

Mr. Mondale

Mr. President:

I ask unanimous consent that the Senator from South Carolina (Mr. Thurmond) be added as a cosponsor to S.3438, a bill to amend the Regional Rail Reorganization Act of 1973 in order to expand the planning and rail service continuation subsidy authority under such act, and for other purposes.

Mr. Mondale

Mr. President:

I should like to address another item in the Appropriations Committee Report of H.R. 15472, that of funding for wild rice research.

The cultivation of wild rice is of enormous importance to the State of Minnesota. It is fast becoming an important food crop in undeveloped areas of Wisconsin and Michigan as well. In this time of food shortages, research to increase wild rice productivity is of not just regional, but also national and world-wide importance.

In the past the Senate Appropriations Committee has demonstrated strong interest in wild rice research, and I would like to thank the Chairman and the Committee for their consideration of funding requests not only this year, but also in previous years when the program was just beginning.

As the Chairman knows, for fiscal 1975 a request was made for a total of \$225,000 to be divided between the Northern Regional Research Laboratory of the Agricultural Research Service in Peoria, Illinois and the Agricultural Experiment Station of the University of Minnesota.

The House of Representatives added \$1 million to the Agricultural Research Service Budget to carry out priority research projects including research on wild rice.

I am pleased that the Senate Appropriations Committee went a step further and added a separate appropriation of \$100,000 specifically earmarked for wild rice.

I understand that a share of this appropriation can be used to cover research that is being carried out at the Agricultural Experiment Station at the University of Minnesota, as well as by the A.R.S. in Peoria.

In addition, I am advised that the Senate Appropriations Committee provided the \$100,000 not in place of, but along with the funds that are available for wild rice research under the \$1 million added in the House bill.

I would hope that when the Senate and House Committees go into conference on the Agricultural Appropriations bill, the Senate will fight to uphold its decision to earmark \$100,000 for wild rice and wild rice alone, and that they will also agree to accept the language in the House report respecting the use of supplemental A.R.S. funds for wild rice among a variety of other crops.

This money is desperately needed so that we can have an effective wild rice research program. It would permit necessary research to develop earlier maturing, disease resistant and non-shattering varieties of rice, thereby eliminating the major barriers to expanded production.

Through the combination of the \$100,000 earmarked in the House bill and the additional funds for wild rice research under the \$1 million House provision, I would hope it would be possible to make available the full \$225,000 needed to carry out this important work.

Mr. President:

I rise in support of S. 3679, a bill to establish a guaranteed loan program for livestock and poultry producers. This legislation is depperately needed to enable farmers and feeders who have suffered extraordinary losses in recent months to obtain credit essential for continued operations.

Losses among cattle producers are well documented. ~~F50~~ each of the last nine months the average market price for choice steers in Omaha has fallen far below the breakeven level. For six out of the past nine months the average loss per head has been well over \$100.

To illustrate these losses, one cattle feeder from Blue Earth, Minnesota calculated the net loss per head on forty-four steers purchased on September 17th and sold April 8th. The cattle cost \$394.94 per head when he bought them. The feed cost was \$188.15; the veterenarian cost \$2.04; and yardage and labor costs totaled \$24.46. Thus his investment worked out to \$609.59. This individual received \$470.65 per animal when they were sold for a net loss of \$138.94, exclusive of interest costs. Multiplied by the number of cattle that have been bought and sold over the past nine months, this reflects the magnitude of the diaaster facing the livestock industry. Pork producers have likewise been absorbing losses of up to \$15 and \$20 per animal. Turkey producers are losing from \$3.00 to \$4.00 on each bird they market for losses of \$60,000 to \$80,000 per producer.

The urgency and seriousness of the crisis in meat and poultry production cannot be over estimated. Within a short time

the depression that is being felt at the farmer-feeder level could extend to other industries, including packers and processors, truckers, grain farmers and the financial community. Ultimately, however, the consumer would be the victim if meat and poultry producers are forced into widespread liquidation. Wild price increases and shortages would inevitably result.

