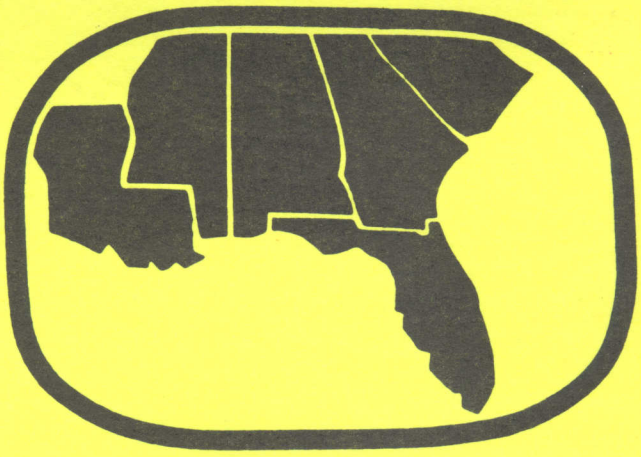
EMERGING POTENTIALS AND PROBLEMS



The Southeastern Coastal States Agricultural Conference

July 7–8, 1977

Gainesville Hilton Inn
2900 S. W. 13th Street, Gainesville, Florida

Introduction

The southeastern coastal states have an agricultural diversity and potential unequaled by any other region of the United States. The milder climate, soil resources and abundant solar energy for plant growth indicate a promising agriculture to help meet national and global food needs.

Louisiana, Mississippi, Alabama, Georgia, Florida, and South Carolina have the additional advantage of ready access to world markets through deep seaports, and the added bonus of an excellent road and rail network linked with major US markets.

But there are also serious problems to be solved if the southeastern coastal states are to achieve their agricultural production potential. The mild climate so favorable to plant growth is equally favorable for the growth of plant and animal pests and diseases. The large number of different crops in the region require a larger total research investment than in states with only two or three major crops. Water, weather and economic problems continue to hamper southeastern agricultural development.

The U.S. Department of Agriculture works to solve these and many other problems through its direct research programs and cooperation with state departments of agriculture and Cooperative Extension Services and Agricultural Experiment Stations of the state land grant universities.

With this background in mind, Florida U.S. Senator Richard Stone provided the leadership for organizing the Southeastern Coastal States Agricultural Conference held July 7-8, 1977, in Gainesville, Florida. Agriculture leaders from Alabama, Florida, Georgia, Louisiana, Mississippi, and South Carolina participated. The conference was coordinated and developed by commissioners of agriculture, farm bureaus, and land grant universities from the six states.

The five major topics discussed were in keeping with the conference theme: "Emerging Potentials and Problems." Topics covered included energy and conservation, marketing, plant and animal pests and diseases, state-federal regulations, and rural economic development.

U.S. Senator Richard Stone opened the conference with the following remarks:

The purpose of this conference is to examine the problems of Southeastern agriculture.

While our conversations will no doubt focus on the specific problems we face, the issues this conference raises are national and international in scope. Energy, pests and diseases, marketing, state-federal regulations and economic development are by no means problems solely in the Southeast.

As a member of the Senate Agriculture Committee I know the balancing act that must occur to develop farm legislation. Regional priorities and interests compete for attention -- and limited funds. And, while I have tried to be a strong advocate for Southern agriculture, I recognize that problems in the Mid-west and West must be addressed as well.

But there are unique elements of Southern agriculture. Florida and much of the South have a subtropical climate and because of that we have an increased danger from disease and pests that breed to the south of us.

History has shown that the spread of insects and disease to other parts of the United States once they have been introduced here is a continual problem. That is one of the reasons we wanted to meet with Secretary Berglund today and tomorrow.

The fire ant is but one example of that process.

This pest entered the United States from Brazil possibly as early as 1918. Since then its population has grown to an estimated 5,000-trillion. It entered in Mobile, Alabama, but has spread to South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, and parts of Texas, Arkansas and North Carolina. These ants love overgrazed pastures, plowed fields, parks, lawns and roadsides. Crop damage occurs when a field is plowed, destroying the insects the ant feeds upon. Instead of moving on to another home, the ant turns to young vegetation for its food.

The fire ant may not be a serious pest, but it is a broad-range nuisance. Its potent sting has driven farm workers from fields and afflicted city dwellers as well. Its effect is magnified by its astronomical numbers and its ability to keep coming back.

The control of the fire ant also illustrates the changing nature of pest control. Research funds in the 50's resulted in the discovery that the chemical Mirex controlled the ant. And, as a result, research funds declined in the 60's.

We now know that many chemicals can cause cancer in humans. The Environmental Protection Agency thinks Mirex could be one of them. Indeed, Mirex has been found in the tissue of one in three southerners. And heavy doses have produced cancer in animals. Because of that, the EPA has ordered that its use be discontinued as of July, 1978.

The conflict between environmentalists and farmers whose livelihood is threatened by such pests has on occasion approached open warfare.

Yet, research funds to develop biological control methods has lagged far behind the necessity to do so. Right here in Gainesville at the University of Florida, researchers have made great strides in developing biological controls on the fire ant. But more effort -- and more federal research dollars -- are needed.

In the Senate Agriculture Committee, we have, in my view finally begun to turn the corner in this fight. This past year we boosted funds for control of the fire ant, citrus blackfly and brucellosis.

The Omnibus Farm Bill passed this year makes some provisions for continued agricultural research.

But if we are to avoid long-range environmental and health damage caused by pest-killing chemicals, we need long-range biological methods to control these pests. And that takes research and research dollars.

To control the fire ant, for example, the University of Florida researchers should be able to go to Brazil and study the ant in its natural habitat. But until money is available to do that, we must continue to second-guess a solution.

I hope this conference can point the direction for future governmental efforts. Too often government involvement has stifled rather than stimulated progress.

When we put this conference together, it was our hope that this would not be the case -- but that stronger cooperation between farmers and growers and the Department of Agriculture would result.

Thank you.

Following Senator Stone's remarks, a multi-media presentation from Florida's Institute of Food and Agricultural Sciences set the stage for the conference discussion. Following is the script for the multi-media show.

SOUTHEASTERN AGRICULTURE

THESE DAYS PEOPLE FROM OTHER PARTS OF THE COUNTRY TEND TO THINK SOUTHEASTERN AGRICULTURE CONSISTS MAINLY OF PEANUTS. FOR SOME REASON PEANUTS HAVE CAPTURED THE PUBLIC'S IMAGINATION IN THE LAST COUPLE OF YEARS. WELL, PEANUTS ARE IMPORTANT IN THE SIX SOUTHEAST COASTAL STATES. . .WE PRODUCED ABOUT 65 PER CENT OF THE NATION'S OUTPUT IN 1975. BUT PEANUTS ARE JUST PART OF OUR STORY. . . TODAY WE'D LIKE TO TELL YOU THE REST.

OUR LATEST INFORMATION SHOWS ABOUT 360-THOUSAND FARMERS IN THIS REGION. . . 13 PER CENT OF THE NATION'S TOTAL. WE PRODUCE 45 MAJOR COMMODITIES WORTH 5MILLION DOLLARS OR MORE PER YEAR. IN EIGHT IMPORTANT COMMODITY AREAS OUR YEARLY OUTPUT IS WORTH A HALF BILLION DOLLARS OR MORE.

OUR GROSS FARM INCOME FOR 1975 WAS 9.4-BILLION DOLLARS. WE HAD A COMMERCIAL FISH CATCH OF 1.5 BILLION POUNDS. . .ABOUT A THIRD OF THE NATION'S FISHERY OUTPUT. AND, OUR TIMBER PRODUCTS HARVESTED IN 1975 WERE WORTH ABOUT ONE-AND-A-HALF BILLION DOLLARS IN STUMPAGE VALUE. . .ABOUT SEVEN BILLION DOLLARS WITH MANUFACTURING VALUE ADDED. IN THESE SIX STATES WE CONTRIBUTE A VITAL SHARE OF THE NATION'S FOOD, FIBER AND RELATED PRODUCTS. AND, IN SPITE OF SOME PROBLEMS, AGRICULTURE IN OUR REGION IS A HEALTHY, GROWING INDUSTRY. BUT IT WASN'T ALWAYS SO. . .

THE TURN OF THE CENTURY FOUND SOUTHERN AGRICULTURE BACKWARD AND UNPRODUCTIVE. UNCERTAINTY AND LACK OF RELIABLE AGRICULTURAL INFORMATION SOMETIMES LEAD FARMERS IN WHOLE SECTIONS TO PANIC AND ABANDON THEIR CROPS. SOCIAL AND ECONOMIC PROBLEMS HAD SLOWED DEVELOPMENT AND APPLICATION OF NEW TECHNOLOGY. SOUTHERN SOILS. . . GENERALLY INFERTILE TO BEGIN WITH. . .WERE EXHAUSTED AFTER YEARS OF WASTEFUL FARM PRACTICES. THE UNPREDICTABLE WEATHER SEEMED TO FAVOR WEEDS AND INSECTS MORE THAN CROPS. AS FRONTIER LANDS WERE OPENED PRODUCTION OF MAJOR COMMODITIES HAD SHIFTED NORTH AND WEST. EVEN AS LATE AS 1930 FARMERS IN SOME PARTS OF THE REGION LIVED AT BARE SUBSISTANCE LEVEL. . .ENGAGED IN A KIND OF GENERAL FARMING COMPARABLE TO AGRICULTURE IN LESS DEVELOPED COUNTRIES LIKE GREECE OR MEXICO.

THIS LOW POINT FOR THE SOUTH'S AGRICULTURE STOOD IN SHARP CONTRAST TO THE REGION'S HISTORY OF AGRICULTURAL LEADERSHIP. THE EARLIEST AGRICULTURAL EXPERIMENT STATIONS IN NORTH AMERICA WERE ESTABLISHED HERE. . .A PLANT TESTING GARDEN AT THE ASHLEY RIVER SETTLEMENT IN SOUTH CAROLINA IN 1669. . .AND A BOTANICAL GARDEN TO TEST DRUGS AND DYES FOR COMMERCIAL PRODUCTION ESTABLISHED IN SAVANNAH GEORGIA IN 1735. COMMERCIAL RICE PRODUCTION WAS INTRODUCED IN SOUTH CAROLINA. OUR FIRST SUGAR CANE WAS GROWN IN LOUISIANA AND THE FIRST COMMERCIAL SUGAR MILL WAS ESTABLISHED IN NEW ORLEANS.

THE FIRST COTTON EXPORTED FROM NORTH AMERICA WAS SHIPPED FROM CHARLESTON SOUTH CAROLINA IN 1764. ON ARRIVAL IN ENGLAND THE

CARGO WAS SEIZED. CUSTOMS OFFICIALS SAID IT MUST HAVE BEEN CONTRABAND BECAUSE THE COLONIES SUPPOSEDLY COULDN'T HAVE PRODUCED SUCH A QUANTITY. . .8 BALES.

OF COURSE THE FIRST COTTON GIN WAS DEVELOPED NEAR SAVANNAH GEORIGA BY ELI WHITNEY. THE FIRST FEDERAL FORESTRY LEGISLATION ESTABLISHED A 350-ACRE RESERVE ON GROVER'S ISLAND GEORGIA IN 1799. AND PERHAPS THE MOST IMPORTANT OF ALL THE FIRSTS CLAIMED FOR SOUTHERN AGRICULTURE IS THE FIRST PLANT BREEDING FOR DISEASE RESISTANCE. DEVELOPMENT OF A COTTON VARIETY WITH RESISTANCE TO COTTON WILT BEGAN AT DILLON SOUTH CAROLINA IN 1899. THE IDEA OF BREEDING FOR DISEASE RESISTANCE HAS SINCE BEEN APPLIED TO MOST OTHER CROPS GROWN IN THE UNITED STATES.

AND THIS KIND OF BREEDING WORK SIGNALED THE BEGINNING OF A NEW ERA. . .WHEN SCIENCE AND TECHNOLOGY WOULD REVOLUTIONIZE THE REGIONS AGRICULTURE. PLANT AND ANIMAL BREEDING HAVE CONTINUED TO PROVIDE THE SOUTHERN FARMER WITH CROPS AND LIVESTOCK SUITED TO THE UNIQUE GROWING CONDITIONS HE FACES.

MECHANIZATION CAME TO IMPORTANT SOUTHERN CROPS ALLOWING OUR FARMERS TO SUBSTITUTE CAPITAL FOR LABOR. IN 1960, COTTON PRODUCTION IN MISSISSIPPI REQUIRED 82 MAN HOURS PER ACRE. SEVEN YEARS LATER MISSISSIPPI FARMERS GOT EVEN HIGHER YIELDS WITH A LITTLE MORE THAN 13 MAN HOURS PER ACRE.

THE DEVELOPMENT OF FROZEN CONCENTRATE WAS AN IMPORTANT FACTOR IN THE GROWTH OF FLORIDA'S CITRUS INDUSTRY.

SCIENTISTS LEARNED THE SECRETS OF MINOR ELEMENT DEFICIENCIES IN THE SOIL AND THE IMPORTANCE OF TRACE MINERALS IN LIVESTOCK NUTRITION. . .PEST ERADICATION HELPED INCREASE PRODUCTIVITY. . .ANIMAL HEALTH WAS IMPROVED THROUGH INSECT CONTROL, NEW VACCINES, BETTER METHODS OF DISEASE DETECTION AND A BETTER UNDERSTANDING OF NUTRITIONAL REQUIREMENTS.

THE MODERN CULTURAL AND MANAGEMENT PRACTICES THAT ENABLE TODAY'S SOUTHERN FARMER TO PRODUCE AND COMPETE DEPEND ON ADVANCING TECHNOLOGY.

IN FACT, A BROAD, CONTINUING COMMITMENT TO SCIENTIFIC PROGRESS IS VITAL BECAUSE WE PRODUCE SO MANY COMMODITIES IN SO MANY SITUATIONS. SINCE TIME IS SHORT, WE'LL LOOK AT JUST A FEW.

COST-PRICE RATIOS GENERALLY HAVE NOT FAVORED SOUTHERN LIVESTOCK OPERATIONS. WE HAVE ABOUT 10 PER CENT OF THE COUNTRY'S CATTLE AND CALVES ON HAND. WE DON'T DOMINATE IN LIVESTOCK FEEDING BUT WE ARE A MAJOR SUPPLIER OF FEEDER CALVES. WE HAVE ABOUT SEVEN PER CENT OF THE HOGS AND PIGS AND ABOUT THE SAME SHARE OF THE DAIRY COWS. . .ALTHOUGH DAIRY PRODUCTION IS IMPORTANT IN SOME AREAS.

WE'RE UNSURPASSED IN POULTRY PRODUCTION. THIS MAP, BASED ON THE LATEST CENSUS OF AGRICULTURE, SHOWS THAT WE HAVE 31 OF THE NATION'S TOP 100 COUNTIES IN NUMBERS OF LAYING HENS. THE REGION'S FARMS HAVE 23 PER CENT OF THE LAYING HENS AND PULLETS AND PRODUCE 24 PER CENT OF U.S. EGGS. WE HAVE 50 OF THE TOP COUNTIES IN NUMBER OF BROILERS AND OTHER MEAT-TYPE BIRDS. OUR 1975 OUTPUT WAS WORTH 1.1-BILLION DOLLARS . . .39 PER CENT OF THE NATION'S TOTAL.

OUR PRODUCTION OF AGRONOMIC CROPS WILL SURPRISE PEOPLE WITH PRECONCEIVED NOTIONS ABOUT SOUTHERN AGRICULTURE. OF COURSE, WE PRODUCE RICE, SOYBEANS, PEANUTS, COTTON, TOBACCO AND SUGAR CANE. BUT .WE ALSO GROW WHEAT, RYE, FIELD CORN, OATS, BARLEY, SORGHUM AND HAY.

IN 1975 WE HAD 12 OF THE COUNTRY'S TOP RICE PRODUCING COUNTIES. . .OUR OUTPUT, JUST UNDER 32 MILLION BAGS, WAS ABOUT 25 PER CENT OF THE US TOTAL.

WE HARVESTED SOYBEANS FROM MORE THAN 9-MILLION ACRES, ABOUT 17 PER CENT OF THE COUNTRY'S TOTAL ACREAGE AND ABOUT A MILLION ACRES MORE THAN ILLINOIS. WE HAVE ABOUT 20 OF THE NATION'S TOP SOYBEAN PRODUCING COUNTIES AND WE PRODUCED 213-MILLION BUSHELS IN 1975, 14 PER CENT OF THE NATION'S OUTPUT.

WE PRODUCED ABOUT 2-MILLION BALES OF COTTON IN 1975. . .NEARLY A QUARTER OF THE NATIONAL TOTAL. WE HAVE 15 OF THE TOP COTTON PRODUCING COUNTIES.

IN TOBACCO, 16 OF OUR COUNTIES RANK AMONG THE TOP 100. OUR 1975 OUTPUT WAS VALUED AT 376-MILLION DOLLARS. . .JUST UNDER 17 PER CENT OF THE US TOTAL.

WE PRODUCED 1.7 MILLION TONS OF SUGARCANE. . .ALMOST 60 PER CENT OF THE NATION'S OUTPUT. AND, WE HAVE 50 OF THE TOP 100 PEANUT PRODUCING COUNTIES. OUR 1975 OUTPUT WAS 2.5 BILLION POUNDS. . .

WE PRODUCE A VARIETY OF NUTS AND FRUIT CROPS IN OUR REGION. OUR 1975 PECAN CROP WAS 140-MILLION POUNDS. . .56 PER CENT OF THE US TOTAL. WE HAVE 48 OF THE TOP PECAN PRODUCING COUNTIES.

