudman-Hollings Budgetary Reduction Act the federal deficit must not exceed \$100 billion in FY 1990 (the current operating year), \$64 billion in FY 1991, \$28 billion in FY 1992, and zero in FY 1993. The effects of this have to be considered not just for 1990, but for the entire life of the 1990 Farm Bill.

And in contrast to all the stories you hear about how the federal budget numbers are "cooked", and that the cuts are meaningless, that's just not the case. The required budget reductions are real. Before the passage of the Gramm-Rudman-Hollings Bill, federal purchases of goods and services were growing, in real terms, at an average annual rate of 4.6 percent per year. Today, they are falling at an average annual rate of 0.5 percent.

President Bush is serious about getting federal spending under better control, and there is no question that a tighter federal budget will put severe pressure on farm program spending. In plain terms, American agriculture must be competitive enough to make its profits in the marketplace, and rely less on the federal government.

In addition to budgetary constraints as we go into 1990, we must also be cognizant of an increasing number of external forces now affecting U.S. agriculture; the environmental concerns, and consumer interests in food safety and nutrition.

A growing number of non-agricultural groups want a say in making agricultural policy. They see farm policy directly affecting their own lives. New coalitions are regularly demanding more input on what were once thought to be strictly agricultural issues. The environment, food safety, and nutritional labeling; each of these issues is being discussed in the context of this year's farm legislation -- and all are being brought to the table largely by non-agricultural groups whose interests may or may not be the same as farmers.

Let me share two examples I have run across recently that are indicative of the sort of debate which will increasingly affect farmers and agriculture.

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The first piece is from the November, 1989, Atlantic Monthly. It's from a cover article titled, "BACK TO EDEN," which ran on for 20 full pages inside the magazine. The lead sentence, alone, should astonish you if you haven't already read it.

"Although agriculture has given us the cities, wealth, the arts and sciences -- what we call civilization -- on the whole it has been a mistake."

From that point you get twenty pages of the author's view of what an environmental tragedy U.S. agriculture has been, and, he says, still is.

While public debate and airing of issues is all to the good, this sort of hyperbole benefits no one. I agree that we should continually examine and improve farming methods and the science surrounding agriculture, but at the same time, people who make public statements about farming methods, pesticides, and food safety should be held responsible for their statements.

Let me review another example which recently took me aback. The Wall Street Journal carried an editorial a few weeks ago referring to a statement by a spokesperson of the National Resources Defense Council (NRDC), the people who hired a professional public relations firm to build the case against Alar.

According to the Journal, the spokesperson said, "It's a tremendous disappointment. Allowing the EPA to condone continued use of a chemical whenever the benefits outweigh the risks is absolutely anathema to the environmental community."

To me, that's an incredible statement. It says that agrichemicals should never be used -- even when the benefits outweigh the risks. It also shows little understanding of the issue.

This statement was made in response to President Bush's Food Safety Plan -- which is specifically designed to eliminate unacceptable risks to public health and to provide for more orderly regulation of pesticides and their usage.

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The NRDC didn't like the establishment of food safety tolerance levels based on risk assessment of residues of a carcinogen in processed food.

The President's proposal suggests that for pesticide residues posing carcinogenic risks in food, the Federal Food, Drug, and Cosmetic Act should be amended to replace the "Delaney Clause" (which set tolerance levels for suspected carcinogens at absolute zero) with a tolerance threshold at or below which the public health is not threatened.

The Delaney Clause, which was suspect in its usefulness as a measurement of the wholesomeness of food when it was forced into legislation over two decades ago, is now completely out of phase with reality when, today, we can detect one part of a substance per billion, one part per trillion -- or, now they tell me, as little as one part per million-trillion!

I'm not even sure what that last number means, but if you poured five quarts of a given material into the ocean and let it distribute itself around the globe, you will end up with about one part per billion of the substance in the water.

You also might consider that one part per trillion is the equivalent to one second in 32,000 years. And since all of recorded history only goes back about 10,000 years, it's apparent we are not talking about significant portions here.

Deputy Secretary Jack Parnell, who deals regularly with food safety, uses another example I like. He tells me that if you take 1/6 of an aspirin and dissolve it completely in a railroad tank car of water, that would equal about one part per billion. If you drank that tank car full of water at the rate of two quarts per day -- that's our recommended 8 glasses of water per day -- it would take you 88 years to consume that 1/6 of an aspirin (if you lived long enough to do it).

Common sense tells us that consuming such minute amounts of a substance over a lifetime probably carries little health risk. This has been indicated by Dr. Vernon Houk, director of the Center for Environmental Health and Injury Control, Centers for Disease Control. In a 1989 article in PROGRESSIVE FARMER magazine, Dr. Houk equates 70 years of annual exposure to 50 parts per billion of dioxin

(which is considered one to the most carcinogenic substances known) in drinking water is equivalent to the death risk of smoking 3/4 of one cigarette during your entire life -- or drinking 1/2 liter of wine during that same lifetime. And for those of you who have no bad habits, he says the death risk is about the same as canoeing for six minutes.

I remind you that these are the odds for consuming 50 parts per billion, not one part per billion -- or one part per trillion -- of an extremely carcinogenic substance.

It's time to regain perspective in the food safety debate. I hope that as Farm Bureau members, as you get involved in this arm of the upcoming farm bill deliberations.

Help bring some sense to the debate. Tell the incredibly positive story of America's agriculture and America's food supply. Stick to the facts; tell them clearly and tell them often. America's newspaper and magazine readers, television viewers, and radio listeners have had enough scare tactics. Food safety and environmental issues should be decided on the basis of science and reason, not rhetoric and scare tactics.

### **Conclusion**

I have covered a wide range of topics here with you today, and I hope it gives you a clearer picture of where I think we'll be heading in agriculture -- and where we need to be heading in agricultural policy -- as we move toward the twenty-first century. We have a great deal of work to do together over this next year. And as we work toward new farm legislation, we have to recognize that, first and foremost, today's successful farmers and ranchers are in the business of meeting consumer needs and demands -- around the world.

American agriculture is in the nutrition business, and it is in the industrial materials business. In the years ahead, I think we will see agricultural products increasingly feeding our industries as well as nourishing our bodies.

This means taking a good hard look at how we can best use our farmland and our agricultural resources to national advantage. To do so, we must rebuild farm programs with

# **DRAFT**

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the flexibility for farmers to maximize their profit potential in the marketplace -- while also taking care of our most productive, renewable, national resources: our land and our water.

We must do this in the context of a rapidly changing world that is filled with new competition -- and new opportunity. As I said when I started today, seldom have American farmers had more at stake than in the set of issues we'll deal with together in 1990.

