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NEWS

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Remarks

PREPARED FOR SECRETARY DAN GLICKMAN
WASHINGTON AGRICULTURAL ROUNDTABLE
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INTRODUCTION

Last week when I was thinking about what I would talk about today, I thought it would be about the role of government in a market-driven economy. I thought I'd talk about the achievements we've made in the last 4 years and the challenges we face in the next 4 years. I thought I'd talk about our "new philosophy" for a "new American agriculture."

And then I got in a helicopter yesterday and toured flood disaster areas in North Carolina.

And what I saw was that the philosophy I was going to tell you about in the abstract works in the concrete. Because what I saw yesterday was government that works like it's supposed to. I saw local, state, and federal employees working together--seamlessly--to help people do what they couldn't do themselves.

Hurricane Fran left many people without food, water, and shelter. USDA--and the rest of the Clinton Administration--responded immediately by working closely with local officials. Our Food and Consumer Service provided food assistance for hurricane victims. Our Forest Service sent an emergency action team to Fort Bragg, N.C., to coordinate--with the Army--receiving and delivering supplies. USDA extension agents gave homeowners advice on food safety, how to purify drinking water, and how to repair damage to housing.

I saw a cornfield decimated by the flood. Our Farm Service Agency is trying to get this family farmer a low-interest loan. And the governor is working to get a power generator to our FSA office which has been without electricity. Our Disaster Reserve Assistance Program provides cost-share help to eligible livestock producers. Our Noninsured Crop Disaster Assistance Program is available for crops which are not covered by other federal crop insurance. Our Emergency Conservation Program helps producers restore their land to productivity.

This is not campaign rhetoric. These are all things I saw happen with my own eyes. These are facts.

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It's the campaign season so we hear a lot about "trust" and very little about "facts."

The basic fact is this: Under the Clinton Administration, things work better and cost less.

Faced with a massive deficit, President Clinton still found a way to provide tax relief to many Americans--to small farmers and low-income residents of rural America--while he cut the deficit in half.

Under the previous Administration, we saw the worst job growth rate since the Great Depression. Bill Clinton turned that around. The rate of job growth under President Clinton is the strongest since the 1920s, with 10.5 million new, higher-paying jobs created since 1992.

For 2 years, the unemployment rate has been below 6 percent--in fact, it's now 5.1 percent, the lowest in 7 years. 4 years ago, the unemployment rate was 7.5 percent. Over 1 million more rural Americans are employed today than in 1993. The rural unemployment rate of 6.2 percent is the lowest in 15 years.

The economy is growing at a 4.8 percent rate. Since President Clinton took office, the private sector has expanded over 3 percent annually--stronger than during either of the 2 previous Administrations. And consumer confidence is at its highest level in 6 years.

So talk about cutting taxes without a credible plan to pay for it scares me. We've been down that road, and it leads to high interest rates and a dollar so high we can't export our products. And that could easily lead to a collapse of land values--shades of the '80s.

The Republicans promise to increase defense spending, to protect veteran's benefits, Social Security and Medicare. That's close to 70 percent of total federal outlays! So where will the money come from?

Everyone in the agricultural community should be asking that question. Republicans in Congress have already proposed reducing the contract payments provided by the new farm bill. The GOP tax plan raises the possibility of more attacks on the contract payments and risks setting back the clock for agriculture--to the high-inflation, high-interest rate past that we have worked so hard to put behind us.

No one's against tax reduction. The Clinton Administration has supported a variety of tax cuts over the past 4 years, and we have plans for additional--reasonable--cuts that will not aggravate the budget deficit. That's the key: responsible tax reduction--cuts that can be paid for while still protecting children, Medicare, and Social Security.

Let me break down where we are today into some more "facts."

LIFE FOR FARMERS

We said we would make life better for farmers, and we have. Income is higher, prices are better, exports are growing, home ownership is up.