IN PEACHES WE HAVE 30 OF THE TOP 100 COUNTIES. WE PRODUCED ABOUT 320-MILLION POUNDS OF PEACHES IN 1975. . .11 PER CENT OF THE TOTAL US OUTPUT.

WE PRODUCED 73 PER CENT OF THE NATION'S ORANGES AND GRAPEFRUITS. . .100 PER CENT OF THE LIMES. THIRTY-ONE OF OUR COUNTIES ARE AMONG THE TOP 100 IN CITRUS.

WE LIST WATERMELONS AND STRAWBERRIES AMONG OUR VEGETABLE CROPS. WE HAVE 42 OF THE TOP WATERMELON PRODUCING COUNTIES. . .AND PRODUCED JUST OVER 80 PER CENT OF THE NATION'S 1975 WATERMELON CROP. WE ALSO PRODUCE ALL THE WINTER STRAWBERRIES.

VEGETABLES, ESPECIALLY WINTER VEGETABLES, ARE MAJOR CROPS HERE. WE PRODUCE ALL THE WINTER SNAP BEANS, OVER 60 PER CENT OF THE WINTER CABBAGE, ABOUT HALF THE WINTER CELERY AND ALL THE WINTER SWEET CORN, GREEN PEPPERS AND TOMATOES.

SEVEN OF OUR COUNTIES ARE AMONG THE TOP 100 IN VEGETABLES HARVESTED FOR SALE. THAT DOESN'T SEEM LIKE MUCH. . .BUT ADD IN THE TOP COUNTIES FOR SOME SPECIFIC COMMODITIES. . .SNAP BEANS. . .SWEET CORN. . .CUCUMBERS, PICKLES, LETTUCE AND ROMAINE. . .GREEN PEAS. . .AND TOMATOES. . .AND A DIFFERENT PICTURE EMERGES.

PEOPLE ARE ALSO SURPRISED TO LEARN THAT WE HAVE EIGHT OF THE TOP POTATO PRODUCING COUNTIES. WE PRODUCE OVER 60 PER CENT OF THE COUNTRY'S WINTER POTATOES AND JUST OVER A QUARTER OF THE SPRING POTATOES.

WE HAVE 12 COUNTIES IN THE TOP 100 IN VALUE OF NURSERY AND GREENHOUSE PRODUCTS SOLD. . .OUR OUTPUT IS VALUED IN THE 250-MILLION DOLLAR RANGE. IN VALUE OF FOREST PRODUCTS SOLD, 54 OF OUR COUNTIES ARE AMONG THE NATION'S LEADERS.

WE PRODUCED ALMOST 33-MILLION POUNDS OF HONEY IN 1975. . .JUST UNDER 17 PER CENT OF THE US TOTAL.

FINALLY, LET'S CONSIDER LEADERSHIP IN CROP SALES PER ACRE. AMONG THE NATION'S COUNTIES WITH ANNUAL FARM PRODUCT SALES OF 20-MILLION DOLLARS OR MORE 13 OF OUR COUNTIES RANK IN THE TOP 100 IN VALUE OF PRODUCTS SOLD PER ACRE. IF WE ALSO DISPLAY OUR LEADERS IN VALUE OF CROPS SOLD PER ACRE HARVESTED AMONG COUNTIES WITH SALES OF 10-MILLION OR MORE AND THE NUMBER IS TWENTY-SEVEN.

AND, AS THIS BRIEF SUMMARY SHOWS, IF SHEER PRODUCTIVITY WERE THE ONLY GAUGE TO SUCCESS, THE PROSPECTS FOR SOUTHEASTERN AGRICULTURE WOULD BE BRIGHT, INDEED. UNFORTUNATELY, WE FACE MANY PROBLEMS. . .SOME UNIQUE TO THE REGION, SOME WE SHARE WITH FARMERS ACROSS THE COUNTRY.

TO MEET THE TIMBER DEMAND PROJECTED FOR THE YEAR 2000, WE'LL HAVE TO PRODUCE TWO OR THREE TIMES MORE TIMBER PER ACRE THAN WE DO NOW. BUT 72 PER CENT OF OUR FOREST LAND IS OWNED BY SMALL, NON-INDUSTRIAL OWNERS WHO AREN'T ABLE TO APPLY THE PRODUCTION TECHNOLOGY AVAILABLE TODAY. ALSO, MANAGERS IN FORESTRY AND ALLIED INDUSTRIES DON'T ALWAYS HAVE THE PRODUCTION AND MARKETING STATISTICS THEY NEED TO MAKE THE BEST DECISIONS. IN FACT, THE NEED FOR MORE AND BETTER PUBLISHED STATISTICS IS A PROBLEM IN FORESTRY, FARMING AND COMMERCIAL FISHING THROUGHOUT THE REGION.

THE ENERGY SHORTAGE, OR WHATEVER YOU CARE TO CALL IT, IS BECOMING A REALITY HERE. SOME FARMERS ARE FINDING NATURAL GAS AND NITROGEN FERTILIZER SUPPLIES TIGHT AND PRICES HIGH. THE IMMEDIATE RESULT SEEMS TO BE FEWER ACRES OF FERTILIZED PASTURE. THE LONG RANGE IMPLICATION MAY BE A SLOW DOWN, OR EVEN A

REVERSAL OF THE CAPITAL FOR LABOR SUBSTITUTION WHICH BROUGHT TECHNOLOGY TO SOUTHEASTERN FARMS.

WE HAVE RURAL DEVELOPMENT NEEDS AND PROBLEMS ASSOCIATED WITH AGRICULTURE. RURAL AND URBAN ECONOMIC OPPORTUNITIES ARE IMPORTANT TO THE REGION'S FARMERS BECAUSE ABOUT HALF OF THEIR PERSONAL INCOME IS FROM NON-FARM INVESTMENT OR EMPLOYMENT.

OUR AVERAGE FARM SIZE IS STILL ABOUT 160 ACRES BELOW THE NATIONAL AVERAGE. SO, WE NEED TO SUPPORT THE PRODUCTIVE OPERATION OF RELATIVELY SMALL FARMS. YET, WE LOST ABOUT 15 PER CENT OF OUR FARMS BETWEEN 1969 AND 1974, AND MOST OF THE LOSS WAS IN FARMS IN THE 50 TO 179 ACRE RANGE. LARGER FARMS, 2000 ACRES AND UP, ARE INCREASING IN NUMBER AND PERCENTAGE.

DURING THE SAME PERIOD, FARM LAND VALUES IN THE REGION ROSE SHARPLY, AS THESE EXAMPLES SHOW. WE NEED A BETTER CREDIT SYSTEM TO ENABLE YOUNG PEOPLE TO ENTER FARMING. IN FACT, WE NEED BETTER CREDIT SYSTEMS FOR FARMING, FORESTRY AND COMMERCIAL FISHING. . .TO ALLOW YOUNG PEOPLE TO ENTER THE INDUSTRIES AND TO FINANCE EXISTING OPERATIONS.

WE NEED FARM POLICIES GEARED TO THE SOUTHEASTERN FARMER. AS THESE ESTIMATES FROM THE USDA FIRM ENTERPRISE DATA SYSTEM SHOW, FARMERS IN REPORTING AREAS THROUGHOUT THE REGION HAVE BEEN LOSING MONEY ON SOME CROPS INSTEAD OF MAKING A PROFIT AGAINST REALISTIC COSTS FOR OVERHEAD AND RISK.

AND, WE NEED BETTER MEANS TO CONTROL PESTS AND DISEASES. INSECT DAMAGE, CONTROL AND LOSS OF LIVESTOCK AND CROPS IN THE REGION IS ESTIMATED AT MORE THAN 1.5-BILLION DOLLARS A YEAR. THE IMPORTED FIRE ANT INFESTS BETWEEN 120 AND 160-MILLION ACRES IN THE SOUTHEASTERN UNITED STATES IN SPITE OF THE MILLIONS OF DOLLARS SPENT ON CONTROL MEASURES.

PESTICDE CANCELLATIONS HAVE CAUSED PRICES FOR SUBSTITUTES TO INCREASE TWO AND THREE TIMES. ECONOMIC FACTORS PLACE GREATER EMPHASIS THAN EVER ON THE CONTINUED DEVELOPMENT OF INTEGRATED PEST MANAGEMENT TECHNIQUES. AND ANIMAL DISEASES LIKE BRUCELLOSIS AND TUBERCULOSIS MUST STILL BE CONTROLLED.

AT THIS POINT, A CLOSING IS CUSTOMARY, BUT MR. SECRETARY, THIS PRESENTATION IS ONLY A BEGINNING!

Secretary of Agriculture Robert L. Bergland attended the conference at the invitation of Senator Stone. Due to the existing drought conditions, the secretary in his opening remarks dealt with some immediate concerns of critical importance to the southeastern region. He outlined some major U.S. Department of Agriculture actions underway to directly benefit Southeastern agricultural producers:

"I am prepared to do that which government can do to help communities and individuals help themselves," he stated. "We cannot do anything in government which can make up for the economic losses which farmers, businessmen and the local goverment must suffer as a consequence of a devastating freeze, flood or pestilence as they strike our country from time to time. But there are some things that are taking place currently in Congress and within the Department of Agriculture that I know will be of importance to those of you today who are leaders in communities which have been hit very badly by the driest weather in many, many years.

One of the several changes which we are contemplating has been advocated by Senator Stone, Chairman Talmadge and others in the Congress which indeed we are going to endorse. It will be acted upon by the House of Representatives when the farm bill dealing with the question of disaster relief payments will be considered. As you recall, the current law under which we have operated for many, many years establishes a feed grain base, a wheat allotment and certain other strictures on agriculture which have been rendered obsolete by changing times. With some minor adjustments the feed grain base and the corn allotment is the average of the 1959-1960 planted acreage."

There have been thousands of changes in farm management plans and systems since those early days. The current requirements are that the disaster payments, one-third of the target price, be limited to corn planted on the old allotment. I know that here in the Southeast since the days of 1959 to 1960 substantial changes have been made in the farming practices. Senator Stone and Chairman Talmadge have written me urging me that there be a change in law in this regard and they are introducing an amendment next week. We are pursuing the matter in the House of Representatives and the change which we are recommending would be to provide or apply the disaster relief payments on the 1977 planted acreage for corn which means that farmers will receive some income protection on the corn actually planted not the corn base which was established long before most farmers had any control over the enterprise.

This will provide some relief although not anywhere near the kinds of losses which people will unfortunately be forced to carry.

Another change goes to the area of the livestock feed program. Again, this region has been hurt doubly by the freeze of last winter and the present dry weather. It does appear that with the poor pasture conditions and forages and now with the loss of corn there will not be adequate forage to sustain livestock during this winter.

We have a livestock feed program and also a disaster program in the federal government which I have branded a disaster in and of itself. We are about to change the livestock feed program from the current half-baked haywire scheme which we have been forced to run to a new program which again has been recommended to us by leaders in this region and we endorse. . .(it's now a part of the Senate bill, thank you Senator Stone,) and it will be incorporated by the House and supported by the administration, which will allow us to approve a voucher system for all livestock producers who suffered a loss as a consequence of this drought.

I'm talking about a loss of forage. With this authority we will provide a voucher representing up to half the cost of purchasing the necessary feed to run the livestock enterprise through this winter to the next grazing season. We will not be forced to use those so-called loyalty or poverty oaths which have plagued us as an administrative pain in the neck but rather we'll be able to approve the kind of support that can be demonstrated by any livestock producer whose forage has been damaged or destroyed as a consequence of the drought.

Instead of the government going out to find hay and arguments with truckers and confrontations with dissatisfied farmers who find the hay not up to standards, the voucher system would simply apply to the producer who in turn would go into the market place and buy hay, corn or any other form of forage. We would pay up to half the cost of that feed supply which will help keep the livestock alive.

It will not be a profitable venture for livestock producers. We will not guarantee a profit by this means but it will enable thousands of people who otherwise would be forced to give up, to stay in business because, we hope, next year the weather will turn for the better.

In the field of credit we have new authority. I will not go into all the details but assure you that we're watching the credit situation very carefully. While we don't have all the money we would like to have to administer this program, we are bringing people from across the United States, where they were more fortunate, into staffing the field offices of the Farmers' Home Administration in all the drought striken areas so that we can process these loans in a very timely fashion.

We recognize that credit is no substitute for income, but these measures, taken as rapidly as possible within the authority of law to help the community adjust and adapt to these most difficult circumstances not of their own choosing. And so with that, ladies and gentlemen, I would prefer to sit and listen, participate in the panels, take careful notes, and bring back to the halls of the administration those recommendations which you can pass on to me. We will not guarantee that all can be incorporated into policy but I guarantee that every idea presented here will be given its fair test and hearing. Mr. Chairman, I'm pleased to be a part of these proceedings and I do intend to spend the next day listening very carefully."

Following Mr. Bergland's remarks, the conferees moved to the first major topic:

A. Establishing energy conservation priorities for the food system was commented on by Mr. Hugh Arant, president, Mississippi Farm Bureau Federation, Jackson, Mississippi.

Following is a summary of the highlights of Mr. Arant's remarks:

The need of high priority for agriculture in energy use becomes apparent with every passing day. The need for energy users to be conservers of energy is also recognized by the agricultural producers.

It is clear though that conservation alone is not going to get the job done. There must be a plan to bring the full resources of this nation to bear on finding new sources of energy to meet our needs. Volunteer conservation will not necessarily do the job. President Carter is to be commended for making energy one of the most important issues of his administration, even though all of us do not agree with all of his points.

Conservation cannot produce a single drop of oil. The agricultural community must have a dependable energy supply if it is going to produce the

food and fiber necessary to feed and clothe this nation as well as a sizeable portion of the world's population. The efficiencies of today's farmers are tied to the use of fossil fuel. There is not way to go back to the horse and plow without causing serious economic consequences. We in the sun belt are particularly blessed with the crops we produce since agriculture today uses more solar energy than any other segment of the economy. A high level of food production is dependent upon the uses of many ingredients produced from fossil fuels.

The drying of rice, corn and other crops is at the present tied to the fuel supply. This is one area where additional solar energy for heat can already be utilized. Cotton fiber production requires considerably less fossil energy than synthetics, therefore, cotton production should take a higher priority in any plan that might be approved.

Transportation is a major factor in the food distribution system. During peak harvest times when the transportation system is overloaded, we already see farmers taking a licking in the price they receive as a result of being unable to get their products to the marketplace.

Food holds an important place in all our lives, and energy that of the agricultural community, because there is no point in having energy if there is no food to eat.

Dr. Gerald L. Zachariah, chairman of the Agricultural Engineering Department, of the University of Florida's Institute of Food and Agricultural Sciences, commented on "Economic impact of energy requirements of southeastern coastal states" as follows:

For energy conservation in agriculture to be effective, conservation methods must be practical, and if not profitable, they should not contribute to a reduction in profits. We must be careful in how we calculate the energy inputs in the production system in establishing criteria for evaluating energy conservation. It should be done on the basis of production and not acreage. For example, irrigating corn may double the energy input per acre but increase the yield by four times. Even though this might appear to be a more energy intensive operation from the standpoint of total energy going into the given operation, the production per unit of energy input is doubled.

There is also the insurance factor associated with an energy investment. Cold protection as well as irrigation are good examples - that is, with perhaps a minimal energy input, the crop can be saved and without the input it might be a total loss. This can also be true for certain livestock enterprises.

New technologies, such as those in the areas of pest management, water and fertilizer placement, and tillage practices will result in energy conservation and a possible associated improved economic position.

Substitution of energy sources is possible in certain fixed operations but is less feasible in field operations. Some substitutions may require significant capital to implement, which will limit acceptability unless the long range situation looks promising. This will require some assurance that the long range plan on the part of the individual producer is consistent with national long range plans.

Farmers are both producers and consumers and are subject to a double squeeze resulting from higher energy costs. Not only are his production operating costs increased and consequently his profits, decreased, unless he can pass on this cost, but his consumer goods and services increase in cost.

We need to know much more about the interrelationships among three areas: products and services, agricultural production and processing, and

distribution and consumer demands. For example, energy intensive products will become more expensive and substitutions will occur. This could cause major shifts in demands for certain products and especially those not considered to be essential or those with a more elastic demand factor.

Regional shifts in production could occur with increased energy costs due to changes in competitive positions and even shifts to production in other countries could occur.

Considering the essential nature of food and fiber, the balance of payments situation and preservation of our proven agricultural system, energy must be available to agriculture and at a cost that will preserve the competitive position of our producers.

Agricultural energy requirements are characterized by two critical factors: the seasonal nature of the demand and the need for uninterrupted service during critical periods. Florida is rather unique in regard to certain aspects in both of these areas. In Florida for example, 64% of the agricultural energy consumption occurs in the four winter months. This is the same time that the greatests demand for heating occurs in the North, creating a strong competition for energy. The perishable nature of these winter crops, especially in regard to harvesting, handling and transportation, creates a critical need for energy at the appropriate time. The need for cold protection also occurs during the same period and an uninterrupted supply of fuel must be available or a total loss might be incurred. This is especially important in citrus and greenhouse operations.

High value speciality crops represent a particularly high investment in production costs. They also require a high energy input when plastic mulch, drip irrigation tubing, field operations, fertilizer, pesticides, etc. are considered. When such a crop is lost, it not only results in an economic loss but a waste of energy.

Transportation is a more critical factor for the Southeast, in regard to both the perishable nature of many of the products and also the distance to northern winter markets.

Significant changes are occurring in Florida agriculture. New cropping systems are being introduced, and in particular grain crops are receiving increased emphasis. Along with these changes or perhaps we should say that these changes are associated with a significant increase in irrigation.