Let's work together to gain the market access necessary for our agricultural products to compete fairly in world markets, and let's capitalize on those opportunities by designing and implementing sound farm policy here at home.

I know that American agriculture is up to the challenge.

Thank you.

THE WHITE HOUSE  
WASHINGTON

CC

Jerry Cordrey  
(312) 399-5760

**MEMORANDUM**

**TO:** Sig Rogich

**FROM:** JOSEPH W. HAGIN

**SUBJECT:** APPROVED PRESIDENTIAL ACTIVITY

**EVENT:** Address American Farm Bureau → 182

**DATE:** January 8, 1990 --- Monday

**TIME:** 10:45 a.m.

**DURATION:** 30 minutes

**LOCATION:** Orlando Convention Center, Orlando Fla

**ATTIRE:** Business suit

**REMARKS REQUIRED:** Speech to be provided

**MEDIA COVERAGE:** Open Press

**FIRST LADY PARTICIPATION:** No

**ADDITIONAL INFORMATION:**

**CONTACT:** \_\_\_\_\_

**TELEPHONE:** OFFICE \_\_\_\_\_ HOME \_\_\_\_\_

**NOTE: PROJECT OFFICER, SEE ATTACHED CHECKLIST**

- |                   |                  |                   |
|-------------------|------------------|-------------------|
| Ed Rogers         | Marlin Fitzwater | David Bates       |
| James Cicconi     | David Demarest   | David Valdez      |
| Fred McClure      | Jean Lamb        | USSS - PPD        |
| Susan Porter Rose | Sig Rogich       | Gary Walters      |
| Patty Presock     | John Keller      | WHCA Audio/Visual |
| Chriss Winston    | Tim McBride      | WHCA Operations   |
| Laurie Firestone  | J. Bonnie Newman | C. Boyden Gray    |
| William Kristol   | Paul Bateman     | John Herrick      |
| Jackie Kennedy    |                  |                   |

7,000 farm & ranch members  
71st ann. mtg.  
want to hear vision for the future  
future of Am. of

3,600,000 Ft. member families

big supp of "No More Taxes"  
real. gov. sp.

largest & most par. active of group-tails  
= "Chamber of Comm"



## AMERICAN FARM BUREAU FEDERATION

• (312) 399-5700

• (202) 484-3600

37317

May 4, 1989

The Honorable George Bush  
President  
United States of America  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

Dear Mr. President:

As a prime "No-to-More-Taxes" supporter, it is with pleasure that I invite you to address the American Farm Bureau Federation annual meeting next January 8th, 1990, in Orlando, Florida.

Farm Bureau is giving strong backing to your administration's "No Tax" and reduced government spending/balanced budget program. There now are more than 3,600,000 Farm Bureau member-families very much aware that continued U.S. economic growth is essential to a strong and prosperous agriculture and that no further tax increases are the key to keeping the economic recovery rolling.

Upwards of 7,000 farm and ranch members from across the United States are expected to attend this 71st annual meeting. These leaders would be very interested in hearing of your vision for our national future and the future of American agriculture.

I hope you will honor us by addressing our 1990 Annual Meeting in the Orlando Convention center.

Sincerely,

Dean R. Kleckner, President

c: Clayton Yeutter

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In reply to  
Accept letter  
ASAP

Case  
E. J. J.

I strongly recommend YES.  
This is the largest and most politically active of the agriculture groups in the country. They are equivalent to the "U.S. Chamber of Commerce" in the agriculture industry.  
They have worked with the administration on several issues including, capital gains and confirming Jim Cason as Ag. Scott Sutherland

11/9/89

THE WHITE HOUSE  
WASHINGTON

M.K.

DATE: 11/22

TO: David Demarest

FROM:

ANDY CARD

Andy

Clayton Yeutter and  
Lehman Li are pushing  
for an Ag speech as  
part of the trip to Iowa.  
(No decision has been  
made.)

The attached is for  
your speech - just in case  
file.

11/22

? Iowa Speech

## AGRICULTURE

As Secretary Yeutter recommends, it could be useful for the President to outline his views on the future of American farming. Aside from the ethanol event in Nebraska or the farm broadcaster event in Washington, he has not yet made a major speech outlining his overall farm policy.

An overall farm policy speech could discuss where American farming should go and the appropriate role for the federal government. Such a speech could focus on the following **positive** themes:

- o Opening agricultural markets. A speech could cite the bold Administration proposal in the Uruguay Round that would phase out export subsidies in five years and trade-distorting subsidies in ten years. The American farmer has the most to benefit from a world of open markets and unsubsidized competition.
- o Promoting a market-oriented farm bill. Since the Administration has not yet decided on its approach toward the 1990 Farm Bill, it would not be appropriate to discuss budgetary or specific issues. However, Secretary Yeutter has already outlined in congressional testimony some general principles that should guide the Farm Bill. A speech could reemphasize these general principles, for example, more market-orientation and greater flexibility.
- o Encouraging alternative uses of farm products. A speech could cite the Administration's Clean Air proposal on alternative fuels and the recent ETBE regulation.
- o Promoting food safety. A speech could cite the improved coordination among FDA, EPA, and USDA. It could also discuss the Administration's efforts to protect the food supply without imposing unreasonable costs on agriculture.
- o Promoting rural development. A speech could cite the Administration's proposal to create rural enterprise zones and to improve coordination of federal and state rural development programs.
- o Researching biotechnology. A speech could cite the Administration's support for more research into ways that biotechnology could improve the productivity of American farmers, for example, developing plants that rely on natural defenses instead of pesticides.

While each theme per se may not be overwhelming, one could argue that these themes collectively constitute an overall strategy for investing in the future of American farming. A speech outlining these themes should focus on the broad principles, rather than specific programs or federal funding.

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# U.S. DEPARTMENT OF AGRICULTURE

## OFFICE OF PUBLIC AFFAIRS

### DIRECTOR'S OFFICE

### FAX COVER SHEET

\*\*\*\*\*

NUMBER OF PAGES SENT: 2  
(EXCLUDING COVER SHEET)

DATE: Jan 2, 90

\*\*\*\*\*

TO: CAROLYN  
COWLEY

RECIPIENT'S TELEPHONE NUMBER:

456-7750

RECIPIENT'S FAX NUMBER:

456-6218

\*\*\*\*\*

FROM: Jack Jenkins

SENDER'S TELEPHONE NUMBER:

(202) 447-5197

SENDER'S FAX NUMBER:

(202) 382-6191

\*\*\*\*\*

SPECIAL INSTRUCTIONS:

Carolyn  
Cowley

①

Like the farmers: in the Plains states and the midwest where thick clouds of dust swirled into the air in the "dirty thirties" causing the dustbowl that ruined hundreds of farmsteads, choked thousands of head of livestock and caused novelist John Steinbeck to pound out his classic novel of adversity and human courage, THE GRAPES OF WRATH.