The bill pending before the Senate today, the Emergency Livestock Credit Act of 1974, should not be viewed as a cure-all for the crisis in livestock production. Any major distortion in the agricultural sector of our economy is extremely difficult to correct, and credit alone will not solve the problem of feeders and farmers unless some price recovery takes place.

I have joined with Senator McGovern and others in cosponsoring an amendment to provide for a 60-day suspension of beef imports, a step which could help to bolster sagging markets. Other major meat consuming countries -- including Canada, Japan, and the Common Market -- have imposed restrictions on meat importation to protect their domestic industries. Especially when meat producers in the United States are on the verge of liquidation, we should not allow the United States to become a dumping ground for excess beef from other countries.

Many of us were pleased that the U.S. Department of Agriculture has announced it will purchase \$100 million in beef and pork, primarily hamburger, for the school program earlier than normal this year. Nevertheless, estimates indicate that so far this year over 180 million pounds of beef have been imported for

hamburger -- or twice the amount that will be purchased under the Department's latest announcement.

While I think that the government should make use of the purchase programs to buy meat and poultry when markets are depressed, I also think we ought to make sure that these purchases are not merely offsetting the effects of expanded imports.

Again, on the purchase program, I note that the USDA has not announced any stepped up purchase of turkey although poultry producers are suffering from disastrous losses like the beef producers

One of the most disturbing questions associated with the crisis among meat and poultry producers is why have retail prices not fallen in proportion to the decline at the farm level. The pricing discrepancies can be seen in looking at both the farm-retail price spread and the percent of the consumer's dollar that is going to the farmer and the feeder. Measured in cents per retail pound, the price spread for beef in May, 1974 was 51 cents per pound. This is down slightly from 52 cents per pound in April and 55 to 56 cents in February and March, but it is substantially above the 45 cent level prior to the imposition of price controls last summer.

Turning to the portion of the consumer's dollar that goes to the processors and retailers versus the farmer/feeder, the same spread is revealed. Up until last June, about 32 cents went to the retailer. During July and August, when controls were in effect, middlemen received 25-29 cents. However, in September the processors and retailers were receiving 37 cents. This had

increased to 41 cents in August, and for the past four months it has remained at about 40 cents.

I have joined with many other members of the Senate in urging that the Federal Trade Commission investigate these increasing price spreads that hurt both the farmer and the consumer.

Finally, I would encourage the Administration to use every means available to reach agreement with Canada that would permit a resumption of U.S. exports. Recent reports, indicating the failure of USDA to reach an agreement with Canada on D.E.S., represent a blow to producers, and particularly to those in Minnesota who stand to gain the most from resumed sales to Canada.

Although approval of the bill before the Senate today will not end the depression in livestock markets without priority attention to each of the other matters I have raised, it is an urgently needed and constructive step.

This measure authorizes USDA to guarantee up to 90 percent of the value of loans entered into by beef, dairy, swine, turkey and chicken producers. The loans would be made through commercial banks, savings and loan associations, cooperative lending agencies, or other approved lenders. As a condition for the loan guarantee, the lender would be required to certify that he would be unable to provide credit without the guarantee, that the financing would be used for purposes related to the breeding, raising, fattening or marketing of livestock, and that the loan is no greater than that which would be required for the farmer to continue his business at a normal level.

The Act provides only for a temporary, not for a permanent, program. Authority to guarantee loans under this measure would expire within one year, except that the Secretary of Agriculture could extend this period for an additional six months, if necessary. Loans must be repaid within seven years, subject to a possible five-year extension. The loans would be made at commercial interest rates.

Earlier this month I joined with Senators McGovern, Abourezk, and Humphrey in proposing a similar program which would provide for a maximum rate of interest on insured or guaranteed loans of 5.5 percent. Although I regret that the Agriculture Committee did not accept this provision, I do believe that the bill, as reported, should be adopted without any unnecessary delay.

Mr. President, our country cannot afford to permit the destruction of both the livestock and poultry industries. Without urgent action such a disaster could easily occur; indeed it is already occurring as thousands of producers are being pushed into bankruptcy.