The very critical seasonal nature of energy consumption in the Southeast and distances to regions where winter fuel reserves are normally held make it important that fuel reserves be maintained in appropriate locations to meet the needs of Southeastern agriculture.

Alternative energy sources were commented upon by Dr. W. B. Anthony, Professor, Department of Animal and Dairy Science, Auburn University, Auburn, Alabama.

"We certainly need to explore alternate energy sources. Let's look at a few of them. We all know that the sun is the ultimate source of all of our energy, and photosynthesis is the basis upon which we depend to provide food for all. There is an important reason to pay particular attention to particular crops because some of them are far more energetically efficient than others and we are in the situation where we need to select those crops that are more photosynthetically efficient. The major research in this area, is nitrogen fixation, the reduced photorespiration which is selecting for C-4 biochemistry over C-3. We've made much progress in the production of livestock, poultry and fish, especially with respect to confined rearing and confined feeding. Those are the

areas where there are noteworthy advancements but much more research is required.

There is an important area of livestock production--the beef area--where there is an array of confusion. The leadership is poor, there are conflicts of interest, the grading system is wrong, and the feed efficiency is low. We feed steers instead of bulls; the beef are too old at slaughter, and we misunderstand the forage feed production. We do not understand the biochemical similarity among animals and MPN utilization is not making the progress it should with cattle. The small livestock producer who undergirds the livestock business loses money every year but he keeps the beef cattle business going.

An alternate source of energy is the waste heat from industrial plants. This energy can be used to dry products, to grow vegetables as is done with the TVA system, and use it to heat buildings. For example, one Alabama brick producer loses the equivalent of 70 barrels of oil a day, that is a thousand dollars a day, waste heat, heat that could be used to dry agricultural products.

Water is more basic than fuel and we should have this slogan on every farm because this is the way to improve food production efficiency. We've got to be mindful of shipping water from east to west. We have an abundance of protein in the world but it is poorly utilized. Such things as plant fractionnation for research is needed. We do need to use more wood as a source of energy, building and fuel but particularly for animal feed. As an example, waste wood can be used as an effective animal feed and this is already being done. There are a great volume of residues that are best used as animal feed rather than as an energy biomass.

In Alabama we produce enough crop residue to feed all of our livestock in the wintertime. Animal waste represents a very large organic source of feed. The wastelage concept originating at Auburn and much work done on it at other places since then has brought this into view as an effective energy source for cattle.

So, Mr. Secretary, where all this leads, if we are valiant, persistent, innovative, determined and if we do, in fact, act instead of talk, at the end of the dark tunnel of hunger there will be food aplenty for all of us and the southeastern part of the United States will play a leading role in this.

Informing the public on agriculture and energy was commented upon by Dr. Robert H. Brown, chairman of the Agricultural Engineering Division, University of Georgia, Athens, Georgia.

Mr. Secretary, the public knows that something is wrong as far as energy is concerned. They aren't at all certain what but definitely know that something is wrong. Many express their suspicions and lack of confidence in the realness of the situation. They are waiting to learn what hardships it will bring, what it is going to cost, and what changes in their lifestyles are going to occur. A few are asking, "What can I do to help?" Another few are still hoping it will go away.

This is a critical period for all of us. We must reach the public with reliable, factual information about energy in America, including facts about the amount of energy there is in various links of the food chain. We must build a public awareness of the fact that their food supply depends upon the availability of energy.

There are several possible delivery systems for this message: the public schools, the Cooperative Extension Service and a new Energy Extension Office might be established under a new department of energy.

Two things the delivery system must possess are credibility, and expertise in education. What about the delivery system of the Cooperative Extension Service? It is in place. The personnel are talented and experienced in education. They live in the community. They are neighbors with high credibility. The public is accustomed to seeking their advice, their information and assistance.

The credentials we seek are inherent in their structure and in their mode of operation. A new Energy Extension Office would have to establish its credibility before it could be as effective. If the Cooperative Extension Service is assigned the information task, three special provisions should be imposed.

The energy information mission must be directed by a new division within the service. It should not be scattered and absorbed within the routine and existing programs and departments for it would then surely go down the drain.

Provision must be made to extend the services to meet the need of large industries and large metropolitan areas. Provision must also be made to include the humanistic social inputs, such as those that would come from an institute of government, within this informational structure.

With these arrangements, I feel that we would have an efficient and successful vehicle for educating the public about energy, its conservation, and its place in the food chain.

Land and water conservation were commented upon by Mr. Clair Guess, Jr., Executive Director, South Carolina Water Resources Commission, Columbia, South Carolina.

Mr. Secretary, the subject I have is the land and water conservation and I would like to add a word to the title--dilemma. I think this nation at this time both in the West, Midwest and Southeast, is probably shaping up with one of the greatest crises we've had for quite a number of years purely from the standpoint of either overmanagement or the lack of management of water resources.

Sometime during the thirties when we came into a rather decent volunteer system of land and water conservation across this country it took nearly 40 years to bring it to its fullest flower. And suddenly we find techniques of six and eight row tractors--one hundred to one hundred fifty horsepower--which could not really accommodate a terracing system of the past. We have been able to accommodate and add to, through our research and technology, parallel terracing systems. We've come into some areas of land leveling and we've come into areas now in which the technology and utilization of water on the land is quite productive. But we haven't touched the subject yet. A decent well for forty, fifty or one hundred acres of irrigation, if you take it from ground water, needs an investment from fifty thousand dollars per well just to move into that area. This is a good example of what capital intensive means.

Then on top of that is the utilization of this water in the concept of the land to which it is being applied. And here I think is where one of our dilemmas is today throughout the nation and especially in the Southeast. It used to be that we could go to one or more substantial federal agencies and come back with a level of integrity and apply these techniques with some hope of results. Today we have to get permission from the Water Resources Council, the Environmental Protection Agency, the Council on Environmental Quality, the Office of Management and Budget, the Department of Interior and several of its bureaus, the Corps of Engineers, Department of Agriculture, Department of Commerce, Department of Transportation, and the Federal Fowl Commission.

Now, these things have led to the major dilemma of whose right and prerogative it is to make decisions about the land under local guidance. This question is leading to a great deal of confusion.

To top this off, if you've followed your compatriot Secretary Anderson of Interior, and President Carter, apparently within the next few days hearings will be held all over the United States (most of them will be on July 27th and 28th, August lst and 2nd,) to begin shaping a proposal to the President on a new national water policy. I have been working very closely with this--as a matter of fact this is of prime interest to me at this point-- and I hope neither agriculture nor any other of the private segments of this country are left out of the act of shaping or helping to shape the policies that I think are coming down the road.

For example, we are talking about and in terms of new federal and/or state institutional arrangements to handle water and natural resources, new methods of conservation, entirely new methods of funding and cost-sharing, and we are even going out to worry about, and I think probably it's right to do it at this time, the Indian water rights and reserve water rights felt by the Justic Department to be the sole right of the federal government.

Now, Mr. Secretary, among other things if you combine this--and I look upon this probably with a sense of fear though I hoped I was over fear--to combine the current proposal and actual regulations that went into effect on July lst under Section 404-92500 which the Congress has not seen fit to change at this point, this means that every landowner, private or public interest, must get a permit before he can move any bit of soil to drain any part of his land and that extends to the headwaters in the mountainous areas to a point now of five cubic feet per second. That's one foot wide, one foot deep, over a two percent slope of average roughness. My greatest fear in combining federal invasion water rights and these conservation problems is that in time even though we have respected the riparian rights and the rights of states and local interest to make their own decisions, all these combined could, if they aren't very carefully guarded, ripen into a federal water right and there will be no rights left for those of us who would like to use it in agriculture and other spheres.

With that, I intend to close but I do think the door is left open and I hope we have more discussions before this meeting is over as to how we can cope with these particular problems that are taking us over when in fact--and I'm honest because I've been with this thing thirty years,--the states could have and probably should have moved more forcefully, more effectively, in time past. But be that as it may, there are a good many tomorrows that can be very unpleasant unless we are willing to put our shoulder to the wheel and protect those rights which we think, or have thought, to be our own.

Following these comments, the panel engaged in discussion. Here are some selected questions and statements:

--Mr. Secretary, in the event of another Arab embargo, fuel shortages will occur in this country. Is any thought being given to priority ranking for the type of crop or crops that would be grown and harvested in the event that such a thing would take place?

Secretary Bergland replied, "I'm not aware of any law which would establish a priority between crops. There is however, authority to establish a list in which agriculture, food production that is of course, transportation and processing would rank I think second only to residential heating, and public buildings like hospitals. This would be used only in the event of a situation such as that which you've described. We do not believe that there would be any

effective way of trying to enforce a rationing program that would allot fuel for one type of agriculture but not another. And so we've simply established priorities based on the importance of agriculture as an industry which will receive priority over almost all other industries in the US should it become necessary."

--Mr. Secretary, we went through this past winter, probably one of the coldest winters in history in our region of the country and we don't know what's in store for the coming winters. But we do know that we had more problems than we knew what to do with, especially a shortage of natural gas. We found in Georgia, our principal supplier is the Atlanta Gas and Light Company, we found that some suppliers of raw products, basic supplies like cartons for milk or eggs, did not fall in the same category as the processor himself. Is there a possibility we can work on that problem and make sure that we bring all the so-called suppliers of our perishable products into the same category as the processor himself?

Secretary Bergland replied: "I think not only we can, but we should because the purpose of establishing a system of allocations is to insure a food supply to the American consumer and if the supply chain is broken along the way, obviously the whole program would collapse. We have to have fuels provided for the packaging, distribution as well as the production of food and fiber.

--Mr. Secretary, we are a vertically integrated livestock operation consisting of a packing house, feed lot, and feed mill operation in Florida. We are probably unique in our field in that we are environmentally sound. Our energy bill this year, Mr. Secretary, in the packing house operation alone, increased to $415,000 and that's only one form of energy I'm referring to. We have been experimenting for the last two years with the possibilities of converting animal wastes into methane gas and we are currently working with ERDA in developing a subcontractor relationship to build an on-site production plant. This plant could not only power the entire boiler capacity of our packing plant but could supply enough methane gas to supply energy for Bartow, a community of 15,000 people. One of our frustrations, Mr. Secretary, is that in dealing in this area we find that we are more obstructed than we are assisted by the federal government. We have carried out the function of environmentally protecting our operation in Bartow without any federal assistance. At the present time we are soliciting federal assistance because we don't have the technical know-how and ability to carry on this experiment. We need your help. There has been a lot of talk about streamlined government agencies helping us find alternate sources of energy but when you have to deal with five or six different agencies with all their own axe to grind it's very difficult to reach a sound solution.

Secretary Bergland replied, "It's a matter about which you and I should get-together and discuss. I'm not familiar with the project but if there's something I can do to help, I will."

--Mr. Secretary, I'm going to take this opportunity to talk about water. I try to make my living in the cattle-feedlot business but I spend most of my time trying to worry about Florida's water problem. I'm not going to blame the federal government because I don't think they have any blame in the problem. I think we've brought it on ourself. We find that people want to live in Florida, they want to live in the sunbelt and they are going to compete with us for these

water supplies far more rapidly than we thought possible. The fuel problems in the north seem to be encouraging them to move here and we find ourselves faced with an urban versus agricultural competition that we did not foresee. We see the United States Geological Survey saying agriculture is the big user, what are we going to do about it? I chair a regulatory agency of fifteen counties, which in this year alone has regulated and passed permits to 4,414 irrigators. But now we find ourselves in the dilemma of not knowing what agricultural needs to prepare for the future. We have the dilemma of not knowing what agriculture is actually using so we have the pressures of the urban group pressing on us to shut down agriculture, shut down phosphate, and we find ourselves approaching the dilemma for which we have no answer. We can force a $1,270 meter on every agricultural well in our district, which I'm sure they cannot afford particularly at this time. Florida is facing an unprecedented drought and in its southern half an unprecedented shortage, if its not already here. So I would propose to you, narrowly and specifically, would you through one of the agencies under your office, help us find a method, either statistically or actually, to determine how much water we are using, how much water we are going to need, and what will be the competitive outcome of the sunbelt urban versus agriculture situation? We don't care who does it. We simply do not want to, those of us in agriculture but who are also involved in the regulatory effort, we do not want to see agriculture punished yet want to see it do its part, carry its load and sing its own song by knowing what its doing and what its needs are.

Secretary Bergland pointed out that about ten percent of the crop land is irrigated in the U.S. and it produces about one-fourth of the total food and fiber. About 5,000 wells are being drilled a year and in some places this is creating a real problem with ground water supplies. The Department of Agriculture is not involved in the ground water business at all. That's left to the Geological Survey Service of the Department of the Interior. Are they able to help you monitor and keep track of those things which you need to do in the Southern part of Florida?

The reply: ....Yes sir, they are doing an excellent job, but their whole pitch to us today is, "We don't know what agriculture is using," they don't have any meters, they don't know themselves not even our largest agricultural operations. And the only self-regulatory effort among agricultural interests has been the cost of energy. They are getting a little more concerned about how much water they are using than they have been in the past because of costs, but the USGS is the prime one who is pushing us on the regulatory end to clamp down on agriculture and either force them to go to total meterization or to shut them down until they can come and tell us how much water they are using. So, yes, the USGS is doing an excellent job but they don't take sides, they are not concerned whether it's agriculture versus urban, they are nonpolitical as far as possible but they are still going to listen when the most number of people are standing on the podium and doing the hollering. This is somewhat of an oversimplification but indicative of the truth.

Secretary Bergland replied: I think that the matter is going to receive much more attention as time goes on. I was recently out in California and in the big Central Valley the water table has dropped 35 feet in the last year and they are now suffering salt water intrusion and the fact is that nobody knows what to do about it.

A panelist replied that Florida has experienced a water table drop of 30 feet in just the last six months. Another panelist commented that in Georgia, they needed to find out just how much water they have because if you are going

to advise farmers to go to the expense of irrigation, you need to make sure that if they are going to spend that money to put that irrigation system in, then they are going to have a supply of water available.

Secretary Bergland asked if the USGS had the ability to take a water inventory survey.

A panelist replied that USGS did not totally have the ability, pointing out that funding was a joint effort from local ad valorem taxes in southwest Florida.

--Mr. Secretary, the bulk distributors who are supplying the farmers with their fuel have a problem. They were put on allocation based on their 1972 volume regardless of new land taken out of woodland and put into cultivation. They still have the same allotment. But as all of us know there are certain periods of the year when the farmer is using his equipment and needs fuel and there are other times of the year when he needs less. But the bulk distributor has to take it in each month or he doesn't get it and diesel fuel for instance, after about three months starts breaking down. This is creating a great problem. In addition to that some of the distributors tell me that many of the major suppliers are encouraging them to go other places to try to buy the diesel from, maybe an independent company stating that they would prefer to use their petroleum for the production of chemicals because they can make more money out of it. As a result they are having trouble getting their allotment. (Following this question, there was discussion to determine if this was a common problem in other states.) Secretary Bergland pointed out that because energy and agriculture are so interrelated, he had designated Deputy Secretary John White to head the USDA Energy Task Force. He pointed out that Dr. Schlesinger and President Carter fully understood the need for a high energy supply for agriculture.

Another panelist requested that the Secretary help agriculture deal with restrictive legislation specifically mentioning section 404 of 92-500, considering it a definite violation of the right of private use of land. The panelist pointed out that with choice land on the decrease in this nation, there is a need for the use of strong soil conservation planning, soil surveys, and soil conservation. He pleaded with the Secretary for his help in feeding this nation and the rest of the world and cautioned against becoming so emotionally involved on environmental issues that agricultural production needs were overlooked.

The Secretary responded saying that this problem caused him a great deal of concern. He pointed out that the nation loses 2 million acres of the world's best crop land each year largely due to the expansion of highways, airports, suburbs and the like. Mr. Bergland stated that during his lifetime, the nation had paved over cropland equaling in size the state of Ohio and by the end of the century, at the present rate, will have paved over the equivalent of the state of Indiana. State and local municipalities have the responsibility to figure out some land use strategies because we cannot go on forever and forever destroying the world's best crop land.

Another panelist mentioned recent experiences with people advocating the substitution of muscle power for fossil energy in producing food and fiber. The panelist pointed out the urgent need to create a better public understanding of the role of energy in agriculture and the impracticality of the many suggestions made to the general public. He recommended further research in the utilization of waste heat from generating plants as an energy input for agriculture.

RURAL ECONOMIC DEVELOPMENT

The second panel dealt with problems of Rural Economic Development and was chaired by Dr. Henry W. Garren, Dean and Coordinator of the College of Agriculture of the University of Georgia, Athens Georgia.

Dr. Garren pointed out that during the generations following the Civil War, the rural areas of the South were plagued with severe economic disaster. As a result of this, many of the rural people migrated out of the South, out of the rural areas. Many of these people went into the urban areas within and outside the South. In doing this, they created a dual problem. They created a problem in the community they left and in some instances they created a problem in the community where they settled.

An even more serious problem was the inclusion among the migratory groups of some of the most talented young people of leadership quality. Now today while there are signs that this trend of out-migration of the rural South is reversing, the serious economic problems still remain. Dr. Garren then introduced the panel commentators.

Problems of small farms were commented upon by Dr. Robert Hurst, Vice President, Research, Planning and Extension, South Carolina State College, Orangeburg, South Carolina. He remarked as follows:

If we take the new definition of small farmer, we would find that those grossing $20,000 and more are the large farmers and they are the ones who produce some 80 percent of the food and fiber that enter into the channels of commerce. We have left then, about 20 percent of the product, producing by some 75 percent of the total farm population of 2.8 million farms.