While many of those dustbowl farmers were indeed forced to migrate; many stayed, and today, the descendants of those farmers have invented, and put into use, modern conservation tillage tools and techniques which catch and preserve maximum amounts of annual Winter snows and Spring rains -- to carry their thirsty crops through the hot Plains Summers.

A triumph of human courage, hope and ingenuity. Of faith, science and inventiveness.

Like those Midwestern farmers in 1970, when a previously unheard of disease, Southern Corn Leaf Blight swept through their fields and in 3 to 5 days turned tall, green, tassled corn into a disaster, killing plants like they had been burned with a blow torch. Within months, agricultural scientists found the key to protecting the corn plants, and over the Winter, seed companies went to the Caribbean and South America to multiply resistant corn varieties to supply to American farmers by the next Spring's planting dates. Farmers and seed salesmen alike worked to evenly distribute the limited supplies to maximum advantage to the maximum number of farmers for the 1970 crop -- cutting short a national food disaster that could have devastated the U.S. food supply.

-----  
Tony Andrews, An Immigrant of Statue and a Citizen of Pride. Plymouth County, MA.

The Calendar says he was 84 in November, but watching him step through a field of handplanted strawberry plants or seeing him work on his tractor would belie the calendar.

Tony was born in Cape Verdeen, and arrived in Rhode Island in 1926 at the age of 21. He admits proudly that he has only four years of formal education. He had to cease work and help support his family. Tony declares, "When I came to this country I did not know a word of language, and no arithmetic, reading or writing.

Carolyn  
Cowley

(2)

Tony says, "Everyone in this country should go to see what life is like in other countries. There's no place like the United States for me. I love it here. Greatest country in the world.

"I'm just a hard worker. Even now, every night, I plan everything to do the next day. No good for anyone to sit around just watching the television. I'd be dead in just a few days if I did that.

A man who has nurtured not only his family, but the goodness of the soil and lived to reap the harvests from his honest ways.

A long-term Plymouth County Mass. committeeman for Agricultural Stabilization and Conservation Service. Served as District supervisor, appointed by Governor Volpe to the Governor's Advisory Committee to serve on the Mass. Board of Agriculture. Been County ASCS Chairman six times.

-----  
William C. Schafer. Lincoln, Arkansas, Washington County.

Was shot in the head during one of the great battles of WWII, laid a day and a night in the freezing cold, hiding from the enemy, then believing he was going to die, whistled and got their attention. Was captured, received medical attention -- but lost most of both feet from frostbite. Was a prisoner of War. Released after the War, told he would never walk again.

Went to College for four years, got out and went to work as a book keeper. Saved his money until he had enough for a down payment on a small patch of land where he raised chickens.

Today he raises 40,000 broilers a year. Has about 120 acres. He and his wife put 4 sons through college.

Today he also has a cow-calf operation -- started by buying baby calves nobody else wanted, fed them by hand from a bottle, and raised them into cows. Multiplied them into his current operation.

Says America is the only place to be -- it gives a person every chance he could ask for. Greatest place on earth.

OFFICE OF MANAGEMENT AND BUDGET

FAX Number 395-4941

DATE: 1/2

TELECOPIER COVER SHEET

Please deliver the following pages to:

NAME: CAROLYN CAWLEY

AGENCY: WH

FROM: SUSAN OFFUTT

PHONE NUMBER: 395 3446

Total Number of Pages (including cover page): 3

Additional Messages:

Multiple horizontal lines for additional messages.

*Draft in a.m. —*

12/14/89

# DRAFT

## AGRICULTURE FACT SHEET

- o At \$48 billion, net farm income will attain a record level in 1989, eclipsing the previous high in 1987. And, the share of income derived from the market continues its upward trend, reflecting decreased reliance on direct government payments. In fact, farm receipts from the sale of crops and livestock are up for the fourth straight year.
- o The farm balance sheet continues to improve, as well. The debt-to-asset ratio, so crucial for a capital-intensive sector such as production agriculture, is expected to fall to 17 percent in 1989, continuing a decline that began in 1985. With farmland prices generally on the rebound, the sector's equity position reflects steady gains, too, reaching close to \$650 billion this year. Farmers are more conservative about taking on additional debt. Total outstanding agricultural debt has declined 28 percent since 1983.
- o The condition of agricultural lenders has improved substantially in recent years, as well. The volume of delinquent loans continues to decline for all major lenders, such as the Farm Credit System, the Farmers Home Administration, and commercial banks. The Farm Credit System shows signs of coming back strongly from recent troubles. The Farmers Home Administration will also continue to provide a temporary "safety net" for less financially-strong and beginning farmers, emphasizing more of a partnership with the private sector. With lower interest rates and a strong competitive lending environment, farmers can more easily afford the credit they need to run their farms.
- o World-wide, the annual growth rate in other nations' economies is twice what it was in the early part of the decade, when agricultural exports suffered as our overseas customers' buying power diminished. And, for the majority of leading U.S. export commodities, the dollar exchange rate provides an edge over competitors in important markets.
- o As a consequence of income growth and the performance of the dollar, the value of U.S. agricultural exports has increased for the fourth year in a row. After accounting for the 15 percent that go to centrally-planned countries, U.S. exports are split about evenly between developed and developing countries. In 1989, sales to the developing nations increased by 13 percent, continuing a trend that is encouraging because these are the dynamic markets of the future.
- o This year, the Congress has endorsed the President's proposal to initiate a concentrated five-year effort to protect the nation's groundwater resources from contamination by fertilizers and pesticides. Led by the Department of Agriculture, the Federal government will spend close to one third of a billion

# DRAFT

dollars on research and technical support for farmers that will meet both the immediate need to halt contamination and the future need to alter fundamental farm production practices.

- o As evidence of continued commitment to protecting the safety of the American food supply, the President has announced his intention to eliminate unacceptable risks to the public health and to provide for more orderly regulation of pesticides.

OFFICE OF MANAGEMENT AND BUDGET

FAX Number 395-4941

DATE: 1/3

TELECOPIER COVER SHEET

Please deliver the following pages to:

NAME: CAROLYN CRAWLEY / MARY KATE GRANT

AGENCY: \_\_\_\_\_

FROM: SUSAN OFFUTT

PHONE NUMBER: 395 3446

Total Number of Pages (including cover page): 5

Additional Messages:

Here's a draft of the fact sheet to accompany the speech.

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# DRAFT

Strength in the farm economy The condition of the agricultural economy is improving steadily. As export markets are regained, returns to farming rise. Strengthened demand for commodities translates into greater utilization of U.S. farm resources. With rising incomes from the market, farmers become less reliant on the Federal safety net and are able to better manage debt.