As one step toward preventing an even greater catastrophe, I urge that the Senate swiftly adopt the bill before us today.

Mr. Mondale

Mr. President:

I wish to address one provision in particular in the bill before the Senate today, the fiscal 1975 Agriculture, Environmental and Consumer Protection Appropriations Act.

Permit me to begin by expressing my gratitude for the outstanding leadership provided by Senator McGee and the members of the Senate Appropriations Committee in their report on H.R. 15472.

This measure contains a section which I believe to be vital to the Environmental Protection Agency's responsibilities in the field of water pollution control. I refer specifically to the section on page authorizing the use of water and sewer funds appropriated under Public Law 92-73 and extended under Public Laws 92-399 and 93-135, but impounded by the Administration, for lake restoration programs under Section 314 of the 1972 Federal Water Pollution Control Act Amendments.

SAVING AMERICA'S SMALL LAKES

The United States is blessed with 100,000 small and medium sized lakes, resources which provide an unparalleled variety of opportunities for recreational and scenic enjoyment. Boating, swimming, water-skiing, hiking, fishing and camping are but a few of the activities the American people look for in vacations and in weekend trips to nearby lakes.

Yet because of the very advantages they provide in sparkling water, plentiful fish, and natural scenery, thousands of fresh water lakes are today endangered.

Mounting population and pressure for open space have often resulted in excessive, unwise or improper development. Without proper sewage treatment, many lakes have been subjected to overloading of nutrients from municipal wastes. Erosion and run-off in both urban and rural areas have also threatened lake water quality.

As a result, lakes in virtually every State in the country are suffering from accelerated eutrophication or premature aging. Excess growth of algae and weeds and a decline in the quality of fisheries are symptomatic of advanced eutrophication. If this process continued unchecked, lakes will become clogged; they will choke for lack of oxygen; and eventually they may die.

Although the federal government has since the mid-1960's devoted increasing resources to water pollution problems,

America's fresh water lakes have not received the attention they deserve. In fact, the most fragile part of our aquatic ecosystem, has received virtually no protection or help from the federal government.

Unlike rivers, lakes have only a limited capacity for self-cleansing. If they are subjected to harmful pollutants or to an overdose of nutrients or sediments, the delicate balance that permits natural lake renewal may be permanently destroyed.

Nonetheless, federal funds and enforcement authority traditionally have been targeted toward interstate rivers rather than on lakes that are commonly located within a single state. Although more recent legislation has firmly established the eligibility of lakeshore communities for federal sewage treatment grants, limitations on the availability of federal funds have placed most small, lake-based villages on the bottom of the priority list for assistance. Finally, even if construction grants for municipal treatment facilities could be obtained, this would represent only the first step toward reclaiming a lake that is endangered by pollution. Land use controls and costly rehabilitation techniques such as flushing, inactivation of nutrients, de-stratification of dredging must often be employed to return a lake to its natural condition. Neither State nor local governments possess sufficient resources to bear the full cost of effective lake clean-up programs.

Is there a national interest in safeguarding America's small lakes? Congress answered that question with an unequivocal yes in adopting Section 314 of the 1972 Federal Water Pollution Control Act Amendments. In this provision, which I authored with the cosponsorship of more than fifty Senators of both political parties, the Congress authorized a new program, the first of its kind, specifically designed to protect fresh water lakes. Section 314 authorizes federal grants for up to 70 percent of the cost of projects designed to clean up lakes and to keep them clean.

Over the past year and a half, primarily as a result of Administration foot-dragging, the Clean Lakes Act has remained only an on-paper law with no regulations or funding to carry it out. The Administration has never requested appropriations to provide a penny of the \$50 million that was authorized in fiscal 1973, and they opposed Congressional initiatives to appropriate any of the \$100 million that was authorized in fiscal 1974.

Notwithstanding the Administration's opposition, the Congress is now in the process of earmarking \$75 million to carry out a Clean Lakes Program in fiscal 1975. Although this represents only half of the \$150 million authorization for lake restoration activities in the current fiscal year, if fully committed, it would permit a meaningful first step in the effort to safeguard America's fresh water lakes.