It is especially this latter group, the small group, that we in the Southeast are interested in because this group constitutes a substantial number, a substantial percentage of the total farms with which we have to work. These farms we find in three different classes. Some are the retired farmers who are doing a little hobby farming and that is one of the reasons why their incomes are as low as they are. But two major groups, 75 percent of it, constitute a group of people who must have some help to upgrade themselves. These household heads, many of whom are senior citizens, own tracts of land or portions of land, 10 to 15 acres of cultivatable land, but as individuals they have serious difficulty in making any profitable agricultural production with what they have.

Many of them are mentally and physically debilitated. Most of them have grandchildren and great grandchildren who are too young to work. But all of them need one-to-one leadership through our Cooperative Extension program and the other programs addressing these kind of needs. It is this latter group that I plead for this afternoon.

We were privileged in the 1976 budget to get a small bit of money from the Congress of the United States to work with the small farmers and we pooled our bits of money and started working with a model that we think will be acceptable, that can be used by the small farmer.

We have developed a good, workable model but what we need at the moment, is additional personnel to carry this model through demonstration to these people. In addition to that, many of these people do not have any productive equipment and the Extension Service with which we are presently working has a rather rigid string tied to the use of money. We therefore are not able to use our funds, except in demonstration purposes, to assist these people in getting started. It is clear that some kind of a credit system,

different from what we presently have, must be devised to assist these people in getting started.

What we are saying here, in effect, is that many of these senior citizens and many of these crippled people do find time and energy to produce crops with proper leadership and with the proper facility to carry it out.

Another thing that we have discovered, local markets. We must have local markets, they can't compete in the regular markets, so we must have local farmers' markets to do this. It's a community effort but it must be generated, it must begin with some organized effort, preferably with the Agricultural Experiment Station working out means with which this can be done best and then the Agricultural Extension effort can carry the message to the individual farmers. It is in that light then, that we present the need of the farmers, especially the small farmers, to the Secretary and hopefully we can get some favorable consideration in trying to push this thing so we would bring into production a large quantity of this wasteland that we see when we fly over America.

Expansion of agricultural industry was commented upon by Dr. Edward White, Director of the Rural Development Center, Tifton, Georgia. He spoke as follows:

A healthy agricultural system is the basis for a prosperous rural America. We all recognize the continuing national imperative for major attention to agriculture and in no sense are the following remarks intended to minimize the importance of this initiative. In most rural areas, farmers are the main source of economic activity for communities. However, it is clear that in most rural communities, farming alone cannot provide a viable economic base. The processes of rural development and agricultural development are neither mutually exclusive nor identical. The expansion of agricultural industry is only part of the answer to the ills that plague rural America. It is important that all agricultural leaders understand that the processes of agricultural development and rural development are not synonymous terms. The very nature of the formal training and professional experience of agriculturalists predisposes their commitment to servicing production agriculture which is increasingly commercial farming on a large scale.

One problem we face in rural economic development is that definitions of programs and policies are not sufficiently precise to accommodate real communication. The topic, expansion of agricultural industry, is similarly elusive. I would define agricultural industry to include all agricultural inputs, the producing operations of farms and the processing, storage and distribution of farm commodities.

On a recent trip to Washington, I heard people from various departments speak in glowing, searching and appealing ways of a new rural initiative. Seemingly, traditionalists in USDA and other departments are ready for a new, expanded and potentially exciting role in rural development. The expansion of agricultural industry today must be thought of in terms of global agriculture, geoagriculture. In most instances, our thinking about agriculture and the expansion of agriculture and the industry that goes along with it is in a local or a regional framework.

Agriculture is losing its uniqueness and is entering into the mainstream of global economic life. It is becoming an undifferentiated part of global society. Another key to the expansion of agricultural industry is manpower. From the production standpoint, regular working hours for agricultural workers have never been seriously considered until just recently. One of the key issues in

the near future for the production phase of the agricultural industry is going to be regular working hours for the employees and shifts of employees on an eight hour basis similar to plant and factory workers. It should also be pointed out that we are not very far from rigid land use or resource use laws that will control agriculture more and tend to put it on a regional crop specialization basis within a given geographical area.

Expansion of agricultural industry will require the introduction of new, readily adaptable crops that are not currently being produced. Research will continue to play a key role in the expansion of agricultural industry. Improved research is needed to reduce reliance on chemical fertilizers, to perfect solar drying of grain, to create usable energy on the farm, to improve and introduce new crops and more efficient use of all of our resources.

If agricultural expansion is viewed in the context of production, it should be noted that production for production's sake will not result in economic development in rural areas. Expanded production will require the simultaneous development of expanded markets as well as adequate delivery systems. American agriculture today, as never before, is highly dependent on international markets.

Roughly one-fourth of the cash receipts of American farmers today come from exports. The unvarnished truth is that most of the recent expansion in agriculture has been based on the assumption that agricultural exports will continue strong. In agriculture, it is now a matter of export or perish. Our world today is truly headed toward marketing internationalism, a two-way flow across national boundaries of marketing ideas, marketing practices, and marketing people. Agriculture does not operate in a vacuum. It needs to be constantly alert to the shifting international scene.

Manpower was commented upon by Mr. George Sorn, Manager, Labor Division, Florida Fruit and Vegetable Association, Orlando, Florida. He spoke as follows:

In a discussion of manpower in the Southeastern states, I think it important to understand that the basic manpower continues to be the farmer and his farm family. With the exception of Florida, the composition of manpower is approximately 60 percent farmers and their farm family. In Florida, this reverses to where there is approximately 30 percent farmers and their farm family and 60 percent hired workers. The trend is down in both cases. In the last ten years, farmers and farm families are 30 percent less than they were in 1967. The only exception to that is Florida where the reduction was 8.6 percent in the last ten years.

The use of hired farm workers is down for the six states as a whole 17.5 percent in ten years, except for Georgia which for some reason increased their hired work force by 35 percent in that ten year period.

The family farmer and his family farm workers is the topic of virtually all of this conference. My remarks from here on are primarily directed at the hired farm workers which continue to be vital to the Southeastern growers and to the continued production of agricultural commodities in the Southeastern states.

In the last two decades, mechanization has replaced manpower in many areas of agricultural production. How far or how fast this trend will continue is mostly not in the hands of the agricultural employer. Growers who use hired labor in particularly those crops in intensive farming operations, and those are the ones I am most familiar with, would prefer to continue using hand labor for harvesting in particular as much as they can. However, there are many forces working on the employee-employer relationship in agriculture which could, un-

fortunately, for many employers and their workers, substitute capital for labor and mechanize.

Let me briefly review just three of those problems as we see them. They are all related to the cost of using labor and to the problems related to the use of labor, and again primarily in the labor intensive crops.

Citrus, fresh vegetables in Florida, sugarcane growers find that the cost of labor is the highest single cost of production, ranging from 30 to 50 percent. Of course, any increase in this cost will affect whether the grower decides to continue to use hand labor or to mechanize.

Number one, as a problem, there has been a proliferation of laws and regulations as they apply not only to the farm employer but to the worker good and bad. It will cause a rethinking of the employer-employee relationship with more emphasis on human relations in that relationship. Let me indicate several of the problems that we have. In this proliferation of laws and regulations, we tend to get similar state and federal laws which are causing problems. A prime example is in the area of farm labor housing where the laws, state and federal, tend to do the exact opposite of what they intended to achieve: Instead of our having more and better housing for workers, we may be having better housing but not more, in fact much less.

A farm employer in the right situation in Florida would be subject to a state sanitary code. If he goes to the employment service to obtain labor, he would be subject to the US Department of Labor OSHA housing standards and just within the last 30 days I understand that there are some employers in counties that do obtain HEW funds for housing improvements in that county where a grower with migratory or farm labor housing would also have to comply with the housing code of the HEW. I think the general stand of the growers is that they don't mind complying to a code but it seems ridiculous that they would have to comply with four different codes in order for someone to say they have adequate housing.

Number two, there is a problem with enforcement and interpretation of laws. One particular example here that is causing growers most problems is the federal farm labor contractor registration act. We understand and I believe it is correct that the intent of Congress was to insure that the farm labor contractor, the individual without physical assets who moves from place to place and is an employer of farm workers would have some laws or regulations that apply to him. We don't disagree with that intent.

However, in the enforcement and interpretation of the law virtually every grower, particularly if for a few days in the year he would be helping his counterpart, the farmer down the road, in harvesting his crop, would be under the interpretation that is in effect now, be a farm labor contractor even though he has physical assets. The enforcing agencies could get to him much quicker than they could in many other cases.

There is a problem in relation to the proliferation of laws and regulations in just education, educating the growers in knowing that there are such laws and also in what those laws contain. We see a need for education, particularly through the Cooperative Extension Service directly to the growers in advising them what these laws and regulations are.

The second area of problems that will affect costs is the introduction of third parties into the employer-employee relationship in agriculture. This is relatively new and here I'm referring to union organization, the organization of agricultural workers. In our estimation, (I'm referring to three or four of the key associations in the state of Florida, who represent growers of labor intensive crops,) there is a need for federal legislation versus state legislation.

There are peculiar problems we think federal legislation should handle and not state legislation. We are working towards federal legislation in this area.

Again, here in dealing with these third parties, good and bad, there are many government financed programs, educational programs, day-care centers, monitor advocates, all directing their activities towards the farm worker. Here is again a need for the Cooperative Extension Service in training in human relations, in good labor management relations with the farm employer.

Number three, and always a factor in the cost of using labor is the supply of labor. We see several areas where it is very possible that in the years ahead there could be a shortage of labor, contrary to what it has been in the last two or three years. All of these will affect mechanization and how fast growers will mechanize.

In spite of the seasonality of the crops there will continue to be a necessity to maximize employment opportunities in agriculture, particularly in the hired labor force that we are talking about now through farm management skill enhancement and where possible improved work environment. Farm workers need to be offered the same opportunities in their communities as our other workers. For migratory workers, this leaves a lot to be worked on.

These basically are some of the problem areas as far as manpower is concerned.

Rural credit was commented upon by Mr. Tom E. Hankins, Vice President, Bank of Dixie, Lake Providence, Louisiana, as follows:

Because of the cost price squeeze that farmers have been in, in the last few years, severe operating losses have been taken by many farmers and because of this, agricultural lenders of our area are faced with unusual credit problems.

I have to preface my remarks about the experience that I have had in North Louisiana and the Louisiana Delta. I'm sure that the state of Mississippi is the same and I'm sure that Georgia and Alabama and Florida are also.

The severe operating losses sustained by the cow-calf operators and cotton producers during the past few years have resulted in seriously weakened financial conditions of many of the farmers. According to livestock experts, it appears that cow-calf operators will continue to be confronted with these problems.

Cotton and soybean producers have experienced erratic weather conditions, low prices, low yields, or erratic prices and the profit picture has been somewhat bad in our area. Rice farmers in North Louisiana have had difficulty in moving their inventories right after harvest. They've had to hold crops and sell over in the spring which created credit problems. Also, the bumper crops have created storage problems and resulted in lower prices.

In the banking or lending industry, we realize that farmers have responded well to the encouragement of different people to increase production and to provide plenty of food and fiber for our people without any assurance of any price structure being satisfactory and sufficient to move these commodities above the cost of production. We are very much concerned, Mr. Secretary, about the activities of the government that will certainly damage farmers at the time of marketing such as the moratorium on grain sales to Russia a few years ago. We trust that you will help us in this matter. As I mentioned earlier, the lack of net repayment ability of our farmers is increasing in our particular area. We have a large number of farmers who are operating entirely on 100 percent credit. This is a serious problem, gentlemen. The equity in the land has been used up and with just a few more bad crop years we will see a good many farmers go out of business.

There are many indications that the rate of inflation has begun to slow down throughout the nation. But this does not necessarily carry over into the agricultural sector. We are still seeing tremendous increases in the cost of chemicals and fertilizers, fuels and so on. Those farmers who are continually having to buy new equipment see a tremendous increase in price trend. One four-wheel tractor in our area with a big disc will cost $50,000. Credit demands certainly will increase. There are adequate funds available to meet legitimate credit needs of those farmers and ranchers who can offer sound and workable credit proposals. Certainly we have alot of farmers in the top ten percent or so making good money. We have a larger percentage of farmers in this middle section who carry on the volume of farming that have major credit weaknesses in their loans. With a few more droughts and few more pricing problems certainly they could be in real serious problems.

Land prices have somewhat aggravated the situation in our area. Land prices the past three years have doubled. We are having an influx of people out of the midwest and international interests coming into our area and buying land that three years ago sold for $400 an acre is selling for $1000 an acre at this time. Of course, this is alright for the seller but it will certinly have a tremendous influence on the renting of land in this area.

As I mentioned, funds are available for short term credit, the banks and PCS's have money. Long term credit is a little bit different. We do need higher ratios to borrow with the high land prices. We are told that the total farm debt now is about $90 billion and this will go to $150 billion in the 1980's. I think the lending institutions of this nation, certainly have a challenge and we do have a problem. Of course, the name of the game is profit and we are very much concerned right now about the repayment capacity of a lot of our farmers.

Panel questions follows:

--Mr. Secretary, many county loan officers with the Farmer's Home Administration are overworked and a great many more of them are undertrained, they don't know how to read a farm financial statement, they don't know anything about financial ratios, they don't have an effective credit scoring system and they don't know whether a 20 or 30 or a 40 thousand dollar tractor is a good buy or not, and their small farm customers don't know these things either. I'm wondering if you have considered in this new legislation, or if you would consider the employment of state specialists who are trained in agricultural financial management who would work individually with county loan officers and more importantly, institute a training program within the state to upgrade the effectiveness of these very hard working people?

Secretary Bergland replied that. . .you've put your finger on a most difficult management problem. There are 31 laws run by the FHA, 21 of which have been funded. There's no way that a single FHA supervisor can be up and expert on all of these 21 different programs they are obliged to run. And so to try to meet those needs, and you've correctly stated the problem, we are in the process of examining the reorganization of the Farm Home Administration. We would set up regional offices, several within a state. Those would be staffed by experts and would take on the task of processing loan applications for rural water and sewer systems, municipal supply systems of community development loans, and the business and industrial loan portfolios and other matters which are not directly connected with farm loans. With the regional experts, that would reduce a lot of the paperwork and burdens imposed upon the county FHA supervisor. The other problem we have is that under current law when a county is hit by a natural disaster, too often the private credit sources are

obliged to send several hundred loan applicants to the FHA. We're not ready for that avalanche. The best we can do is move people in as we are doing here in the Southeast now, many of whom come here from other regions of the United States and are not familiar with local agriculture--but we have no other way. We can't go out on the street and hire a loan officer for this very difficult and specialized matter. So, we are in the process of developing some amendments to the Farm Home Administration charter which we will submit to the Congress when we get it ready to make many changes. The most important of which would be a change in law where we would ask the borrower to stay with his or her private lending agency, whether it be a private bank or Production Credit Association or a credit union or whatever. FHA would come and guarantee that paper, that which is needed to make the loan possible on the part of the private lender, reducing again the paperwork and management that is imposed upon the county FHA supervisor. This means we would have more credit outlets, it means that the bank or the PCA familiar with the borrower's strengths and weaknesses could stay with that borrower rather than put the borrower in a new credit position. I farmed 27 years and I'll tell you when I started farming in 1950 it was tough going. I didn't have any money, I didn't marry money and Dad didn't have any and we bought a piece of land on a contract for deed and I had nothing to pay down. But I had a good creditor. We had tough going. We were into FHA for a while and into the bank and into the contract for deed. I haven't forgotten how it is to serve many credit masters. We need to consolidate these loans and have them in a portfolio that can be managed by the borrower with lender supervision. The more we can get out from under direct supervision on the part of the FHA supervisor, the better off the agency will be and we are sure the borrowers will be better off. This will remove some of the work load now thrust upon the hard working supervisors. I think they are an excellent lot who work overtime they are not paid for. They can then confine their attention to those who really have no other way of getting credit. So then the FHA is truly a lender of last resort and under that new authority, we would propose to take many chances with those borrowers and not just finance those who can get credit elsewhere.

Another panelist commented: The balance sheet of agriculture is very favorable but in our dealing with the Land Bank System and the Production Credit System for Southeastern states' 124,000 farm families, the big problem and the greatest need is for increased farm income. Anything that USDA can do to enhance farm income will meet one of the greatest needs of agriculture.

There are many farmers with a good financial statement. Their debts are low in relation to the value of their assets. But they lack sufficient cash flow to service those debts. Of course this is aggravated by the bad weather conditions and the price structure of ranch cattle.

The second point of the panelist requested the Secretary to give serious consideration to expanding the "wrap-around" financing whereby FHA can come behind a commercial bank, or a PCA or a Land Bank with a junior mortgage and provide the supplemental financing needed. This is especially important to young farmers getting into and expanding their farm business. Many of these young farmers need this added effort and its also helpful in some trouble cases.

Our experience has been pretty favorable with this tool in working with the FHA in addition to the guarantee program.

The third point of the panelist was: I believe that lending institutions generally are looking beyond the current crisis of drought and bad weather hoping for better days. We have said to our people that we are going to stay with farmers who can't pay because of bad weather conditions. If the farmer

acts in good faith and does the best he can, we are going to, not only carry over some of the 1977 credit to be repaid but also advance money for next year. I believe that will be the philosophy of most lending institutions.

Another panelist commented: Mr. Secretary, turning to the problem of the small producers, more than a quarter of the producers in the Southeast have less than $10,000 sales. Canada has a small farm development program which consists of land transfer programs, assistance to buyers and sellers of land, information, rural counseling, and farm management assistance. Could you please comment on the possibility for a similar type of program to help the small producers. The small producers have serious problems in the acquisition of inputs and access to market outlets.