- o At \$48 billion, net farm income will attain a record level in 1989, eclipsing the previous high in 1987. Farm receipts from the sale of crops and livestock are up for the fourth straight year.
- o Cropland used in 1989 for crops is estimated at 342 million acres, about 14 million above the year before. Another increase is likely in 1990, reflecting strong prices, lower stocks, and relaxed acreage reduction requirements by farm programs.
- o The farm balance sheet continues to improve, as well. The debt-to-asset ratio, so crucial for a capital-intensive sector such as production agriculture, is expected to fall to 17 percent in 1989, continuing a decline that began in 1985.
- o With farmland prices generally on the rebound, the sector's equity position reflects steady gains, too, reaching close to \$650 billion this year. Total outstanding debt has declined 28 percent since 1983.
- o The condition of agricultural lenders has improved substantially. The volume of delinquent loans has continued to shrink for all major lenders, ~~such as~~ *including* the Farm Credit System, the Farmers Home Administration, and commercial banks. The Farm Credit System is rebounding from recent troubles.
- o The Farmers Home Administration will also continue to provide a safety net for less financially-strong and beginning farmers, emphasizing more of a partnership with the private sector. With lower interest rates and a strong competitive lending environment, farmers can more easily afford the credit they need to run their farms.

Gains under the 1985 farm bill The 1985 farm bill, although costly to taxpayers, set the stage for today's prosperity. By lowering minimum guaranteed crop prices, U.S. exports once again become competitive in world markets. As more and more farm income comes from sales to *paying* customers, the need for Federal subsidy payments declines. Still, the uncertain nature of the farm enterprise makes imperative the maintenance of a functioning safety net for farmers. This is the premise that will underlie the recrafting of agricultural legislation in 1990.

- o Federal outlays for farm income subsidy payments peaked in 1986 at \$26 billion. Today's vastly improved market conditions will benefit farm sales and diminish the Federal contribution to around \$11 billion in 1990.
- o The combination of a rebound in overseas demand and an aggressive export marketing effort have eliminated the large stocks that overhung commodity markets in 1985 and held prices down. Wheat and corn stocks are roughly a third of their levels at season's end four years ago.
- o By keeping floor prices for commodities low, Government policy can help maintain U.S. crops' competitiveness in world markets, the key to the continued health of the agricultural economy. At the same time, payments to even out the inherent instability in agricultural revenues can help farmers plan and maintain production. These principles will guide the revision of the 1985 farm bill in 1990.
- o Allowing farmers greater flexibility in making planting decisions could improve upon the framework of the programs in the 1985 farm bill. Existing acreage restrictions lead farmers to plant one crop over another simply because of the tie to program benefits. With more latitude, farmers could make decisions in response to market signals, not government provisions.

Compatibility of farm and environmental policy goals Farmers are well recognized for their role as stewards of the land. Although soil erosion has been a consistent, major concern over the past 40 years, the coming decade will see water quality issues increasingly in the fore. Federal farm policies can help promote protection of the environment, while maintaining the economic vitality of agriculture.

- o Since its creation in the 1985 farm bill, the Conservation Reserve Program has enrolled 34 million acres and ensured their conversion to conserving uses, thereby preventing erosion of the soil that depletes productivity in the short run and the nation's resources in the long run.
- o This year, the Congress endorsed the President's proposal to initiate a concentrated five year Federal effort to protect the nation's surface and groundwater resources from contamination by agricultural fertilizers and chemicals. Led by the Department of Agriculture, the Federal government will spend close to one third of a billion dollars on research and technical support for farmers that will meet both the immediate need to halt contamination and the future need to alter fundamental farming practices.

*Pursuant to a Presidential order, federal agencies are working to balance the goal of protecting critical wetlands with the need to maintain a farm's viable cropland acreage.*

o Wetlands? A

Maintenance of the safety of the food supply In order to improve the Federal government's ability to protect American consumers and the environment from potential dangers posed by the use of chemical pesticides, the President proposed a comprehensive program to enhance food safety for all Americans. The President's plan is designed to eliminate unacceptable risks to the public health and to provide for more orderly regulation of pesticides and their use.

- o The President's proposed legislative revisions will streamline the Environmental Protection Agency's ability to remove potentially hazardous pesticides from the market and enhance the agency's enforcement program to ensure the safe use of chemical pesticides.
- o The proposal would also eliminate a long-standing inconsistency in Federal law governing pesticide residues in foods and establish a "negligible risk" standard for such residues.
- o The President's intention is to improve <sup>the</sup> regulatory certainty for the agricultural sector. The plan will simplify and make more workable the regulation of pesticide use in agriculture, thereby assisting farmers in knowing and following food safety laws.

A level playing field in international farm trade Because buoyant export markets are critical to American farmers, the President supports the negotiation of a freer and fairer world trading environment for agriculture. In October, the U.S. submitted a comprehensive proposal for agricultural trade reform at the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) negotiations.

- o The U.S. proposal would not eliminate government support of agriculture but would redirect policies so that trade-distorting effects are minimized. The orientation is toward protecting farm income and away from subsidizing exports and barring imports.
- o The U.S. proposal presents guidelines for policies governing import access, export competition, internal support, and sanitary and phytosanitary measures.

Federal support for agricultural research and development The competitiveness of American farmers in the world marketplace will largely be determined by their position as low-cost suppliers. The American cost advantage arises out of continued impressive gains in productivity, made possible by consistent public investment in agricultural research and development.

- o The advent of biotechnology holds tremendous promise for applications in the plant, animal, and food sciences. Through the use of products of biotechnology, farming may

become both more more efficient and also less disturbing to the natural environment. ~~through the use of products of biotechnology~~ Recognizing this potential, the President is seeking ways to strengthen agricultural research in biotechnology by emphasizing excellence in science through the award of competitive *research* grants.

- o Finding non-traditional uses for agricultural commodities can help both farmers (through expansion in demand) and other sectors (through the provision of new products). The President's proposal for the reauthorization of the Clean Air Act envisions an expanded role for agriculture as a supplier of feedstocks for cleaner fuels, such as MTBE.

**NEWS**

United States  
Department of  
Agriculture

Office of Press and Media Relations  
News Division, Room 404-A  
Washington, D.C. 20250

Office of  
Public Affairs

Kelly Shipp (202) 447-4623

**YEUTTER SUMMARIZES USDA ACCOMPLISHMENTS FOR 1989**

WASHINGTON, Dec. 21--Secretary of Agriculture Clayton Yeutter today reviewed the accomplishments of the U.S. Department of Agriculture for 1989. He characterized his first year in office as "a good one for the American farmer, one of the best ever," and one in which "building blocks were successfully laid" for events which will be critical to U.S. agriculture in 1990 and beyond.