Nearly 1,500 lakes in 40 States across the nation have already been identified as in need of some type of help. In Florida, State and local officials are desperately seeking federal assistance to implement restoration programs on lakes like Lake Apopka. Along the shore of Lake Apopka there are today signs posted by the Orange County Health Department declaring it a health hazard for people to swim or fish in the water. By stopping pollution at its source and draining the lake, it could be made suitable for body contact sports.

In South Central Minnesota, the City of Albert Lea is similarly seeking funding to rehabilitate Albert Lea Lake, a 2,600 acre fresh water resource that could provide recreational opportunities for surrounding communities in Iowa as well as Minnesota.

If clean lakes funding were available, the State of Maine might use such assistance to institute a monitoring program that would serve as an early warning system on water quality problems in 44 of the State's most popular recreational lakes.

Michigan might similarly use these resources to help some of the 1,625 lakes that have been classified by the Department of Natural Resources as eutrophic.

The delays experienced so far in getting action on behalf of fresh water lakes have greatly increased the need to launch a substantial program in the current fiscal year.

For each year that we fail to take the steps necessary to safeguard endangered lakes, the probability grows that even more costly restorative measures will be needed in the future. And for those lakes that are already suffering from serious water quality problems, the likelihood grows that they may be permanently lost to pollution. The cost of continued inaction, measured in the destruction of irreplaceable lake resources, is more than this nation can afford or should be asked to pay.

I am hopeful of prompt approval of H.R. 15472 so that we may begin the urgent task of safeguarding America's fresh water lakes.

Mr. Chairman: The House of Representatives in June passed H.R. 15472, and they included language authorizing the use of impounded water and sewer money for lake pollution control programs. However, in the House Report the Committee unfortunately included language which would appear to limit the use of the \$75 million involved strictly to grants for sewer systems. As the Chairman knows, sewer facilities are only one small part of the task of cleaning up and protecting our lakes; and Section 314 of the 1972 Federal Water Pollution Control Act contained language which would permit the use of funds for a wide variety of methods, depending upon which would be the most effective in treating water quality problems of individual lakes. I am pleased that the Report of the Senate Appropriations Committee makes clear that the \$75 million earmarked for clean lakes could be used for any of the techniques authorized under Section 314. I would hope that the Chairman would be prepared to hold to the Senate language in this regard when the conferees meet to consider this legislation.

Finally, I would like to address a technical point concerning the language in the House and Senate bills. In each case, the appropriations measure reads, "and \$75 million of these funds shall be available for transfer to the Environmental Protection Agency for grants for the Clean Lakes Program pursuant to Section 314 of Public Law 92-500."

I was concerned about why the bill read "shall be available for transfer", rather than "shall be transferred"; and I checked with both the Senate and the House Appropriations Committees on this point. I was advised that a bill which read that the funds "shall be transferred" would be subject to a point of order in the House since this would have the effect of legislating in an appropriations bill. Nevertheless, I was advised by both the House and Senate Committees that there is no doubt but that the Committees' intent was to appropriate the \$75 million involved for clean lakes and clean lakes only.

It is my understanding and that of the Senate that in adopting the language on page 40 under the heading "Grants for Basic Water and Sewer Facilities" we are in effect re-appropriating \$75 million in unused spending authority and transferring these funds from the Department of Housing and Urban Development to the Environmental Protection Agency for its use in carrying out Section 314 of the 1972 Federal Water Pollution Control Act Amendments.

Mr. Mondale

MONDALE CALLS FOR EMERGENCY ACTION ON TRADE

Mr. President:

The Senate Finance Committee today resumes mark-up on one of the most vital measures before the 93rd Congress, the Trade Reform Act. I am pleased by this action because I am deeply disturbed about the potential consequences of our failure to pass a trade bill.

At no time since the 1930's have we faced a greater peacetime economic crisis. The post-war world economic regime has broken down; our collective economic institutions have proven to be weak and outmoded in the face of recent events.

Widespread inflation, payments deficits and deceleration of growth threaten the economies of all the leading Western democracies.