The Secretary commented: I am familiar with the program to which you refer. It is operating in the province of Alberta. We are examining it very carefully. I'm not sure it would fit in the U.S. but we're not discounting it until we've looked at it and other alternatives. I think the biggest mistake in the attempts at rural development over the last fifteen years in the United States has been made by the notion that you can put people on poor land and produce a living.

I know it was tried in my state of Minnesota. We went into the wasteland and tried to set up a rural development program and of course it fizzled. As soon as the federal subsidies were removed, the whole enterprise collapsed. It is the cruelist kind of deception. It seems to me that we desperately need to construct a federal rural development policy that can stand on its own two feet. We need to develop a program in Washington that can help the small farmer make a living. I saw something in California that gave me real hope. We're going to apply that and encourage its construction here in the Southeast.

I was in the Salinas Valley of California where 52 families who had been working in the migrant labor force formed a cooperative, borrowed money, and set up a farm lease from a bank. They produced strawberries. Together they bought an irrigation system and some big machinery. Individually they had about four and a half acres of strawberries apiece. They hired professional marketing guidance. Their incomes went from $4,000 a year to over $12,000. They've been in it five years and I saw their financial report and talked to their banker. It's a proposition which works. They have FHA loans for building houses. There are 52 families that have found a piece of the United States, but on good land, labor intensive, with good management and proper credit. Now that's something that maybe we can duplicate here in the Southeast and we're going to look at it very carefully.

Another panelist commented: Mr. Secretary, as you know I'm sure, the South because of its climate and fast growing species is one of the best timber growing parts of the United States. And as we look on down the road all the projections are that our fiber needs are going to increase tremendously in the years ahead. The South must be looked to supply that need. One of the problems, and the problem at the present time is that approximately 75 percent of the small private woodland owners own 75 percent of the land. They are not reforesting, they are not as a group practicing good forest management. Why? There are many reasons. One is the cost of the cultural treatments and the planting. Another is the state taxes. If they are not going to benefit personally, they are concerned about what they will leave for their heirs. Another, is the problem with vendors. Historically in the South, particularly with the small private owner, any major progress in forestry has been made with significant federal involvement beginning with the 1924 Clark-McNary Act. It was followed by the Civilian Conservation Corps of the 1930's which worked on

private land and public land and did a tremendous amount of improvement and development. The soil bank in 1950. . .many industries now are harvesting almost entirely their raw materials from the soil bank plantations. We now have the forest and city bank which is very encouraging but there is a problem there. . .some of the restrictions need to be looked at. The funding has been on-again, off-again, here again, gone again. I hope its stable now. There is a new program which may be coming down the road, the National Young Adult Conservation Corps which is a modern CCC. I hope and believe the program to do the things that it can and should do. But the point I want to make is that it should be expanded to allow to plant and provide cultural treatments for small, private woodland owners. The extension of the program has been considered, but I understand, it was rejected on the basis that it would enhance the value of private lands. That would of course happen, but as we all know, the private landowner receives only a very small fraction of the benefit of that wood fiber. From the stumpage to market place, its estimated that is multiplied 26 times. I believe that in addition to the cash incentives provided by the forest incentives act that is now operating, this labor in lieu of cash provided by this modern CCC, would be a tremendous boost to forestry in the South. It would be a tremendous boost to rural areas because the economic stability of many rural areas depend on the productivity of the forest land in that area. It provides jobs, provides products, provides things that the people need to keep them on the land and keep them from going to the inner cities to again build up and balloon our welfare program. There is a social benefit here that I think the Congress should, and I'm sure has looked at, and should speak to. This NYACC program, National Young Adult Conservation Corps, could very well bring inner city kids out to the rural areas, make them aware of rural America, make them know what is out there for them and bring them back from the cities. As a result of this action we would have a stronger America economically as well as socially.

Another panelist commented: It seems to me there are two problems in the United States: one is the energy shortage and the other is percent of unemployment. Yet we've just heard that there is not enough labor for farm work. Maybe the government makes it too easy for people not to work. What has happened to our ideals?

Another panelist added: I'd just like to call attention to one point on this matter of unemployment. Over two million people in the southeast are said now to be in need of employment or better employment and the fact that we aren't giving consideration to those people as seriously as we might. No piece of land, no tree, no animal is expendable but there are a great many people out there beyond the superhighway fences that are regarded as expendable. The Department of Agriculture said for years that twenty percent of the farmers can produce the food and fiber necessary and those little fellows, the other 80 percent, are expendable. I have been a sociologist investigating what has been happening in these rural areas. There are those people marooned out there in these rural areas who are being fed political dogma while the bureaucracy of the Department of Agriculture is not giving them the needed attention. Mr. Secretary I hope you'll give some attention to these poor people who really are suffering a lack of inclusion in what should be the rural development program.

Developing a transportation system for agriculture and supply and utilization of transportation equipment was commented on by Mr. Roy Vandergrift, Jr., Vandergrift-Williams Farms, Inc., Florida Fruit and Vegetable Association, Canal Point, Florida. His remarks were as follows:

We are at the crossroads in the transportation of fresh fruits and vegetables, especially in the Southeastern states. With the help of some railroads and our own blindness, we are now in the position of having only one mode of transportation. As of June 18th, 3 percent of the vegetables were shipped by rail, 97 percent by truck out of Florida. Citrus. . .99 percent plus by truck, less than one percent by rail.

No industry can stay healthy and survive in this condition. I can say as an industry we must strive to develop a balanced truck, rail and water system reintroducing a competitive system that will provide adequate service to all concerned.

Rails need to work on on-time arrivals at destinations, having closing hours that are appropriate, and cut out dishonest claims at shipping points. Trucks should be regulated. There's a lot going on about truck regulation as exempt carriers now. In my opinion, the only thing you can do is regulate the tariff, leaving the trucker on his own independence from here on.

If we do have a real energy crunch, I can see into the future where these big semis will eventually go one or two on a flatcar and one engine will pull all 80 or 90 loads to marketing points.

With regard to cooperative marketing, the advantage as I see it is that the grower has more to say about what he gets pricewise. Banded together legally the growers can run large promotionals on radio, consumer magazines, newspapers, and buy point-of-sale materials and have it distributed. I skipped television because as a farmer we can't afford to pay the price there yet. But we are still trying.

The point in telling this story, is that cooperative marketing is not only good for the consumer, but growers can cut out the peaks and the valleys. Recently in the District of Columbia lettuce to the grower was worth two cents a head while the stores were getting 49 cents a head. That's an example of the peaks and valleys we're trying to avoid. In Florida we moved in one week, this past season, by cooperative work, 900,000 crates of corn at a livable market price of $3.50. The housewife paid, according to what her freight and destination costs, approximately 9-12 cents an ear for the corn, not a prohibitive price.

Effect of transportation regulation on Southeastern agriculture was the subject of comments by Mr. Robert Hicks, Attorney and Transportation Consultant, Atlanta, Georgia. He spoke as follows:

In viewing the program (transportation regulation) as a whole, it is apparent to me that the emphasis must be put on the word regulation which in context includes nonregulation and perhaps deregulation. In the time alloted no adequate or meaningful comment can be made on the always hot debates that go on between the railroads and water carriers over locks and dams, whether and to what extent water carriers rates should be regulated, the use of vast additional funds in the building of more highways, user chargers, freedoms of entry, or routes and motor carrier situations or indeed on whether there should be regulation at all.

To me, it seems inevitable that we will continue to have transportation regulations as we have since 1887 when Congress created the Interstate Commerce Commission. So, how much regulation and what kind?

For agricultural commodities from our region which gives our nation much of its peanuts, poultry, tobacco, pecans, peaches, soybeans, watermelons, citrus, fruits, vegetables, and others, today, moves in large volumes by vehicles. These vehicles, either by virtue of the vehicle ownership or by virtue of the commodity, are exempt from economic regulation by the exemptions

contained in sections 203-B-5 and 6 of the Motor Carrier Act of 1938. The marketing system has developed around these exemptions which grew out of the perishable and seasonal nature of the shipments themselves.

Vast capital has now been invested in fleets by people depending upon the exemptions remaining in the motor carrier act. Yet, there is an annual threat by certain members of Congress to the continued existence of these exemptions. And some of the arguments used to support the removal of these exemptions are persuasive. Nevertheless, I believe that they are essential to the best marketing results for our farmers and I urge you to lend the weight of the Department of Agriculture in that support. I also urge you to help see that these exempt carriers find their proper place in any rationing system that may be imposed on fuels.

On-farm storage was commented on by Mr. J. R. Hurst, Economist, Cooperative Extension Service, Auburn University, Auburn, Alabama. He spoke as follows:

This statement is based on some Alabama data but can be applied to the six Southeastern coastal states. My statement is also conditioned by my personal knowledge of industry problems which have resulted from inadequate on-farm storage in the southeast.

Having been responsible through last harvest season for market development and elevator operator operations for a major farmer cooperative in the Southeast, I can appreciate on-farm storage as a valid part of an efficient marketing system. Farmers having no alternative but to come to market at harvest have plugged up marketing channels, resulting in rail embargoes of the terminal facilities, grain going out of condition and crops deteriorating in the field.

Let me now move to something more specific. In Alabama, production has more than doubled in the past ten years but on-farm storage has certainly not kept pace. Our best estimate of on-farm storage in the state is slightly over 20 million bushels. This is enough to store about one-fourth of the annual production of grain.

This indicates that three-fourths of the crop must move into market channels during harvest. Another indication of the problem is to note the January 1 soybean stocks held in farm storage is 27 percent in Alabama compared to 48 percent in the U.S. as a whole. An analysis of annual price received for soybeans reveals that Alabama prices were 18 cents per bushel below the U.S. average for the last five years, even though we have a locational advantage in relation to domestic and export markets.

This can be explained by the fact that a larger share of the crop is sold during harvest when the prices are lower. We therefore conclude that inadequate on-farm storage has resulted in a lack of marketing flexibility, lower prices and reduced gross income to Southeastern farmers. In closing, we would like to commend the Department (of Agriculture) for improving the maximum size and some of the terms of federal loans to construct on-farm storage but respectfully request your action in the following area; (1) increase maximum size and longer repayment periods for storage facility loans to farmers and farmer cooperatives; (2) the authorization for federal-state statisticians to obtain data on the type, size and location of on-farm storage to facilitate educational programs for improving marketing efficiency. Third, and last, establishment of loan rates at levels nearer the out-of-pocket costs of production, especially for soybeans. This would aid farmers in financing their farm storage inventories.

Export marketing and the role of the Foreign Agricultural Service was commented on by Mr. Alex Ramsay, Jr., Director, American Soybean Association, Mt. Olive Mississippi. He spoke as follows: I've been asked to speak today about export marketing, and specifically the role of the Foreign Agricultural Service.

I must preface my remarks by saying that I'm primarily interested in soybeans. Serving as president of ASA, Market Development Foundations, it should be understood that even when I'm talking about soybeans, most of it will refer also to other grains as well, as other commodities. I think there's no point in expressing to this audience the importance of our export markets to our overall farm marketing program. This is especially true in the Southeast where we have access to the Gulf and also to the Atlantic coast ports. I think the government could do a great service to us and explain to the American people the need for export markets and the importance of exports, not only to the farm interests, but to the country as a whole.

There are many factors which enter into marketing. It isn't just a case of putting up a billboard, sitting back and letting the orders roll in. We have to have dependable supplies, and the farmer is doing his part in seeing that these supplies are available. We had temporary shortages of soybeans this past year but we never ran out and we immediately responded by indicating our planting intentions for next year. But we should not have any embargoes on shipments, we must not have dock strikes which will interfere with our delivery to our customers, and we must have internal transportation systems which enables us to get our supplies to the docks. We must have free access to the markets! With soybeans we have been very fortunate in this respect but some other commodities have been hindered by restrictive tariffs of one sort or another. Certainly our government could help us in their trade negotiations to have these barriers removed.

We cannot compete against unfairly subsidized competition if we're going to be producing for a free market. We cannot compete against subsidized commodities from other countries, or from this country. And we must attempt long term efforts. We cannot say that because soybeans are $10.00 we don't need to do anymore about soybeans. We all know how quickly that has changed. They're down bumping $6.00 today, just over $4.00 down from just a few months ago. So this is not an in-and-out proposition, it's a long-term proposition that must be uniformly funded and the effort must continue over a long period of time.

How can the USDA help us with this? First of all, I would like to say that I've been very impressed with the agricultural attache, particularly the younger agricultural attaches, with whom I've been in contact. I would like to see and hope that this will be a good career field, that we will be able to train and retain these young attaches that we have now on board. I would like to comment and commend the Secretary at this time, for what I feel, is the most statesman-like effort which has come out of this administration so far, at least as far as farmers are concerned, and that is the absence of an embargo on soybeans. It proved to be the right decision. I think in previous years it would have been the right decision had we been given a chance to find out.

Having said that, I would like to go on to offer some rather strong criticism of some things which are coming out of the administration. I hope Mr. Secretary, that you won't consider this a personal attack. I think that the purpose of this meeting is to have free exchange of ideas and not be a mutual admiration society, and I would hope that the press would not categorize this as an attack on administration policy. But, the soybean industry especially, has

been very disturbed by some comments relative to palm oil. We feel that palm oil is indeed our strongest competition, the greatest threat to the soybean industry other than drought and natural pestilence over the next few years. I have a copy of a report prepared by the United Nations for the palm oil producing countries, and it very clearly stresses that palm oil can be substituted for other vegetable oils, and that the success of their marketing program depends on displacing soybean oil and other oils in the world markets. We've also heard, (I have not seen a complete text for this, so perhaps I'm wrong,) statements to the effect that this is somewhat of a cottage industry, that palm oil is produced by small farmers giving them an economically viable source of income that prevents them from going communist, and therefore this is for our best interests. Well, I think it is debatable whether this industry is on large plantations or small farms; nevertheless, I don't feel that the American soybean growers should bear the responsibility for the economic recovery of the entire Southeast Asia. Especially, when these palm trees come on strong, they'll be bearing for the next 40 years. No one knows what's going to be done with this palm oil. There might be a shortage of vegetable oil and we might be able to absorb it short run. But we're going to have to face this for 40 years and no one knows what we're going to do with all this oil when it hits the world market.

Another thing I would like to bring up is the Foreign Agricultural Service. It is not receiving the funds that it really deserves. It's not as well known as it should be. It's performing a vital service, and the question is not what FAS can do better but, let it do what it can do. Give it the funds, support it. There have been some letters, and we feel that the administration perhaps hasn't supported the cooperators in their attempts to get increased funding for FAS. We would like to see the role of FAS strengthened. We would also hope that whatever reorganization is necessary, will be put behind us as quickly as possible since morale is low because of the reorganization. It is the prerogative of any administration to reorganize as it sees fit, but it is also a fact of human nature that if a person is worried about keeping his job he's going to be manuvering to keep his job. This needs to be settled quickly and get back to the business of exporting this crop. We have the largest exportable supplies of all commodities that we've had in many years facing us at this time. One other thing that we need to do at all areas of government is to reduce red tape. Sometimes the cooperators feel that it takes them $2.00 to get $1.00 of FAS funding but the FAS is doing a good job. Do not allow the State Department to overrule the Agriculture Department in what is best for the American farmer. Keep those dock strikes off, and don't put on embargoes.

Mr. Cravey--

Probably one of the greatest needs that we have in the area of marketing is in the area of export marketing. Presently about 40% of the grain is handled by cooperatives at its first point of sale. However, when it comes time to export this grain, only about seven percent of it is handled by cooperatives. Now, Mr. Secretary I think we ought to take a look at the "why". The reason might be laws, rules or regulations why co-ops don't handle a large share. I see no reason why co-ops can't be as competitive as other export marketing companies, and we farmers are spending a good deal of money in developing these foreign markets. I think we need to share more of this market. Also, co-ops have a real need for stronger and better defined marketing laws so that they can be more effective in the marketplace. In the Southeast we need more integrated and coordinated co-ops to let the farmer retain the ownership of his product all the way to the consumer. We're looking into some areas now in Alabama in the

milk market. We realize that we need to maintain co-ops and federal market orders that operate on a market basis and not on a regional basis. Our federal milk market orders at present are getting larger and further away from the local dairy farmer and his marketing needs. To be very brief, cooperative marketing in my opinion, is a vital step in preserving the family farm which as we all know is the backbone of the American system.

Questions and Comments----Bernie Lester from Florida.

Mr. Secretary, the Florida citrus industry is very much interested in the export market and has a very active program as it relates to orange juice going to Europe and fresh grapefruit going to Japan. One of the issues that we're concerned about, that we feel need some government negotiations, mentioned previously by Mr. Ramsay, is of trade restrictions. We're concerned particularly about trade restrictions in countries where they do not produce citrus. Our industry can appreciate the desire to protect a domestic industry. But we're facing some of our greatest restrictions in countries with no domestic industry. For example, in European industries they have a tariff on orange juice in their communities, even though they produce essentially no orange juice in any of the countries. They also give a preferential reduction in that duty to other citrus producing areas of the world, which of course is contrary to the general agreement on trade and tariffs. We're also concerned by the fact that they have a value added tax on citrus or on orange juice which is twice as great as the value added tax on all other food products. In Japan we confront the situation where Japan does not produce any grapefruit. They do produce a lot of the Mekong oranges and they have a import duty of 20% during the time that Mekong oranges are being consumed in their country. However, at the time that the Mekong orange production is about to complete its season, they raise the import duty on grapefruit to 40%. So that we feel that these are unusual restrictions and restrictions that need to be negotiated away.