Looking back, Yeutter said that in 1989 "farm income reached a near record high; the value of agricultural exports has increased remarkably since the low levels of the mid-1980s; burdensome surpluses of agricultural commodities dramatically declined; the farm credit situation eased for both lenders and borrowers; and farm program costs dropped significantly.

Yeutter also commented on the economic importance in 1989 of the changing face of Eastern Europe to American agriculture. "Who among us could have predicted the extraordinary events in Europe; none could have guessed that we would see democracy explode on the scene in that part of the world," he said.

In discussing the Nov. 29-Dec. 2 U.S. Presidential Economic Delegation to Poland which he headed, Yeutter said, "Poland is just the beginning of new opportunities for partnerships between American agriculture and the emerging market economies of Eastern Europe. USDA, through market development, technology transfer, and information sharing at all levels, will work to help these countries take their place in the world agricultural marketplace."

Highest priority issues faced by USDA in 1989, Yeutter said, included world agricultural trade, food safety, the environment, research, and serving rural America.

Looking forward, he said that 1990 will be "pivotal" to the future of U.S. and world agriculture with the passage of new farm legislation and the final negotiations in the Uruguay Round of the General Agreement on Tariffs and Trade. "We have worked hard this year to lay the groundwork for enactment of the 1990 Farm Bill and for a successful conclusion of the Uruguay Round," he said. "We now need a strong, vigorous push if we are to open up market opportunities for the future."

Agricultural trade reform represents the most significant potential benefit to U.S. agriculture between now and the year 2000, he said. Yeutter reiterated the four main areas in the U.S. agricultural proposal to the GATT: the phased elimination of export subsidies; enhancing market access for our products; disciplining governmental measures of support which result in uneconomic production; and worldwide harmonization of health and sanitary regulations.

-2-

In the area of food safety, Yeutter praised the intergovernmental effort this year among USDA, the Environmental Protection Agency, and the Food and Drug Administration to ensure that America continues to have the safest food supply in the world. While USDA has limited regulatory responsibility in food safety, Yeutter said the department played a key role in development of the President's Food Safety Plan, announced in late October. Under the plan, the government will be able to respond more quickly to allay consumer concerns when a problem is found with pesticides, he said.

Yeutter added that, "our farmers are dedicated to protecting the health of all Americans while maintaining the quality and quantity of food at attractive prices that U.S. consumers have come to expect."

USDA moved quickly to assist victims of Hurricane Hugo in 1989, Yeutter said. USDA immediately made emergency food supplies available in the most devastated areas. Several agencies worked as a team to set up emergency food stamp distribution, provide water where necessary, help with the clean-up, assess damages and provide financial assistance to repair rural electric and telephone systems and damage to farms.

A key aspect of USDA's emphasis on the environment in 1989 was protection of groundwater quality, Yeutter said. A USDA interagency committee developed a five-year water quality protection plan, he said, which features a science-based education and technical assistance program to identify nonpoint sources of pollution (i.e., sources of migrating pollution) and to design practices which will help farmers and ranchers achieve improved water quality while maintaining water availability. A Working Group on Water Quality was established to coordinate the water-quality activities of 13 USDA agencies and to promote cooperation with other federal agencies involved with water pollution. The Administration's budget request for funding for this plan was approved by Congress, and work will begin in 1990.

Programs to strengthen the 1890 universities (the historically black land grant institutions) were adopted, and significant progress was made in improving the capacity of these institutions to carry out their roles in research and teaching, including their critical role in helping USDA meet its future workforce needs.

Also in 1989, he said, a USDA Rural Revitalization Task Force report outlined a strategic approach to rural economic problems and made recommendations to enable rural areas to become economically competitive and improve incomes. A followup program in rural development will be announced early next year.

USDA has an annual budget of about \$70 billion and has 112,000 full- and part-time employees, making it the fifth largest department in the United States. It has the most widespread distribution of offices and services throughout the nation of any of the executive departments of government. Most USDA employees work far outside Washington, D.C., located in virtually every county in the United States and in many cities. Some 118 USDA foreign service professionals are stationed in 57 countries.

-more-

-3-

Other highlights of USDA accomplishments for 1989, listed by program area and agency, include:

International Affairs and Commodity Programs

Agricultural Stabilization and Conservation Service:

--Disaster assistance totalling nearly \$3 billion was paid during calendar year 1989 to producers who suffered crop losses due to adverse weather or related conditions in 1988 and 1989.

--Additional advance deficiency payments of 10 percent for wheat, feed grains, rice and upland cotton--announced to help U.S. farmers after last summer's drought--were estimated to total \$850 million.

--By late-1989, the Conservation Reserve Program was the largest long-term cropland retirement program in U.S. history with total land contracted reaching nearly 34 million acres, exceeding the 28.7 million in the Soil Bank Program. In the last sign-up period of 1989, USDA accepted offers to place another 3.3 million acres in the CRP.

--Producers enrolled 171.2 million acres of feed grains, wheat, upland cotton, extra-long staple cotton, and rice acreage base under the 1989 commodity price support and acreage reduction programs. This represents 77.8 percent of the 220 million acres of total crop acreage bases established for these commodities. Land taken out of production and devoted to conservation use totaled 29.9 million acres.

Foreign Agricultural Service:

--Foreign sales of U.S. agricultural products, estimated at \$39.7 billion in fiscal 1989, were at their highest level since the fiscal 1981 record \$43.8 billion. Estimated volume of 147 million metric tons was down slightly from the previous year.

--Commodities from the Commodity Credit Corp. worth \$200 million were made available to 46 nonprofit and private agricultural organizations under the Targeted Export Assistance Program. The TEA program was used to counter or offset the adverse effects on U.S. agricultural exports of subsidies, import quotas, and other unfair foreign trade practices.

--Thirty-one initiatives were announced or extended under the Export Enhancement Program in fiscal 1989. The total sales value of commodities under the program was nearly \$3 billion, or about 7 percent of total U.S. exports. Twelve commodities and 65 countries have been targeted under this program since it began in 1985. The purpose of the EEP is to neutralize subsidies employed by the European Community and others by using "bonuses" in the form of government-owned stocks to make U.S. agricultural exports competitive with the subsidized prices offered by other nations.

-more-

-4-

--In a continuing effort to advance economic freedom throughout the world, several agreements were initiated with Poland to provide that country with food aid totaling \$128.4 million.

#### Office of International Cooperation and Development:

--In more than 100 countries, programs were implemented to benefit both the United States and cooperating nations. Programs were conducted in close collaboration with the Agency for International Development; international food, agricultural and financial institutions; and cooperating governments. Activities included research on development of peanut-based products for food, citrus diseases, soil and water use efficiency, aquaculture, and animal health protection.