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Total farm cash receipts for 1996 could reach a record \$200 billion, \$29 billion above 1992, and far beyond the \$144 billion average of the '80s. In 1986, cash receipts were as low as \$135 billion.

Measured across all crops and livestock, farmers are now getting prices 20 percent higher than they got in 1992, and nearly 25 percent above the average of the 1980s.

The value of farm assets--including land--which dropped significantly in the '80s, continues to rise--much faster than farm debt levels are rising. So the overall equity position of farmers is increasing, and has more than fully recovered from the declines of the '80s. U.S. farm equity has risen over \$100 billion since 1992--up nearly 15 percent.

Flexibility in planting--something urged by the Administration and accepted in the new farm bill--combined with high market prices have unleashed the nation's productive capacity. 334 million acres are planted to principal crops in 1996, the most since 1989 and nearly 8 million more than 1992.

I know we have to temper our enthusiasm with a reality check. Cattle producers have faced low prices and high feed grain costs. Drought and rain have hurt crops.

We have done a lot to help the cattle industry through a hard time. The "facts" speak for themselves: We've bought about 55 million pounds of beef for about \$51 million since May 1 for our school lunch and other food assistance programs. We've also offered nearly \$40 million to help drought-stricken producers in the Southwest feed their livestock, and we are expanding data collection on cattle prices and contracts to help producers make better negotiating and marketing decisions. Cattle prices have gone up more than 15 percent since April.

This Administration also has supported changes in tax law to make life in rural America easier and more productive. We've increased tax deductions for equipment purchases for farms and other small businesses, expanded the tax deduction for self-employed health insurance costs, increased the minimum wage and provided other tax relief provisions for small businesses, expanded individual retirement accounts for homemakers, and simplified and expanded the earned income tax credit--which is a big break for working families.

TRADE

Let me give you another "fact:" Agriculture's \$29 billion trade surplus is one of the biggest success stories in the U.S. economy. Among major sectors of the economy, agriculture is the leading positive contributor to the balance of trade.

By the end of this fiscal year, U.S. farm exports are projected to reach \$60 billion, far exceeding the previous record. This is a 50 percent increase since President Clinton took office.

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And these numbers translate into higher prices, higher incomes, and more jobs. In 1995, U.S. agricultural exports supported nearly 1 million jobs--a third of them in rural areas where unemployment runs above the national average. And these jobs, on average, are higher paying than non-export related jobs.

Our challenge now is to further reduce trade barriers, because eliminating barriers can stimulate the whole economy--not just the agricultural economy.

We still don't have a level playing field. So in 1999, we should go into the planned review of the Uruguay Round with our sights set on the elimination--not just the further reduction--of all trade-distorting subsidies in this sector. We must continue to fight what I call phony barriers -- using so-called sanitary and phytosanitary concerns to restrict imports.

Genetically engineered products will be a key to improving U.S. agricultural productivity and competitiveness. We must approve these products based on science to assure they pose no threat to human, plant, or animal health. And once approved, we must work to fight non-science based restrictions in other countries that threaten our exports.

SIMPLER AND MORE FLEXIBLE

Another fact: We said we'd make life simpler and more flexible, and we have.

Americans want protections for their personal health and safety and for the country's valuable natural resources and environment. They want statutes and regulations that are strong, clear and direct, but they want us to use common sense, flexibility and fairness. They want balance. The Clinton Administration has fought for and achieved this balance.

Nowhere has this been more dramatic than in our conservation programs, where we've promoted an incentive-based--not a punishment-based--approach.

One of the first actions I took after I became Secretary was to declare a moratorium on USDA's delineation of wetlands. We needed a breathing period, until some meaningful definitions could be established. We have made great progress in regulatory reform since then.

Under the last Administration, a USDA employee had to report a farmer who was not following his or her conservation compliance plan. Today, the employee and the farmer can work together for up to a year to correct non-compliance.