Our industry would be interested in your comments to a two-part question. First, have you had an opportunity to have dealings with the Japanese and European officials at this point, and do you see any interest on their part in liberalizing trade barriers where there is not a domestic industry to protect? The second part would be, if you aren't seeing any interest on their part, what do you see as the working relationship between the Department of Agriculture and the Special Trade Representatives Office in trying to work on some of these problems in future negotiations?

Mr. Lester, the answer to both questions is yes, we have talked to the leaders of Japan and the European community and they are interested in trying to work out some accommodation in this matter. I was in Japan recently, and the issue of restrictions against American citrus was discussed with the highest officials in the Japanese Ministry of both Agriculture and Trade. They are trying to work out some sort of an accommodation and we'll be working through the MTN. I've discussed the matter with Ambassador Strauss and his authorities are knowledgeable in this matter. It's something that will be negotiated over strenuously, I might add. I'm meeting for the second time with the Agricultural Commission of the European community on next Wednesday. The Honorable Fin Gundulag who is new to his job, but who understands the difficulties the European common agriculture policies encountering particularly with the high variable levies and with the continued use of export subsidies. They're in a most difficult situation. It's not likely that the variable levies scheme which they've adopted can be traded away because of some local political problems which are just overwhelming them. There is a willingness on the part

of the commission to re-examine all of the fixed levy structure, and American citrus is one issue which we have on the agenda next week to talk in detail with Commissioner Gundulag.

Our relationship with Ambassador Strauss is rather unique. When his nomination was first made public, it was suggested by many that we have an agricultural expert on his staff. We discussed the issue with the Ambassador and with the President, and decided that the best way to go would be to have the Department of Agriculture's resources available to him on an instant basis so that if we have all of our abilities that can be donated to him, both within the foreign agricultural service and in our own marketing organizations, then we now have the entire weight of the USDA behind the Ambassador's office. I'm working very closely with him. I'm with Ambassador Strauss on the telephone just about every day. We're getting set for these negotiations and we mean business.

Mr. Bass --

We are of course, trying to protect the small people that try to make a living on farms in our area. Some of them are still very much dependent on rail service for their livelihood. Increasingly, we are faced with more and more abandonment proceedings being filed which would force many of these people, if approved, to be without rail service. Now admittedly, some of them do not need the rail service but this needs to be studied on a priority basis to see what the needs of our people really are. You have within your own organization the Consumer Marketing Services of Transportation Branch which is active in this area, and we would urge that they continue to be.

There is another matter which faces us now. The second part of which crossed my desk today before I left to come down here. In the early 1960's Southern Railways was instrumental in establishing multiple car rates on grain moving in the Southeast. This was a new concept, moving cars by rail, and this was a long, drawn out case before the rates were finally approved. The other carriers in the Southeast were at first opposed to it, but were forced to join in. They did not have similar equipment and this was the reason that they were not in on the case in the beginning. This was moving in jumbo, covered hopper cars. That has been past history, and has proven to be very successful. The rates that move our grain in the Southeast are lower than in other parts of the country. Other sections of the country have joined in. We received a notice a month ago that the carriers were intending to impose a ten percent increase on the rates during the period of September 15 through December 15, 1977, during the peak harvest season. Their reason for doing so was that they are not able to furnish cars during the peak harvest season, that they needed this increase to take care of the carriers revenue. Nothing was mentioned about what services would be rendered additionally to those of us who would be subjected to the increase. So, as we dashed off our opposition to it, a reply came back from the Southern Trades Association in Atlanta that they had decided to increase it to 20 percent instead of ten percent. So now we're faced with a 20 percent increase in rates if approved by the chief executives of the railroad which operates in the Southeast. I do not believe that we can stand this sort of increase. We would urge your group again to be most active in this, in giving us every assistance that they possibly can. We're going to need everything we can get to combat this increase which we cannot afford.

Secretary Bergland--I might just comment -- not on the issue of the twenty percent increase in the tariff, because I know nothing about that -- but I did

meet with the Secretary of Transportation, Mr. Adams, and with the new chairman of the ICC, Mr. O'Neil. The Department is being asked to join in a federal government-wide transportation study. The transportation industry is a difficult industry, some call it a jungle, and we're trying to develop a balanced policy where that mode that can do the job the best is given the opportunity to do so. And, it may be in some cases, that intermodal competition will settle down to the point that the best system, the most economical transport for that particular application, will be given support, and some of the impediments removed, some encouragement given. Of course, in agriculture transportation is vital. Our first study will be in the trucking area to see what should be done if anything, to aid particularly in the transport of perishables. They virtually all go by truck and with the high and rising cost of fuel, the business of transporting lettuce from California to New York by truck may not be viable forever. So, we're going to be spending from now to the first of January in a very intensive study of agricultural transport. Anyone who has anything to offer us, believe me, we're all ears. We need good, solid, hard business data in this matter.

Mr. Floyd Volty--

There has been very little said about the livestock market. In 1973 it was about a $42-billion industry, in 1974 it dropped to a $22-billion industry, and it gradually climbed up to a little better than a $30-billion industry at this time. The livestock transportation industry is certainly inadequate.

I am part of the livestock marketing industry in the state of Louisiana. There are literally thousands of small farmers in the state of Louisiana, and I would assume throughout the Southeast, that have problems in getting their cattle to the markets. In fact, in the last five years, all the so-called bob tail trucks have disappeared from the scene. We rely solely on pickups and goose-necked trailers to haul cattle to the markets. In our market we have approximately two thousand shippers that ship an average of 18 cattle per year to the market. It's obvious that these people have no way to haul cattle. They depend on us to secure transportation. We're not in the transportation business, but it's difficult under the conditions that exist now throughout the Southeast, for these thousands of farmers to be serviced adequately at the marketplace. Not only are the problems in the marketing of their cattle, but in the transportation of their cattle, because of the adverse conditions which exist in the Packers Stockyard Administration. I'm sure the industry has already made you aware of the problems which we are faced with. We were able to secure the willingness of these people that own these trucks to hire to haul their neighbors' cattle by carrying a blanket insurance policy that would cover them from the time that they loaded their cattle to the time they assigned their cattle to our market. It is unfortunate that the packers stockyard administration does not see fit to allow trucking insurance on the tariff. We think this is a disservice to the industry.

We are a farmer owned group in Shreveport and we do not care to place this on the tariff. But there are literally hundreds of small markets throughout the Southeast that I think would help provide market transportation through this method of insurance if they were able to put it on the tariff. Certainly, when we look at transportation from an interstate level, this is highly inadequate in our area. In fact, we only have in the entire northwest Louisiana area one private carrier to service the needs of thousands of small farmers in that area. We ship almost all of the cattle interstate and we cannot compete or meet the requirements of the insurance and interstate requirements to haul cattle.

We believe that the Department of Agriculture has a role to play in the marketing of cattle in view of the fact that they can better coordinate the trucking industry to serve the needs of the people. To give an example of this, we feed a great many cattle that go out of our area and to the commercial cattle feeding areas of the nation. Week before last we needed approximately 12 trucks and all were busy and could not haul the cattle in our area. We had to get trucks out of Nebraska and Kansas to transport these cattle from the Louisiana area back to the Kansas area. They came to Louisiana empty. At the same time we had local packers that were buying packer cattle coming out of the plains area of Texas who were coming out there empty and coming back. This is a double expense, a waste of energy. We believe that you can be a part of settling this problem. The greatest needs which the Department of Agriculture and the packers stockyards administration can play towards transportation and livestock marketing in the Southeast area is to redirect the efforts which are being made to regulate the industry and assist the farmers. A broke cattle market in the Southeast United States cannot be of any value.
Secretary Bergland--I have only one comment. The issue of back haul is one matter which we are going into very deeply. The unregulated can haul unprocessed agricultural produce without registration. We do not know how many unregulated carriers there are in the US and we do not know what their financial conditions are like. We don't know what kind of turnover there is, we don't know what kind of service is being provided. We are looking into that. I appreciate your advice and it's a matter which will receive a lot of attention between now and the first of January.

Marshall Bennett, Assistant Attorney General in Mississippi in charge of consumer protection.

My job is to catch folks telling lies. There are a lot of lies being told in the marketplace today. In agricultural oriented states like Mississippi in the Southeast we find that farmers and rural homeowners are especially targets of consumer fraud. One thing that I wanted to make you aware of, is that recently there have been schemes posing as farmers cooperatives that have swept through Missouri, Arkanasas, Mississippi, Kentucky, Virginia, Alabama and even into Florida. They are selling memberships in what they call farmers cooperatives. The pitch was to cut out the middle man so that the farmer won't get too little for his produce and the consumer won't pay too much. The results have been that these schemes have never gotten off the ground but have taken in millions of dollars from farmers and millions of dollars from consumers. There obviously is a need for farmers cooperatives, farmers want it and consumers are ready for it. I hope that the Department of Agriculture will give some special emphasis to this marketing of the future, which I think is with farmers cooperatives and the expansion of them.

Very quickly, I would like to tell you that problems are arising with farmers being sold liming activators to increase the content or to activate it in the soil; all kinds of soil emollients; soybean electrolysis, sending soybeans through electrical impulses which are supposed to increase the yield; additives to catfish ponds to increase production, which is nothing more than distilled water; we've been through the chincilla ranches now we're into the worm farms, and while some worm farms are good and there's a market for it as fish bait, now they're telling us there's a great market for worms to make worm burgers, worm cookies, and worm casseroles. The chemicals that some of our farmers have been receiving Mr. Secretary, have been diluted, they've been using antifreeze in farm implements, and it's not what it's made out to be, not

ethylene glacol but methanol which has a very low boiling point. We've had something which I think the Department of Agriculture should really look at, that's the tuckagrama, the little wasps that are supposed to eat the boll worms. This is something new that is coming into our state. Most of these are coming out of Texas, I don't know what's happening over in Texas, but that seems to be a fertile field for ideas.

Last, with President Carter's energy program, energy saving devices, I think the farmers are going to be especially targeted in the areas of energy saving devices. It's something that has come to our attention very recently. I'm not saying that the public utilities are going to be obsolete, but I am saying that Westinghouse and General Electric are predicting by 1980, which is only two- and-a-half years away, that the solar energy market is going to total $186 million in the US and by 1995 that figure is going to be between three and four billion. So, solar energy is coming, and the con man is going to have to have a way to make money and rip people off. We've already found that solar energy panels in water heaters in rural areas have been cut to where they are not working and not producing hot water. After the person has it installed and has the money, he leaves. Of course, solar energy generators for feeding and staple machinery on farms is something in the future, and while there's going to be some good ones, there's going to be some bad ones. I hope the Department of Agriculture will assist in screening or looking at these energy saving devices.

Mr. Caffey--

Mr. Secretary, what role will the department play, or does play, in labor negotiations as it pertains to dock strikes, truck strikes, rail strikes. Because these severely affect the Southeastern area in rice and perishables. We know that it's generally bad, but do you have some mechanism to quantify this, or do you plan to initiate some methods so that we can quantify the effect this has on our producers, because we the producers, are the disadvantaged in agriculture. This would be very helpful if this were implemented in your negotiations that you discussed earlier with the various other agencies.

Secretary Bergland--Mr. Caffey, we don't have any legal authority in these matters. I have however, discussed the issue with Secretary of Labor, Ray Marshall. He's been most cooperative and helpful in this regard. There's some talk of a dock strike this fall. The implications regarding agriculture are obvious and enormous. It is our intention that should such a strike occur, that we would bring to the attention of the Secretary of Labor all of the economic implications of the strike, domestically and internationally. So that, he and his negotiators are fully armed and fully equipped and fully cognizant of the importance of this matter. It's not a trivial little issue of a few people being out of a job, it's the innocent persons being held hostage in these matters, and often times it's disastrous. It's in that context that we're going to discuss the matter. The extent to which we increase our activity to press for settlement will be governed by the attitudes of the participants in the dispute.

Hal Harrison--

Mr. Secretary, I would like to turn to some points Mr. Hurst made earlier about the fact that in Alabama, despite the apparent locational advantages, particularly with some of the grains and soybeans, that the prices that the farmers receive often do not reflect this. This is not limited to Alabama, it's a problem throughout the Southeast. Inadequate farm storage is a big part of the cause of the price aberrations that we see. There's also a need for continued

improvement over the market information, market news programs of the department, so that producers will be able to compare and get the best possible price of the sometimes all too limited alternatives they have open to them.

Norman Epson, Louisiana State University--

I would like to expand just briefly on Mr. Ramsey's comments relative to some of our export marketing problems. One of the major problems that the Southeastern farmers have, is the lack of rapid, accurate intelligence information. When our farmers get ready to sell soybeans or rice, or some of the other things, grain in particular, Continental, Corgill, or Cornell or one of the other big companies, knows what's happening in Japan and some of these areas a week or two weeks earlier than we do. This is not exactly a fault of our attaches, I think they do a good job for the most part, one or two I find are missionaries, and they forget that they are employed by the Department of Agriculture to serve US farmers, but for the most part they do know what their job is. But the information is filed, sent to Washington, assembled and published two weeks later, and in the mean time the big companies have realized that the market situation has changed and they have bought up all the products from the farmers, and the farmers find themselves on the losing end of the deal.

Somehow or other we need a hot line from these major companies where our export market prices are determined, directly to farmers and farm cooperatives so they'll know it as rapidly as the other companies do. Right now they don't, they're always two weeks, and sometimes it only takes a few hours, to be behind. I don't know the answer, but it's something that needs to be looked at.

Gene Ball--

My business is transportation of agricultural commodities and this seems to be a very serious problem at this time. It's one that several people up here have addressed. One of the things that I would like to bring out is the fact that the high cost of fuel has been blamed for much of the transportation problems. It contributes to it, but it's not the major cause as I see it. Secretary Adams was right on target recently when he said that revolving bankruptcy is a thing that we have relied on to move these products to market for many, many years. With inflation the way that it is today, the high cost of equipment has more or less put this out. In revolving bankruptcy as he was talking about, we've had a cycle of newcomers and the ones that could not make the grade were phased out. The trouble that we're in now is that there are more being phased out than we have newcomers. That's why the gentleman talked about his problems in trucking service to haul cattle to market. The independent truckers are the ones that normally haul the cattle and perishable commodities to market. They've traditonally not been good businessmen, they don't put aside funds to replace equipment when it wears out. The high cost of equipment today has prevented them from taking their old, worn out equipment and trading it in to the dealer for a new piece of equipment. So they're fading out, we're getting fewer and fewer of these people to haul these commodities to market. One of the things that I think needs to be considered, we hear a lot of talk about deregulation of the two systems, those hauling exempt commodities, and those under regulations. The one under regulations is still healthy, while the ones hauling the exempt commodities without regulation is in a terrible situation. I recently read that in Texas Star Produce couldn't harvest 2,000 acres of produce because no transportation was available. At the same time, there were 10,000 boxes of peppers already for market and there was no transportation. They had to dump the product. This tells me that we have

serious problems. I think that instead of so much talk about deregulation, maybe we ought to consider some form of limited regulation to move these commodities so that we can have a stable transportation system to move these things. The trouble with the high cost of equipment, whether it's an individual owner-operator, independent trucker, or whether it's a company that makes it their business to move these commodities, the lending institution wants to know two things when they're securing a loan. First, is there going to be enough business to justify the repayment of this loan, secondly, are the rates going to be high enough that he'll have enough for the normal, everyday operating expenses, and to retire the equipment obligation? These are the things that plague the people hauling the commodities in the past, unstable rates and unstable supply of business. So these are the things that I think need serious consideration, instead of so much talk about deregulation we need to talk about going with the system that is working.

Mr. Secretary, our time has expired and I would like to take this time to express our appreciation to you for taking the time to come to the Southeast to discuss with us the problems we have.

How the Federal Government Interfaces with Southeastern Agriculture was commented on by Mr. Emmett Reynolds, President, Georgia Farm Bureau Federation, Macon, Georgia

I don't know if I can in two minutes make a very substantial remark about the importance of farm programs and policies in the Southeast. Certainly, all of you share this with me and it's not necessary for me to make a statement that would imply the importance of this. For many years, in the late thirties and early forties, we found ourselves trying to develop a farm program in the barren areas of south Georgia,where there was a great deal of poverty. We looked for stability of income, and this was in the farm policies at this time. Our people were looking for quality and production, adequate supplies, and this was there. We find ourselves today with inadequate supplies of some things and very adequate supplies of others, although, those that are in a diminishing supply seem to find themselves on the way down at the marketplace.

Mr. Secretary, we're very concerned with soybeans and cotton at this time and their price relationship. Our American consumers have adequately cashed in on the investment that has been made in American farm programs. All the costs that's ever been put into any of these have been passed on to the consumers in the form of adequate supply of the highest quality product in the cheapest or lowest possible price paid by consumers of any country in the world. These programs have basically provided the stability of many farm enterprises. Whereby these would be the primary, and our diversification would allow us to produce fruit, vegetables, poultry, pork, beef and other commodities on these farms where we have farm policies that protect it. I realize that there are many opportunities for us in agriculture. Agriculture has been the most successful program in America in so far as the part it played in the economy of this great country. Even counting our space program agriculture has succeeded in being our most outstanding achievement. Still, we need more research and education to find better ways of production in agriculture. We need stability of income for farmers so that they won't be; "Broke this year, and out next year, but back in again." This doesn't happen anymore and we're very happy to report that in the past few days we've had remarkable success in focusing the attention of Congress and the departments in Washington on our disaster programs. This must be one of the essentials of

Federal policies in Southeast agriculture because if we look at consumer protection or consumer supplies, they're there, if we look at exports, they're there, if we look at balance of payments, our agricultural products bring it home to our nation. This is the reason we feel that our agriculture is in a very good position. Let me say in closing, (it's been said many times) that the survival of any nation rests within the top four inches of its soil, America is no exception. Federal farm policies have provided us security in soil and water conservation. By doing this we have provided the most efficient agricultural system in the world.