--Technical assistance to developing countries in Latin America, Africa, Asia, and the Middle East emphasized priorities such as natural resource protection and marketing infrastructure. OICD facilitated a forestry development project in Honduras and long-term soil conservation activities in The Gambia and Mexico, and designed an innovative marketing project in Kenya.

--More than 300 senior and mid-level agricultural specialists and administrators from 16 nations participated in training under the Cochran Middle Income Country Fellowship Program. For the first time, Poland was included among the countries.

#### Natural Resources and Environment

##### Forest Service:

--A new 10-year research program focused on the effects of possible climate change and air pollution on the nation's forests.

--Tree-planting efforts are expected to reach 1988's record 3.4 million acres. Helping were the more than 65,000 volunteers who took part in Forest Service jobs and projects, contributing more than 1,900 person-years of work, valued at \$25.5 million.

--Agreement was reached with U.S. Department of the Interior agencies to suppress all natural fires in national parks and wilderness areas until fire management plans are reviewed. The review was prompted by the 1988 fire year, one of the worst in U.S. history.

--Jeanne Yeutter, wife of the secretary of agriculture, became the first volunteer in the Forest Service's new "TREEmendous America" campaign to support tree-planting and reforestation efforts across the United States.

##### Soil Conservation Service:

--By Oct. 1, conservation plans had been developed on 133 million acres, or 98 percent of the highly erodible U.S. cropland, and had been implemented on 38.6 million acres, or 29 percent of that land. These plans fall under the conservation provisions of the 1985 Farm Bill, which required producers who crop highly erodible land and wish to participate in USDA

-more-

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programs to have an approved conservation plan by Dec. 31, 1989, and fully implement it by Dec. 31, 1994.

--The National Conservation Program for Soil and Water for 1988-97, sent to Congress early in 1989, identified reducing the damage caused by excessive soil erosion on rural lands and protecting the quality of surface and groundwater against contamination from nonpoint sources as top priorities for USDA programs.

--The final version of the second Resources Conservation Act Appraisal, released mid-year, reported the best data available on land use, erosion, range condition, and water supply and use. It also reported preliminary estimates of the extent of off-site damage caused by erosion, the potential for watershed quality problems in watershed areas, the extent of soils affected by excess salts, and the relative diversity of U.S. wildlife habitat.

### Marketing and Inspection Services

#### Agricultural Cooperative Service:

--A 1989 report showed that farmer cooperatives' net income was nearly \$1,686 million in 1988, a 13-percent increase from 1987's \$1,486 million, and the highest since 1980. The 1988 figure included intercooperative dividends and refunds of \$148 million, an increase of 135 percent over \$63 million in 1987. Total net business volume, excluding intercooperative business, handled by cooperatives totaled \$55.4 billion, up 10.1 percent from \$60.3 billion in 1987. Combined assets of farmer cooperatives rose 5.9 percent from the previous year's \$27.6 billion to \$29.3 billion. The number of cooperatives fell from 5,109 to 4,937.

--Revenue of the nation's 100 largest farmer-owned cooperatives in fiscal 1988 rose nearly 11 percent to \$46.6 billion, compared with 1987 net margins of \$42 billion. Margins before losses were up 22 percent, or \$152 million higher than in 1987. However, eight cooperatives, two more than in 1987, reported significant losses, limiting 1988 net margins after losses to a 10.3-percent gain, from \$653.6 million to nearly \$721 million.

#### Agricultural Marketing Service:

--Nearly 1,000 market reports a day were collected by 171 federal market news reporters covering 1,737 markets throughout the United States. More than 30,160 buyers and sellers were interviewed; 41 states shared in the cost. The information is used by producers, wholesalers, and retailers in the trading of agricultural commodities.

--Starting this year, all tobacco market news reporters used hand-held computers to gather, tally and prepare daily auction data for fast transmission to the tobacco industry. Livestock market news reporters in the five major U.S. cattle slaughter areas began using computers to compile information vital to packers and retailers buying and selling beef. Based on these successes, computerization will now be extended to all other market news activities.

-more-

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Animal and Plant Health Inspection Service:

--Salmonella infections in humans have led to measures to control *Salmonella enteritidis*, an egg-borne organism that can be transmitted from infected hens to eggs. The number of outbreaks of salmonellosis increased dramatically in 1989. This year's program is designed to help eliminate the disease from infected flocks. Laboratory support and traceback of outbreaks also were provided.

--New, stricter rules on the care of research animals were issued, requiring, among other things, that research facilities establish special committees to assure humane care and treatment. New rules also were proposed that address the issues of exercise for dogs and the psychological well-being of non-human primates.

--Two outbreaks of Mediterranean fruit flies in southern California were eradicated early in 1989; but, as the year ended, a number of additional infestations were being fought in Los Angeles, San Bernardino and Santa Clara counties. Eradication activities also were directed at outbreaks of Oriental and Mexican fruit flies in California.

--APHIS agricultural quarantine inspection personnel inspected more than 34 million arriving international passengers, as well as 339,000 aircraft and 53,700 vessels. More than 575,000 prohibited items were intercepted.

Federal Grain Inspection Service:

--New procedures to screen corn for aflatoxin--a highly toxic chemical produced by two naturally occurring soil fungi--were implemented in the national grain inspection system. New, commercially available testing kits have proven more cost-effective, quicker and safer.

--The 24 complaints about grain quality in fiscal 1989 were down from last year's 34. In each year, one complaint about quantity was received. The complaints involved 50 shiplots loaded aboard 40 vessels. The foreign complaints involved approximately 1 million metric tons, or 0.9 percent of the total grain weight exported during the year.

--Soybean oil and protein content testing was offered as an official service of the national grain inspection system to meet the increased need for end-product yield and quality information.

Food Safety and Inspection Service:

--In 6,900 meat and poultry plants, 7,700 inspectors and veterinarians inspected more than 119 million head of livestock, 5.6 billion birds, and 150 billion pounds of processed products in 1989. More than 2.8 billion pounds of imported meat and poultry products also were inspected.

--About 64,000 consumers received food safety information from the toll-free Meat and Poultry Hotline. Home economists spoke directly with 32,000 callers; thousands of others heard recorded messages about recalls and other food safety concerns.

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--Recent Spanish-speaking immigrants to Miami, San Antonio, San Francisco and New York received 300,000 copies of an English/Spanish flyer designed to teach the basics of safe food handling. In other efforts to better reach the Spanish-speaking community, a training program for institutional food service workers was translated into Spanish.

#### Packers and Stockyards Administration:

--Nine new statutory trust cases were filed to aid livestock sellers who sold to meat packers on a cash basis but were not paid. Packers paid \$1.1 million to sellers under the trust provisions in 1989.