Under mounting international pressure to resort to protectionist policies, our major trading partners are clinging to the hope that multilateral negotiations on trade and monetary issues can bring us through the present crisis. Only if these negotiations proceed, will GATT member nations have a basis for resisting demands for trade restrictive measures to deal with their economic problems.

It is the United States that initially proposed and pressed for action on a new round of GATT negotiations in the Tokyo Declaration signed last year. Ironically, it is the failure of the United States to pass a trade bill that now stands in the way of a meaningful negotiation -- precisely at a time when closer cooperation is most desperately needed.

Global inflation cannot be stopped by the policies of individual countries alone. During the first half of 1974 nearly all of the major industrialized and developing countries represented in the GATT suffered from catastrophic rates of inflation. The unprecedented 11% peacetime rate in the U.S., considered horrifying by American citizens, must be viewed in the context of 25% inflation in Japan, 18% in Italy, 14% in Britain and 13% in France.

A quadrupling in the cost of oil, forced upon consuming countries by the petroleum producers cartel, has contributed both to run-away inflation and to massive payments deficits throughout North America, Europe and Japan.

From a \$3 billion balance of payments surplus in 1973, the United States has moved to a \$2 billion deficit in the first half of 1974. Japan has moved from a \$6 billion surplus to a \$6 billion deficit; and Britain and Italy are both running at deficits of \$8 billion or more.

The enormous shift in money into the hands of the oil producers places an unprecedented strain on the world's financial institutions. This year alone oil consuming countries will have accumulated deficits with Arab nations of up to \$60 billion. The result is uncertainty, speculation, and instability in importing countries.

Thus the deeper consequences of the oil production cuts last year are being felt in diverse and alarming ways, long after the initial shock of higher energy costs has passed.

That the boom experienced in the last two years will be replaced by a global bust -- triggered by collapse of lenders, like the Herstatt Bank of Cologne or Franklin National in the U.S., or by excessive restraints on growth by member nations -- is still a serious danger.

Added to these problems, we face another threat resulting from the proliferation of cartels among raw materials suppliers.

Eight months ago, I warned of the danger that other commodity producers might seek to follow the example set by the Arabs by forming cartels to boost their prices. Since then, there has been disturbing evidence of the prediction's coming true.

Bauxite producers have combined to create the International Bauxite Association, setting the stage for Jamaica to press for a 600% increase in its earnings.

Under the guise of the International Council of Copper Exporting Countries, copper exporters are now pressing for greater control of the market.

Phosphate producers have achieved a threefold increase in prices, and members of the International Tin Agreement are seeking a 50% increase in the floor price for tin.

Banana and coffee producers are starting to dominate markets, and other commodity producers may soon join the stampede toward cartelization.

In an era marked by spreading shortages of food and raw materials, there is a high likelihood for success of efforts to drive prices higher by limiting production of critical commodities.

And as Ambassador Eberle told the Joint Economic Committee the other day, the existing GATT articles are "virtually worthless" in attempting to deal with collusion among raw materials suppliers.

In view of the disarray within the world community, some observers in the United States have pointed out that we should be pleased that conditions are not worse and that our major trading partners have for the most part resisted the temptation toward isolationism.

They point toward the temporary standstill agreement signed by OECD members in June and the pledge signed by the Committee of Twenty of the IMF to refrain from trade-restrictive steps to illustrate the desire for cooperative solutions to the problems of inflation and recession.

Indeed the recent GATT XXIV-6 agreement to provide compensation for U.S. losses from expansion of the Common Market and the withdrawal of dairy export subsidies by the European Community offer tangible evidence of cooperation.

But I suggest that these actions reflect certain knowledge that without immediate action to permit full scale negotiations on trade, a dangerous retreat to protectionism cannot be avoided. There is thus ^{an} acute sense of desperation underlying the calls by the European and Japanese for progress on trade.

In the case of Italy, the strain brought about by the oil cost increases has already led to a tax on imports. Japan, Ireland, Denmark and Canada have similarly imposed some new

barriers to trade. How many other countries may be tempted to restrict imports while aggressively pushing exports so that they can offset the high deficits created by oil imports?