Dr. Jon Bartholic, Professor, Climatology Department of Fruit Crops, University of Florida commented: The decade of the 70's has certainly been dramatic relative to the changes in food production that we've seen from year to year. These changes in production are as we know, largely a result of climate and weather changes. The Southeast is very susceptible to climate and weather changes. There have been a number of things that we have attempted to do about this. For example, about four years ago, Florida, Georgia and Alabama combined their NOAA agricultural meterologist into an Ornamental Sciences and Services Center that essentially takes weather information and interprets it for the growers and puts it into a form that can be used by them in their day to day operations. It informs them of what the chance of a disease outbreak is, the need of irrigation timing, soil temperatures relative to planning, and so on.

There are two other projects I would like to mention in cooperation with other federal agencies which are important to agriculture. These are projects where we cooperate with NASA and the National Weather Service of NOAA using satellite data to try to obtain information on weather and forecasting which can be used directly in agricultural operations. For example, on cold nights during this last freeze we were able to use satellite data in real time temperature patterns over the entire surface of the state in color which could go to the forecasters. They in turn, can put out better forecasts and give better information to growers, so that they can make better operational decisions about the use of their heating and protection practices. Our grove protection can cost millions of dollars on a single night. This kind of information can help them to make better decisions. There's also a project using satellite data to aid cotton growers in the South. These are just some examples. There are others which are relative to the comments that were made yesterday about water resources. We need to better inventory water resources. To do this we need to know the amount of water being used. Certainly there's technology from other agencies which are available and can be brought to play to help us inventory our water resources in agriculture.

One of the main points I would like to make is that we've seen a change in the past few months in the interest of the USDA in weather and climate and we certainly want to encourage this. We feel that there is a lot of money and effort going into other technology of NOAA and NASA, but to date they haven't had sufficient input from the agricultural community to direct that technology to use in agriculture. I think there's a lot more that could be done in this area.

Mr. B. F. Smith, Executive Vice-President, Delta Council, Stoneville, Mississippi.

While we recognize the fact that administrators of federal departments and agencies must use rules and regulations to operate programs, farmers are being hit from every direction by regulations which will seriously impair the ability of US agriculture to produce the food, fiber and agricultural raw materials which are essential to the nation's welfare.

Regulatory agencies created by Congress such as the Environmental Protection Agency and OSHA, have been granted broad and far reaching authority. Rules issued by these agencies has the same effect as law. Agriculture is being inundated by regulations that are often issued without regard to adverse economic or social consequences even though the weight of scientific or economic evidence has demonstrated the unrealistic nature of the fallacy of the proposed action. Many of our most important chemical tools have already been removed by restrictions. EPA regulations are throttling research and development in testing new pesticides. The rebuttal presumption against registration process now under way threatens to deny farmers of the use of many chemicals now available simply because of the astronomical cost connected with the process. The time period required for issuance of a pesticide label, even after all the scientific work and tests have been completed, is measured not in months but in years.

The cotton industry is being threatened thoroughly by unrealistic cotton dust regulations that are being proposed by OSHA. To make matters worse, OSHA has disregarded the government's own authorities and their own research agency, who recommended that the standards not apply to all sectors of the industry. In addition, these officials let it be known that they would ignore the cost or inflationary impact of their actions.

Mr. Secretary, these actions merely illustrate a few of the regulatory problems of this phase of agriculture . We face actually more serious problems with serious pollution controls under Section 208 of the Clean Water Act, with Section 404 which was mentioned yesterday. Among other things it will require a Corps of Engineer permit to install an overfall pipe in a drainage ditch.

I haven't even mentioned USDA regulations. We will soon have a new farm bill, and I'm sure your department will issue reems of new regulations. But at least the USDA regulations, for the most part, are written by people who know something about agriculture. We sincerely hope that farmers will have the opportunity to sit down across the table and discuss needed revisions when such changes are needed. Our problem as we see it, is not with the Department of Agriculture and their regulations, but with OSHA and EPA, whose actions directly threaten agriculture's ability to produce. They don't even appear to be concerned about the consequences. Currently only about four percent of our population is engaged in agriculture. This small minority, produces all the food, feed, fiber and basic raw materials for the nation's needs and for export. This minority cannot continue to produce efficiently if they are to be threatened and harrassed by red tape and unrealistic regulations. We need your help and earnestly request your assistance.

Dr. R. Dennis Rouse, Dean, School of Agriculture and Director of Agricultural Experiment Station, Auburn University. He commented on Funding Public Supported Agricultural Research and Extension.

One of the important interfaces of the federal government in Southeastern agriculture is publicly supported agricultural research and Extension. Those of us here today know the Congressional acts that provide for the continuance of interface to the USDA, land grant universities and the people in support of science and technology based agricultural industry and for the improvement of rural life in America. Mr. Secretary, this close interface, this partnership, is the base, the foundation that has provided the confidence in agricultural science and technology that has made possible the revolution that has taken place in American agriculture since 1940. Unfortunately, during the past two or three decades, the federal government has not adequately funded and supported

the federal side of this interface. We have used the process of budget development that we think is sound. It begins in every state, and is put together so that what is sent to the Secretary of Agriculture has the input and support of the total land grant university system built from the grass roots up the national program of research and Extension. In the past when we have seen this next as the executive budget it has gone through a most effective shrinking process. We sent in a budget request designed to make job strides for agriculture in rural America, but it comes out shrunk to the place where we can barely keep our heads above water in this struggle with nature. In 1940, 40% of the research and development of the federal government was in support of agriculture. Today, less than two percent is directed toward agriculture. This cannot be permitted to continue if we value this federal-state interface in agricultural research and Extension.

It would require a 15% increase in federal funding of the state experiment stations for 1978 just to restore federal support to the level it was 10 years ago. A similar situation exists for the cooperative Extension service. When new programs such as F&F are excluded, Extension has also lost 15% in capacity of federal funds to finance Extension in the state. Certainly, we all recognize the increase in complexity in agriculture that has occurred in recent years, and the need for even greater investment in research and Extension. Our most conservative estimates show a rate of return of over 25% for investments in agriculture research and Extension. Why has it not been possible to get needed support for this interface from the federal government when the evidence of the value of this partnership is overwhelming? Mr. Secretary, we look to you to be the strong voice for agricultural research and Extension. You are the key, agriculture's key to President Carter and the executive branch of the government.

Questions from the panel--

Mr. Dennison--Mr. Secretary, I am a rice farmer from southwest Louisiana, and I think I express the strong desires of not only rice farmers, but cotton, rice, soybean, wheat, and corn farmers. We all realize the need because of the food crisis in the last two years, to move towards open-end planning and the new philosophy of target price. Many of us had reservations about it, we've adjusted to it, but frankly Mr. Secretary, we're very concerned with the tremendous equities of feed grains, rice and soybeans which have been planted. We know that the farmer has the potential and the ability of overproduction in relation to our markets. Frankly, many of us feel that the present provisions and the present farm programs will not effectively control production in years of over abundance. We feel that we are facing that today. You have seen what the commodities market has done in the past few days when the soybean acreage came out. Corn had already reacted on the downward side, cotton is still in pretty good shape, but what's going to happen this fall when the dock strikes hit us? What are we going to do in the crop year of '78? We're geared up for full production and frankly Mr. Secretary, we feel that you need to get some directions set aside. We're going to have to reduce production in the years ahead when we have full bins. I can speak with experience from the rice section, that the taxpayers will not accept us on the public dole under target prices with deficit payments for very long.

Secretary Bergland--Starting on the 18th of July, the House will commence debate on the farm bill. They expect to have that action completed on July 22. On the next day Chairman Foley and Chairman Talmadge will convene the

conference of the two bodies to reconcile the differences, expecting to complete their work on, or about the 5th day of August. There are many differences between the two bills, however, I am confident they can meet that objective. If they can reconcile the differences, even though the President may not sign the matter until September, because they have to go through the printing process and various other delays they encounter, with the completion of the work of the conference, we can start making plans for guiding the 1978 wheat set aside. On the 10th of August we will get the first really good international grain situation reports, both regarding wheat and rice. The two crops are to some extent substitutable and do indeed cross lines in the traffic in the world. We will know on the 10th of August what the situation will be like in the Soviet Union, the rains are late in India, they may come in time to make another large rice crop. We do not know what the situation is going to be like in the corn belt in the month of July, it's a very critical period for corn and soybeans. Subsoil moisture, (we know because we are monitoring those certain conditions daily),, reserves are very low, temperatures are very high, the rate of evaporation is critical. The crop was planted early and it's now in the tasseling stage. Blooming soybeans in some places in the mid-West are being subject to some very distressing weather circumstances. By the 10th of August we'll know what the grain crops in the mid-West will be like. And after all these things have been taken into account, we'll make a decision whether to go with a set aside for the 1978 wheat. I'd have to say at this juncture, that if the crop of the world comes through as good as it now looks, it is probable that we would announce a set aside for the 1978 wheat crop, however, under current law we have no such authority.

Mr. Flowers--We do appreciate your comments about accepting ideas from grass roots farmers. I am a farmer from South Carolina, and we do appreciate this. Farming is the only industry in the world that can buy everything retail, sell everything wholesale, pay the freight in between, and survive and be profitable. But this profit can't continue with the oversupplies. I just wanted to give the old farmer a pat on the back with this, and we appreciate your comments on this.

Mr. Pete Bently--Mr. Secretary, I'm a sugarcane farmer from Louisiana. Does the Carter administration want a domestic sugar policy? If the answer is no, then tell us quickly so that we can cut our losses and get out. The domestic sugar industry is being forced to compete with foreign producers on the world market. This is unfair since most foreign producers pay less than one tenth of the wage rates we pay, and have less expense in complying with costly regulations of agencies such as OSHA and EPA. We must have protection through import quotas imposed unilaterally by the US. Sugar import controls have been recommended by all spokesman from growers and processors of sugarcane and sugar beets, by the International Trade Commission, and by you, Mr. Secretary. Yet, President Carter has declined to use his legal authority to invoke such controls. If sugar import limitations are not imposed immediately, Mr. Secretary, a large part of the domestic sugar industry will be destroyed.
Secretary Bergland--Perhaps I should comment briefly, because the situation of sugar is so disastrous that it does merit more than attention, it merits action. There is no world free sugar market, the world sugar market is a dump ground. About 80% of the sugar produced in the world is sold under some kind of trading agreement on a bilateral basis, such as the Cubans have with the Soviets and

the Australians have with the PRC, and so on. The rest is sold in the so-called world market, and a very small change in the world supply or demand is magnifed many times over in the world market. Two years ago when we scuttled the Sugar Act, for reasons I never could understand, we went on this so-called dump ground and we know the results, boom or bust. I was in the Philippines recently and talked with President Marcos and leaders of the Philippines sugar industry. They are losing their shirts. In spite of the fact that they have $1.25 daily wage rates, they can't produce sugar for ten cents--no one in the world can produce sugar for ten cents. The entire industry in the world is being devastated by the current market situation. We regard the international sugar agreement route as the best hope of restoring some business-like sanity to the sugar industry. Now, if that fails, and those talks are underway, the most critical period will be in the last week of July in Geneva, when the ministerial level meets again and tries to reconcile differences. If that fails, then I think the US should seriously consider developing a sugar policy of its own. But we're really hoping that that international arrangement can be made to work. We cannot afford to dismantle the American sugar industry. We're going to have a $25-billion trade deficit this year. We import more than half of the sugar we consume. If we were to dismantle the domestic industry, and depend increasingly on offshore suppliers, we'd not only worsen the trade gap, but we'd increase our vulnerability to curtailment from foreign suppliers of a food item which is a very essential part of the American diet.

Mr. Nelson Fairbanks, Sugar Industry of Florida.

Mr. Secretary, the President opted for a famous program which we never recommended and we really don't like, so we're quite concerned about the payment program which was developed as an interim measure. Really, the only beneficiaries of that program as we see it, are the industrial users who are making windfall profits. They're buying sugar very cheap now, and the prices of sugar containing products have not gone down, they were raised when the price of sugar went up. The consumer is not benefiting from it, so really the interim program is not benefiting us and we're going to catch the flack in the press about the payments. We hope that we can get a program where we can get our money out of the marketplace.

Mr. Danny Logan, Louisiana--

I want to very briefly state the problems and concerns of cotton farmers. One problem that we have--John Dennison has already talked about--is the concern of price and oversupply. Cotton price right now is fairly good and thank goodness the whole country can't plant cotton. We're concerned about this and we hope that you would use the tools in this new bill that is coming up, to help us control the supply of cotton. Historically, the producers will definitely overproduce if they get the chance.

The second concern is, that at the present time we don't have an effective insecticide to control the tobacco bud worm. We think some of the reasons were pointed out by Mr. B. F. Smith; the regulations of EPA and OSHA which cover other areas also. We're concerned about this, and what we think that, these regulatory agencies need to be responsible to someone. At the present, I don't think they are. More than anything in these agencies, I think we need good judgment and common sense which I think could work out a whole lot of our problems. If this can't be done, and we continue not to have an effective insecticide, then I would like to talk to the gentleman from Mississippi who was on the previous panel, who knew someone who had wasps that ate boll worms.

Secretary Bergland--I was in Malaysia in the rice fields, and they have problems with rodents, rats as a matter of fact. They had found a very fine predator control program, they imported snakes from India. But I wouldn't recommend such biological controls for boll worms.

Mr. Mixson--

Dean Rouse has pointed out an area that is of concern to us, the relative deficiency in the appropriations for research and Extension by the federal government in relation to the commitment of the state in this area. We haven't done very well in the state. With reapportionment in the state legislatures, as they are, even in Florida, our collective bodies don't equate the values that are derived from experiment work for the consumer as they do for the producer themselves. It makes it more difficult for us to get adequate funds from the state legislatures. So with this mix between the state effort and the federal effort, it's going to suffer even more unless the federal effort picks up in this area. Senator Talmadge understands this thing very well and he's been making some suggestions which would be very helpful. I just hope that we can instill the importance of this continued mix which we have traditionally enjoyed by the federal effort because its hard to get money from the state.

Secretary Bergland--Dean Rouse correctly stated the demise in commitment to research over the years. We're creatures of habit, and we don't get thirsty until the well runs dry. The fact is that in the United States we've been blessed with an abundance of almost everything, and most of us take this for granted. So we've reduced our research in the area of agriculture because we thought surpluses were going to be forever and we really didn't need increased production. Well, that's all changed and the problem that we have is that research is a long range, life time proposition, which you don't turn on and off. I have asked Frank Press, the President's new science advisor, if he would share a small task force of scientific authority to give me advice on the precise and proper role of USDA research in agriculture so that we're sure we're not wasting the taxpayers money reinventing the wheel, so that we're sure the federal money is used to complement state land grant college research programs, the work of the 1890 schools, and others which are so important. I don't know what will come of this, but Dr. Press has agreed to help. I think from this we will be able to sort things out and come up with a program that makes some sense, and where scarce tax money is maximized in the results.

Mr. James May--

I am highly concerned about the policies of the US Department of Agriculture in relation to the family farm. I'm under the impression that there is no policy because when the various agencies are asked about it they don't have any answers. I would like to have a definite statement in regards to what we're going to do, if we're going to industrial type of farming or going to continue to support the family farms.

In the Southeast there's a large number of small area farmers who are trying to exist and they're finding it almost impossible to exist. Some of the reasons for this is because of the services the Farmer's Home Administration is giving. One of them, we find that the local Farmer's Home Administration agent has a way of picking his own people to meet these specific groups other than the people who are being served. We think that these regulations should be streamlined.

Another service that could be added is to enable the Farmer's Home Administration to allow people, individuals, and private sources to guarantee or

assist the local farmer in making the payments as well as carrying on the farm operation as well as the supervision and the inadequate supervision of the Farmer's Home Administration.

I would like to see the agency concerned with people as well as their regulations. It appears that in the process, it is considered most important that the regulations are carried out, while the people they are supposed to serve come off second best. We hope that you will give some special attention to these problems. I can say this because I am not representing other people in this particular case I am here for myself. I'm like the fellow who when the press visited his farm and asked him what he wanted to say, said: "Are all the microphones open?" Then just hollered, "Help!"

Secretary Bergland--I have directed the department's director of economics to undertake a study as to the probable impact of the tendency towards large scale farming in the United States. We generally pride ourselves in the fact that over the years the US has developed what we generally regard and advertise as the world's most efficient system. In terms of producing foods cheaply, that is a correct appraisal. However, if all the world were as efficient in terms of land use as are the Dutch, there's enough cropland in this world to feed 60-billion people. So in terms of land use we are not comparable to either the Dutch or the Japanese. The Japanese feed 65-million people on land which is comparable to the state of California. They do it by a very intensive kind of agricultural management. We know what's taking place in the US is largely a result of mechanization. My former farm was once four farms, at one time managed by people who used horses. And that's happening all over the US. The tendency toward large scale farming is obvious everyplace. So I have asked Howard Hjort and his experts to examine this question very, very carefully; is the trend toward large scale farming in the best intersts of the US in the long haul? Taking into account many factors: energy; the increasing need for food, particularly those food items which are labor intensive-specifically vegetables; the impact it has on the labor market, farm labor. On the plus side obviously is the demand for goods and services made in the cities which are necessary to service large scale agriculture. My own gut feeling is that the United States has, since the days of the homestead, developed a system of agriculture that has provided incentive, the results of which are self-evident. Those incentives in many cases have been removed by countries that have developed large scale farming in their own way. The Soviet Union is an example with extremely large farms. But the profit motive has been removed and the incentive to do a good job is oftentimes non-existent. I regard the American system of individual farm owner operators to be far more efficient than the very large scale farming we find in the Soviet Union and other places. Now, that's not to confuse the efficiency of Soviet agriculture with large scale mechanized farming in the United States. We're far better even in that context than are they. The fact is, I think there is much to be said for the family farm, individual owner operated enterprises which are typical of the United States, and do represent the backbone of American production. I do believe that the incentives inherent in that system are so important that that system itself must be preserved. We therefore are going to carefully examine all resources of the USDA to see what we can do to be sure that we stimulate and encourage people to go into the business of farming, provide them with the necessary resources and credit, technical assistance, marketing assistance, cooperative business institutions, because as Mr. Flowers said, farmers buy at retail, sell at wholesale and pay the freight both ways. You really have some economic disadvantages that needs some attention.