--The Packers and Stockyards Act was amended in 1987 to provide financial protection to growers and sellers of live poultry. Poultry producers, who are given prompt payment and statutory trust financial protection, have received approximately \$87,000 under the trust since the law went into effect.

#### Small Community and Rural Development

##### Farmers Home Administration:

--The transition from direct lending to guaranteed lending continued while FmHA undertook a debt restructuring program for delinquent farm borrowers. Obligations for fiscal 1989 were: guaranteed farm ownership loans, \$305 million; guaranteed farm operating loans, \$879 million; direct farm ownership loans, \$95 million; and direct farm operating loans, \$856 million. This was the third consecutive year in which guaranteed farm loans exceeded direct farm loans.

--Under the debt-restructuring program, delinquent farm borrowers chose from a number of debt-servicing options, such as a write-down of the amount owed and an opportunity to buy out their loans at the government's cost of liquidating them. Altogether, write-downs and buyouts totaling \$1.4 billion were approved during the fiscal year ending Sept. 30, 1989.

--For the fifth consecutive year, more than 86 percent of the agency's approximately 214,000 farm borrowers were able to continue farming, due, in part, to special servicing assistance such as loan deferrals and rescheduling.

##### Federal Crop Insurance Corporation:

--An estimated \$790 million in premiums was earned during crop year 1989, an increase of \$355 million, or 82 percent, over the previous year. The increase reflects in part the 1988 Disaster Assistance Act, which required many recipients of the disaster program to be insured; \$13.1 billion of insured coverage was carried on 98 million acres.

--FCIC, in cooperation with other agricultural agencies, insurance professions, and lenders, sponsored agricultural industry seminars which described the agency's role in managing risk. An 800 number was established to provide information and assure that all producers have an opportunity to buy crop insurance.

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Rural Electrification Administration:

--In fiscal 1989, 176 insured loans totaling \$622 million provided electricity to rural areas. In addition, three loan guarantees totaling about \$39.5 million were approved for generation and transmission projects. On Sept. 30, the principal outstanding for insured and guaranteed electric loans was more than \$31.5 billion.

--In fiscal 1989, 61 insured telephone loans were approved, totaling \$214 million. The Rural Telephone Bank approved 28 loans totaling \$177 million. At the end of the fiscal year, the amount of financing outstanding to telephone borrowers was more than \$4.5 billion.

--Seven-hundred audits of borrower loans were completed; 63 percent of the certified public accountants auditing REA borrowers were reviewed by their peers, a program now required by revised audit procedures. A total of 96 percent of those reviewed received an unqualified approval.

--Under the Economic Development and Grant Program, a total of 24 loans have been approved totaling \$1.87 million to promote development and creation of jobs in their areas. The interest-free loans, mostly for 10 years, varied from \$16,200 to \$100,000.

Food and Consumer ServicesFood and Nutrition Service:

-- The Food Stamp Program has continued to provide the nation's first line of defense against hunger for low income families by augmenting the money they have to purchase food. An average of 18.8 million individuals were helped each month during 1989 via federal outlays of over \$13.1 billion for the year. Redesign of the food stamp coupon redemption and reconciliation procedures reduced the financial risk to the federal government by more than \$200 million annually.

--Participation in the Special Supplemental Food Program for Women, Infants and Children (WIC) increased significantly nationwide, from 3.6 million mothers, infants and children in 1988 to 4.1 million in 1989. The increase was partly as a result of over \$200 million in food cost containment savings achieved by the states, with the cooperation of the private sector. The most effective initiative was infant formula rebates in which substantial savings from each can of a manufacturer's brand of infant formula purchased with WIC funds were recycled to serve additional needy mothers and their babies. Cost containment initiatives in fiscal year 1989 resulted in service to a monthly average of more than half a million additional people, about 10 percent more than would have been served otherwise.

--More than 2.2 billion pounds of food, valued at over \$1.5 billion, was distributed through 10 separate domestic nutrition assistance programs in 1989, most going to prepare hot meals for the more than 24 million school lunches served every day.

--Since having a fixed address is not a requirement of participation for the food assistance programs, homeless individuals may participate. Currently

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the homeless appear to be principally assisted through the \$40 million in commodities provided to soup kitchens and food banks. Further, a substantial number of homeless individuals are thought to receive benefits from the \$255 million in food distributed through the Temporary Emergency Food Assistance Program, as well as some portion of the \$41 million distributed to charitable institutions.

--More than \$63 million worth of emergency and replacement food stamps and 1 million pounds of food were donated to the victims of Hurricane Hugo in North and South Carolina. For Hugo victims in the Caribbean, USDA provided 4.5 million pounds of food and more than \$6.2 million in emergency and replacement food stamps. As of mid-November, almost \$500,000 in emergency and replacement food stamps were issued to earthquake victims in California.

#### Human Nutrition Information Service:

--Preliminary results from the 1987-88 Nationwide Food Consumption Survey show changes over the last 10 years, including consumption of more skim and lowfat milk, more carbonated soft drinks, more prepared mixtures that are mainly meat, poultry and fish, and more grain products. The results also showed reduced consumption of whole milk, eggs and meat.

--A nutrition education campaign, "Eating Right...The Dietary Guidelines Way," was launched to help people implement the Dietary Guidelines for Americans. Four new booklets showed how to use the guidelines in preparing foods; planning menus; making bag lunches, snacks, desserts, and quick meals; shopping for food; and eating out.

#### Science and Education

##### Agricultural Research Service:

--Scientists found that lactose can virtually eliminate Salmonella bacteria in infected chickens for only pennies a bird. Broiler chicks infected with Salmonella at birth, then treated with 2.5-percent lactose in their drinking water, had 99.9 percent fewer Salmonella bacteria than similarly infected birds that received no lactose.

--In cooperation with Iowa State University and the University of Illinois, 144 swine were imported from China. The Chinese breeds, which produce three or four more young per litter than average U.S. breeds, will be crossed with domestic breeds to increase litter size while maintaining a high quality of pork. Before release to breeders, the Chinese breeds will be evaluated for reproductive and feed efficiency, growth rate, carcass characteristics, and disease and parasite resistance.

--Dedicated this year were a Plant Molecular Biology Laboratory at Beltsville, Md., created for research on plant genetic characteristics and for development of reliable tools to transfer genes, and a Soil Tilth Laboratory at Iowa State University, Ames, for research on soils and soil processes. A Climate Stress Laboratory at Beltsville also was established to study expected adverse effects of global change on crops, with the goal of breeding stress-tolerant plants through genetic engineering.