Perhaps the best illustration of the frailty of cooperation was the reaction of consuming countries to the oil crisis. While France and Japan immediately rushed to conclude bilateral deals with the Arabs, the United States initially proposed multilateral cooperation on oil. In advocating collective solutions to energy problems, Secretary Kissinger warned that the world is threatened with "a vicious cycle of competition autarchy, rivalry and depression such as led to the collapse of the world order in the thirties."

Nevertheless, only a few months later the United States joined the scramble to negotiate bilateral arrangements with the Arabs.

Bilateralism on oil, as Fred H. Sanderson recently warned, represents a danger to our entire multilateral trading system. Sanderson said: "If not stopped in time, it may lead to a relapse into the beggar-my-neighbor policies of the 1930's: barter deals, competitive devaluations, trade and exchange restrictions, export subsidies in various disguises -- all in a desperate effort to balance the books on oil."

Last December I proposed a series of amendments to the Trade Reform Act. The amendments are designed to broaden the focus of the GATT negotiations to deal with the threat posed by the oil crisis. These amendments would direct the President to seek to negotiate new rules within GATT governing access to supplies of critical raw materials. Under such rules both producing and consuming countries would be bound by a code of fair conduct, and they would be subject to multilateral sanctions if the rules were violated.

Economic nationalism may offer countries short term solutions to rising oil costs and to the attendant problems of inflation and payments deficits. But over the long term the inevitable result of such a course would be a contraction in trade and disaster for every industrialized country that depends on world markets for its products.

If strong and stable governments were in office in the Western democracies, the possibility would be greater that regimes could survive protectionist sentiment. But with either newly elected leaders or governments seriously weakened by recent events, it is more likely they cannot.

Time is running out. If this year ends without approval of a trade bill by the Congress, conditions will be ripe for the collapse of cooperative efforts.

At stake is more than the question of import restrictions or accelerating use of subsidies to export inflation and unemployment to other countries.

The continued development of the European Community, the future of the Atlantic Alliance, and the survival of democracy itself depend upon the maintenance of a stable and growing world economy.

In the 1930's the Congress was confronted with an economic crisis of a similar magnitude . Congress failed to act responsibly and has ever since borne the blame for a good part of the misery and hardship of the Great Depression.

Now in the 1970's our friends abroad and the American people at home are waiting for the Congress to act. We must take the initiative and pass a trade bill that will give our negotiators the tools they need to avoid any repetition of that global disaster.

Mr. Mondale

HARD TIMES IN DAIRYLAND

Mr. President:

Last Sunday, an excellent article appeared in the Minneapolis Tribune. Entitled "Hard Times in Dairyland," this article describes the plight of thousands of dairy farmers in Minnesota, Wisconsin and states throughout the nation.

As a result of rapidly rising production costs, federal policies designed to maintain price supports at the minimum level required by law and the excessive use of emergency authority to expand dairy imports above established quotas under Section 22 of the Agricultural Adjustment Act, Minnesota has already lost an estimated 1500 dairy farmers this year. Unless the current situation is corrected, many more dairy farmers could be forced to abandon operations in the coming months.

On August 15th my distinguished colleague from Idaho, Senator Church, introduced a resolution designed to address the serious problems facing America's dairy industry so that milk shortages and steeply higher consumer prices for dairy products can be avoided in the future. This resolution urges the President to limit imports of cheese, butter and powdered milk to the established quotas in effect on June 1, 1971. In addition, it asks that he direct the Secretary

of Agriculture to conduct hearings on all federal milk marketing orders to determine whether the floor price in the formula for computing Class I milk prices should be increased, and that he institute an increase in price supports for dairy products to 90 percent of parity. Mr. President, I should like to commend the Senator from Idaho for his action in drawing attention to the crisis in the American dairy industry. I am hopeful that his proposal will be given serious consideration by the Senate Agriculture Committee.

Mr. President, as further evidence of the need for action on this issue, I ask unanimous consent that the full text of the article ~~from~~ the Minneapolis Tribune appear at this point in the Record.



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