Under the last Administration, penalties for a compliance violation were often the same for a major or minor violation. We changed that.

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The new farm bill gives us some great new conservation tools. The Environmental Quality Incentives Program is a \$1.3 billion cost-share, incentive and technical assistance program. This and other new programs, such as the Wildlife Habitat Incentive Program, along with the CRP and the Wetlands Reserve Program give local communities, landowners and operators a variety of options to improve water quality, reduce erosion, improve range and pasture land, and increase wildlife habitat. We will announce new rules for EQIP and CRP very shortly.

CONCENTRATION

Another fact: We said we would be on the side of the average American, and we are.

To ensure that farmers get a competitive price for their products, the Clinton Administration set up an advisory committee to investigate the effects of concentration in the meat packing industry on producer prices. We have already begun to respond to the committee's recommendations. We've put in place livestock price reporting initiatives to give farmers and ranchers more tools to compete in today's marketplace. Soon, we will announce actions on enforcement, education, and other issues.

I will act to stop concentration's adverse effects on production agriculture, but I am concerned about it wherever I see it. We've fought concentration in the railroad industry. We will continue to enforce vigorously the fair trade laws already on the books--the Packer and Stockyards Act and the Agricultural Fair Practices Act. We have already filed an action against the country's largest meatpacking company for what we believe to be an anti-competitive purchasing practice.

RURAL AMERICA

Another fact: We said we would make life better for rural America, and we have.

We have provided hundreds of thousands of new home ownership and rental opportunities. Nationally, the home ownership rate is at a 15-year high of over 65 percent. In rural America, it's even higher--nearly 73 percent.

We've helped thousands of students and thousands of patients through improved access to educational and health care resources.

We've created or saved nearly 110,000 jobs through loans and grants to rural businesses.

USDA recently gave \$70 million in grants and loans to 54 communities in 35 states to build, improve, or expand public drinking water systems.

We will use the farm bill's new Fund for Rural America for critical agricultural research and rural development.

We designated 30 rural enterprise communities and 3 rural empowerment zones to support education and increase employment for farmers and other rural Americans.

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FOOD SAFETY

Another fact: We said we'd make sure Americans' food was safe, and we have.

In July, President Clinton announced sweeping reform of federal food safety rules for meat and poultry. For the first time, we will use hard science--not just human senses--to prevent and reduce contamination of meat and poultry. And we will save lives.

We've designed a regulation that encourages the food industry to take responsibility for food safety, and we're giving them the flexibility to develop the most cost-effective approach. In the past we've had too much regulation. This Administration has given us smart regulation.

The Delaney Clause has been replaced by the smarter, fairer, more up-to-date Food Quality Protection Act. Finally, we will have one consistent standard for pesticides.

GOOD GOVERNMENT

Another fact: We said we wanted a government that works better and costs less, and we got one.

USDA has led Federal reinvention with the most massive restructuring in our history. The Clinton Administration's plan for reorganizing USDA has already saved taxpayers over \$900 million and cut staff by 10,000 positions. We are making progress toward our goal of eliminating or improving 11,700 pages of regulations.

This Administration has focused on improving services--with one-stop shopping--and expanding risk management tools. We've just completed the most successful farm program signup in history. It was successful--99 percent participation--because we made it easy. And I have formed a task force to define our appropriate role in risk management.

CONCLUSION

The federal government is working. I have spent most of my adult life in government, so I've seen it both ways.

I'm the first to admit that government grew too fast and became too insensitive. It's perfectly understandable that the public began to see government as complicated and distant.

The Clinton Administration has worked hard to change that. We said we wanted to build a leaner--but not meaner--federal government, and we have.

Let me say again, the federal government has a critical role in the post-farm bill environment. And if we build on the strong foundation laid down in the last 4 years, the future is bright for American agriculture.

NOTE: USDA news releases and media advisories are available on the Internet. Access the USDA Home Page on the World Wide Web at <http://www.usda.gov>