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Cooperative State Research Service:

--Now in the third year of a 10-year study on effects of acid rain on ecosystem functions, Maine researchers refined computer models designed to predict watershed acidification. As a secondary issue, the research project also addresses global climate change, forest management concerns, and the indirect effects on air quality.

--In Indiana, researchers developed an instrument that assesses the fat percentage of hog carcasses in a few seconds. Applicable to both individual cuts and whole carcasses, the technology will help pork packers provide better and more uniform quality cuts to consumers. The technology also may be useful to producers who need immediate, accurate feedback regarding animal leanness when making breeding and production decisions.

Extension Service:

--"Youth at Risk" and other new programs on problems such as drugs, dropping out of school, teen pregnancy, illiteracy, and child abuse and neglect, focused on positive development of youth, plus skills for parents and local leaders.

--More than 30 State Cooperative Extension Services helped government and industry organizations develop voluntary quality assurance programs to reduce pesticide residues in food. Additional education efforts were conducted to decrease microbiologic contamination during production, processing, and preparation. Nationwide, CES staff answered 3 million telephone inquiries and educated an estimated 10 million households in a variety of food safety programs.

EconomicsEconomic Research Service:

--Analysts found that about 127,000 farms that earn more than \$40,000 a year receive about half of direct government payments. Elimination of those payments would hurt farms that specialize in program crops, but not farms that specialize in crops whose prices are protected by tariffs or supported by government programs that do not include direct payments.

--U.S. farmers, a study shows, grew the same crop on their land each year during 1986-88 less often than previously thought. Only 26 percent of the total land on which corn was grown during 1986-88 was consecutively in corn during the period. For winter wheat, it was 20 percent; for soybeans, 15 percent; and for rice, 18 percent. For cotton, however, it was 57 percent.

--A study shows that in industrial countries every dollar transferred to farmers through government agricultural support payments costs almost \$1.40 in higher food and fiber prices, and taxes.

National Agricultural Statistics Service:

--The number of states for which quarterly estimates of hogs and pigs are prepared was increased from 10 to 16. The estimating program for the

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goat inventory, as well as mohair production and prices, was expanded from one to five states. The estimates of inventory, production, disposition and income for sheep and lambs were expanded from 41 to all states. Modifications were made to provide more detailed estimates for the poultry program.

World Agricultural Outlook Board:

--USDA's 66th annual Outlook Conference featured the challenges of trade, legislation and regulations faced by U.S. agriculture. The meeting, held in November, drew top industry speakers and more than 1,000 participants.

Administration

Office of Advocacy and Enterprise:

--Minority permanent employment in USDA increased from 15.0 to 15.6 percent. Female employment increased from 36.2 to 37.9 percent.

Office of Finance and Management:

--Financial management services were provided for more than 25 other federal agencies in addition to USDA's 38. Such cross-servicing generated more than \$18.5 million in revenue through reimbursable agreements for fiscal 1989. This compares to less than \$300,000 generated in 1984.

Office of Information Resources Management:

--A new contract for USDA's Computerized Information Delivery service, which provides public access to crucial market-related agricultural information, lowered costs to the government and subscribers and opened the system to a broader range of cooperators, including Land-Grant institution libraries.

--The second phase of consolidation of the national computer centers in Washington and Kansas City was completed. This included conversion of the agency application systems to standards used in Kansas City. All agencies now are operating under the same standards which is expected to lead to savings of \$20-\$30 million over 5 years.

Office of Personnel:

--A multi-year program was implemented to coordinate personnel recruitment and retention in USDA. Liaison officers were placed at each of the 16 historically black land-grant institutions and Tuskegee Institute. Production began on a recruitment video, and a pilot program trained employees to be recruiters for USDA. A career awareness/outreach program was targeted toward agricultural high schools in Philadelphia and Chicago.

--Under the congressionally authorized leave-sharing program, which allows donation of annual leave to fellow employees in hardship situations, 325 USDA personnel received donations of leave. Many more employees participated as leave donors.

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Office of Agricultural Biotechnology

--Scientific advice was secured from the Agricultural Biotechnology Research Advisory Committee on a handbook for agricultural researchers, and on research proposals related to improved animal vaccine for combatting brucellosis in cattle and for testing of fish in outdoor ponds that have been genetically modified for improved growth.

--Guidelines were completed for sharing scientific information in exchange visits between U.S. scientists and colleagues from foreign countries. A portable exhibit was shown in the United States, Europe and South America.

Office of the Inspector General

--In fiscal 1989, OIG issued 1,398 investigative reports which resulted in 713 indictments, 573 convictions, and 48 suits. Monetary results from these investigations totaled \$53.9 million, including \$20.9 million in recoveries and collections, \$3.1 million in fines, \$10.5 million in restitution, \$11.2 million in administrative penalties, and \$8.1 million in cost avoidance.

--The 559 audit reports included more than 2,100 recommendations to management for improvements in USDA's programs and operations. The audits also recommended recovery of \$96.6 million in questioned and unsupported costs and loans. Management officials have so far taken action on 493 audit reports, resulting in commitments to seek recovery of \$45.1 million.

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BASIC INFO FOR ADDRESS TO AMERICAN FARM BUREAU

EVENT:

71st Annual Convention  
their 3rd year in Orlando  
7,000 attendees from farms and ranches

VIPS: AFB President Dean Kleckner will be  
introducing POTUS  
Florida Governor Bob Martinez will be  
welcoming the attendees  
Sec. of Ag. Yeutter

US Trade Rep. Carla Hills will be there  
the following day

AFB:

The group is 71 years old.

POTUS has addressed the AFB top leadership during the  
campaign, at a Council on Presidents' gathering. Every  
president except Carter has addressed them.

ETC:

Great year for their membership drive: they have 3.8  
million member families, an increase of 100,000 this  
year.

They strongly back this administration's "NO TAX" line and  
are strong supporters of reduced government  
spending and the balanced budget program. Have worked  
with the administration on several issues, including  
capital gains and the confirmation of Jim Cason at Ag.

They want to hear POTUS' "vision of the future for the  
nation and American agriculture."

*Scott Sutherland*  
~~They~~ are considered <sup>S. H. M.</sup> "the largest and most politically  
active of the nation's agriculture groups", "the  
equivalent to the "US Chamber of Commerce" in the  
ag industry.

CONTACTS

American Farm Bureau

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Dean Kleckner, President

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EVENT annual convention  
(3rd yr. in Orlando)  
7,000 attendees

VIPS Ventur, Hills (next day), Martiny  
Martinez welcomes group  
Kleckner intro's POTUS

POTUS has addressed AFB top leadership during campaign,  
Council on President's mtg.

Group 71 yrs. old; only Carter has not addressed  
great yr. for membership - 3.8m families  
\*jumped 100,000 this yr.