If I might in a way of a wrap-up apply that to the region here in the Southeast, tomorrow this time they'll be 200,000 new appetites in this world. We have to take a global view of any agricultural policy nowadays, because if we were to curtail trade, obviously, our own economy would collapse as would the economy of the world. So it's necessary that we sell oranges, it's necessary that we buy oil, and that kind of trade activity must expand. It's difficult and slow, it's painstaking, it'll take time. But it must be the centerpiece of an economic policy of the US. It's my responsibility to develop and support programs within the Department of Agriculture that tend to complement a global view in agriculture. And so, as we look at the growing world-wide demand, we match that in the context that Dr. Bartholic has mentioned, weather patterns and their impact, and we find a situation in which the world commodity markets are increasingly volatile. The gentleman who spoke last night said that we must be certain that when we produce we have some idea that we can sell it at a reasonable price. That makes good sense. I've farmed 27 years and I found it never makes sense to grow a crop that I couldn't sell. So, we have to keep in mind that weather trends and conditions internationally are going to have an impact on the markets of the United States. We are not ever going to be able to precisely predict what the demand will be. We're always going to have ups and downs. We're not going to try to devise a system that will eliminate those kinds of market trends. We do need however, to keep in mind that the world will increasingly need that which we can produce. The Southeastern region is unique in many ways. As Jim Ross told me here a few minutes ago privately, the Southeastern region had certain assets that are not common to the entire United States. One, you have adequate underground water supplies; two, you have good reserves of energy nearby; you have weather which is unique to this region; and we see in the United States a shifting in the population to the Sunbelt brought on by the energy problem. When we match that with a growing international demand for food, it's my guess that the Southeastern region will be playing an increasingly important role in the food production needs of the US and indeed, an increasingly hungry world. Therefore, we in the department in Washington need to do all we can to help you. We can't wave a magic wand and make things work, but we can help your state universities, we can help your state departments of agriculture, we can help the private entrepreneurs, through the use of resources of the Department of Agriculture. It's very important that those resources be used wisely. I have tough budget problems in Washington. President Carter is a tough task master. No waste is tolerated anyplace. I have to prove to him that the money invested in research or any other mission, is indeed, going to return dividends to the taxpayers manyfold.

I would invite you to send any suggestions or advice on anything that may have been discussed here, or anything that you think we should be doing that we're not. We regard the coastal region as very, very important, agriculturally. Its development is really only beginning and anything that we can do to aid and foster the growth and expansion, we will do. Keep in mind that it must be done on an orderly, businesslike basis. We can't go off blindly; we have to be sure to produce crops that can be sold and keep a businesslike balance to the industry. We do not regard the Southeast as the retirement home of the United States. We regard it as a very important economic region.

Mr. Charles Stevenson--

I will speak very briefly on peanuts. As you and the audience are well aware, we are under extreme drought conditions throughout the entire Southeast. At this time peanuts are the only stable commodity in our economy. I wanted to point this out to the Secretary, so I'll send it in a letter.

Panel: Plant and Animal Pest Diseases
Moderator: Commissioner Jim Buck Ross, Department of Agriculture and Commerce, Mississippi.

The Mississippi Fire Ant authority in cooperation with the USDA and the EPA, is carrying on a research project with a fire ant bait. We're approaching it in three directions. First, we want to see how far downward we can go with a formulation of mirex corn cut grits emulsified in soybean oil, (the present bait is a 10-5 bait composed of 40.47 grams of mirex emulsified in a pound and a quarter of corn cob grits with soybean oil). We've been down to an infinitesimal amount, approximately .10 grams and are still getting control of the fire ant.

Now I'd like to give research a pat on the back. We're very fortunate at Mississippi State University to have, in my opinion, some of the most eminent scientists in the country. And one of them is with us, a gentlemen by the name of Dr. Earl Alley. Dr. Alley is working toward the biodegradation of mirex. The man has made remarkable strides in this direction.

The third direction that this research is pointing to, is an alternate. We're using masking agents in the addition of already existing pesticides and we have several which are showing good promise.

The next subject is pest managment. It will be addressed by Dr. Fowden Maxwell. I've had the honor of serving with Dr. Maxwell on the Board of the Division of Plant Industry in the state of Mississippi.

Dr. Maxwell--

Integrated Pest Management is simply defined as bringing all known control measures to bear on pests. In recent years we've found that there are a number of forces that are focalizing in this particular area or approach as being absolutely essential for the future. One of these is the continuing buildup of resistance in pests to major pesticides, the continuing loss of pesticides over health and environmental issues, and the increased developmental costs and questionable life span of pesticides that is discouraging development by industry. Of course, the spiraling cost of energy, both in production of pesticides and the use of energy and application at the farm level is discouraging. In addition, we've had increased demand for increased food production, and the possibility of doubling food production in the next 20-25 years. These are forces which will continue to emphasize and dictate the need for pest management in the future.

I think unfortunately, the increased regulation and the continued loss of many of our agricultural chemicals will continue to be a fact of life. I hope that we can defend many of these, but we shouldn't fool ourselves and think we can successfully defend every pesticide that comes up for review.

I think that pest management is beginning to be recognized. This is evident by increased funding of research at the national level and through the Extension effort through pilot programs. Several National Academy of Science reports have focused upon the need for increased emphasis in pest managment. This need has also been exemplified in President Carter's recent environmental message.

I think that the challenge for us in the years ahead is not only to research and develop IPM information, but to devise methods and simple systems for the implementation of integrated pest management. A paramount need that I'd like to point out is increased funds for a proposed IPM system in relatively large acreages to determine effectiveness of individual suppression components interactions, impact on cultural, management, harvesting and overall economics.

This type of complete production system of integrated pest management is usually beyond the resources of a landgrant institution and is still in such a developmental stage that the risks are too great to form a cooperative and test this kind of system on large acreage. Because of the greater complexity of integrated pest management as a control procedure, our current delivery system will have to be markedly changed. It is exemplified by a current trend that we see toward computer based communications systems that tie Extension personnel in the field and the specialists and researchers at the universities for rapid transit of technical information relating to pest control. Environmental monitoring is also a vital necessity to IPM as well as all other agricultural programs.

The importance of agriculture in the South has been increasing at a phenomenal rate and much of the success has been dependent upon our control of pests; mainly with chemicals in the past. Our agriculture, by virture of our milder climate, allows a greater diversity of crops and more intense farming practices. Multiple cropping, sequential cropping, keeping the land producing year round is increasing rapidly in importance, and this will probably be the rule in the future rather than the exception. Diversity can be exemplified by the situation in Florida where row crops such as soybeans, peanuts and corn are important crops in the northern part of the state, citrus and vegetables in the mid-section, and vegetables and tropical fruits in the southern section. We have 30 major vegetable crops alone, all with their unique pest problems. This greater use of the land, diversity of crops, mild climate intensifies our pest problems. In addition to large numbers of native species of insects, we're also constantly being besieged with any new pest from the Carribbean area, Latin America, Mexico, and other semi-tropical areas of the world. Examples of these, are bole weevil, fire ant, fruit fly, citrus black fly, sugar cane bore, love bug and on an on. A long list of plant diseases, nematodes and weeds can also be cited. Another example of diverse pest problems facing us in one crop common to all Southeastern states is the soybean. With this crop alone we must deal with four to five primary insect pests, at least five major diseases, and three important nematode pests. The challenge in the South lies in how fast we can successfully develop IPM information and successfully implement these rather complex programs in one of the many diverse and very important agricultural crops before we lose through pest resistance and environmental concerns many of our defective pesticide chemicals.

These special pest problems that we face in the South are unique, differing from other sections of the country and it's hoped that this need can be recognized at the national and state levels of government. The magnitude and complexity of the problems of pest control in the decades ahead dictates that we must deviate significantly from our traditional system which we followed in the past. Emphasis on integrated pest management must not only be multi-disciplinary within universities and the USDA, but must transcend to organize regional and national programs on given pest problems. This concept has been successfully pioneered recently by a national integrated pest management known as the Houghaker Project. I think that this type of regional and national programs needs to have the leadership come from within the USDA. Funding should be primarily within this agency rather than through sponsoring agencies such as the National Science Foundation and EPA. I think that strong, joint leadership by the USDA and the landgrant universities will markedly increase funding by state and federal agencies in complete dedication by scientists to the concept of integrated pest management. It'll be essential, if we're to maintain high agricultural production in an ever increasing sensitive environment.

Animal Diseases was commented on by Mr. Louis Lawson, President, Lawson Dairy Inc., Okeechobee, Florida.

On the topic of TB, many people have felt for many years that there is no more TB around. To those who have herds of cattle it is a very serious disease. There are infections in Florida that I know of, and it's a threat to any livestock operation. Maybe there needs to be some tests done on a new TB test because the one we're using now has been used for many, many years. It's the only tool we've had, and it's done a pretty good job of cleaning up infections, but the real satisfaction in making sure you're clean is to depopulate. To be sure that you're rid of it once and for all you have to depopulate and your premises cannot be used for cattle for a period of time.

The deemphasis on testing when you have clean herds is common around the country. When you have bulls, or breeding cattle that go out to commercial channels, testing is very important so that you don't scatter a possible infection. The buyer needs to make doubly sure that when he's buying cattle he's getting clean cattle. The surveillance at slaughter houses for inspection for TB needs to be done a little bit better. It is cropping up more now than it has for a long time. We've nearly had it whipped and we need to have a concentrated effort to get rid of it once and for all.

Brucellosis is very hard to talk about in two minutes. I think the brucellosis program was down to what we call the two minute warning in a football game. The outcome of the program was in sight; we knew that eradication was going to win. Some of the authorities began to talk about discontinuing vaccination. But with that, and the lack of interest on the part of producers, the brucellosis has come back and come back hard. It's probably the most vicious and common diseases problem that exists in the livestock operations in most of the states that are here today. The problem is compounded in the South by the movement of the cattle, the density of the cattle population, our climate and the attitude of many of our ranchers and farmers about brucellosis. The farmers and ranchers feel that it's here and we'll have to live with it. Many people spend more time fighting the program than they do the disease. When you go into an infected herd it takes a lot of work to clean it up. It can be done.

The economic impact on cattle and the dairy industry is fierce. Cattlemen in many parts of the South have cattle on large ranges and the cost of gathering the cattle for testing, putting them through the working chutes, and restraining them (you generally lose some cattle), hiring men to help in this, all this can be prohibitive. But this is the only way to go, otherwise the problem is going to stay.

When a farmer or rancher has an infection in their herd they should check all of their herds, not just the one the infection shows in. The economic impact to a dairyman is substantial, because when you have a good Holstein cow go down on a test, you'll have to pay six to seven-hundred dollars to replace her. You might get back three hundred dollars and the indemnity from the federal government. It takes about two thousand plus this indemnity to buy back one. It'll put you out of business if you get it bad enough.

There's quite a bit of research going on at the present. There's some being done at the University of Florida. Research for adult vaccination, new testing procedures. There are herds being properly adult-vaccinated. I think we need to put real emphasis on getting our calves vaccinated. Here in Florida we recently had a law enacted, stating that all female hefer calves raised for replacement in dairy herds, shall be vaccinated at the proper age. We are also setting out to make sure that cattle coming into Florida will be vaccinated by

1979. I think the other states visiting here should take note of that because we buy many of our cattle from these states. We do have a source of vaccinated dairy heifers. We want vaccinated heifers, not heifers that have had ink put in their ears. How we're going to enforce that, I don't really know.

The problem of getting dairy and beef cattle vaccinated where you have serious threat of brucellosis is probably the key to surviving with this disease. Vaccination will not clean it up, but it will keep you from having an epidemic in your herd.

FDA Regulations and Southeast Agriculture was commented on by Dr. Art Novak, Head, Department of Food Science, Louisiana State University, Baton Rouge.

Experienced professional personnel in our agricultural experiment stations and related state and federal agencies have the capability of solving most of our scientific and technical problems. However, we have limited resources for assisting the farmer and food manufacturer to cope with the growing number of regulatory problems which confront him.

I've been employed in industry and academic institutions for forty years during which time I have seen endless new regulations which become almost impossible to locate, much less conform to although we are not questioning their desirability at this time. Most executives in the food industries cannot name all the agencies to which they are responsible. Therefore, I would like to recommend that we encourage our regional agricultural experiment stations to create new divisions or departments within their organizations for the purpose of disseminating information and assisting food and fiber producers to understand and obey laws for the purpose of avoiding as many regulatory problems as possible. These are costly, could cause food producers to lose their business, and might even result in a prison sentence. It is a consumer's right to expect foods to be safe in compliance with the law.

Let me tell you very briefly of a project that we have just introduced at the Food Science Department at the Louisiana State University. For effective accomplishment of this objective, at LSU Food Science Department, we have developed a program whereby we go into the plants and examine each one on an individual basis. We examine the plant site, the equipment, the processing, the packaging operations, and the quality of raw and finished products. Such visits include group sessions with the appropriate executives of the company to review the past, present and future programs which they intend to use. We discuss and offer them information on how to cope with some of these regulatory problems. The study group concept encourages development of projects of mutual concern and interest to industries and to our scientists in our universities. It provides information for establishing priorities in future research. Also, the information gathered from plant visits and laboratory data enable us to analyze what, when, where, and how foods can become hazardous to human health. This then enables us to take the necessary steps to prevent such food health hazards.

Regulatory problems are usually the last thing on the program. We hope that their solutions have a high priority with the Secretary of Agriculture.

Meat Inspection Programs was commented on by Dr. Bill Brown, ABC Research Corporation, Gainesville, FL.

We need more emphasis on processing meat and food products in general. The meat and poultry industry have some real problems now with nitrite. We desperately need some research money, both at the state and federal level to see

if we can find the real facts about the nitrite issue. Some recent estimates have indicated that as much as 15% increase in food bill is likely if the nitrate is eliminated from our cured meat products.

I have not had a chance to read the consultants report that studied the meat and poultry inspection, but I assume that it ended up with less dollars and less people. We really need to go back to basics as far as our inspection program is conerned. We need to look and see if the disease problems and condemnation problems are the same in 1977 as they were in 1904. It may be possible to put some emphasis where the real problems are, and even shift part of this burden on to the meat and poultry industry.

We've got some unbelievable differences in work load laid on the various circuit supervisors and even the lay inspection program of the meat and poultry inspection. State lines may not be valid boundaries for having supervisors in the meat and poultry inspection program. We need extensive retraining for our lay inspectors if processing is to go to total quality control programs. Basically, I don't feel that the inspectors in our meat and poultry plants really have the background, interest, experience, or the educational level to handle quality control programs that are being looked at seriously as a means of increasing the effectiveness of the meat and poultry inspection program.

We need to look at things like nutritional labeling and the costs of these nutritional labels on these small plants. I just don't think they can hold up under this kind of burden.

Water usage is a real problem. Some research money needs to be spent on water usage. It still takes about a thousand gallons to process a thousand pound steer. One animal per thousand gallons is not very efficient. We really need to do some work in this area.

At the local level, condensate is a real problem in our plants in the Southeast. Condensate does not necessarily mean contamination. But we keep at least a half dozen or a dozen plants in some real problems because of the fact that the local inspector has equated condensate with contamination. And as you know, if you have a hundred degrees outside and ninety percent humidity and you roll hot beef in a cooler, you've got a condensate problem.

The local inspectors would be wise to look at formulation a little more and a little less at the facilities in the plant. We get into occasional problems with local head inspectors versus the lay inspectors. The lay inspectors have a rather strong union and in a lot of our plants we get into some real suffering by the plant itself because of differences of opinion between the men in charge, the local head inspector and his lay inspector.

Labels and the entire handling procedure need to be reviewed. In summary, I think the thing that would help our meat and poultry processors the most would be some very carefully conducted cost benefit studies and some more money to solve some of the major problems.

Mr. Brian, President, Centerhill Packing Company, Centerhill, Florida.

I'm here to represent the Florida Cattlemen's Association and Commissioner Conner not the meat packers. What I've been asked to talk about is grading rather than inspection. The subject we're talking about is the recent grading change that was implemented in 1976. It was first proposed in September 1974 and implemented in 1976. I think Dr. Anthony of Auburn touched lightly on it yesterday. There've been some problems with this five significant changes in the proposed rules: 7c of R part of 53. To begin with, when different industries met, and were talking about one change (which happens to be the third of these five,) there was a change in the marbling score in the A maturity

cattle to keep it straight through to the A plus. But in this there was several other changes, the other four particularly hurting the Southeastern cattle.

The first item, to take confirmation out as a factor in the quality grade made yield grade mandatory. This means that it'll be hard to get the money out of yield grades fours and fives that we can make when merchandized as an extent with the grade on it mandatory. Of course, on this particular item you would probably run into trouble; you might open up a bucket of worms. Now what would happen if you went back to the old specs? You would hurt mid-Western cattle.

Number four which raised the marbling score one-half degree from typical traces to slight minus of the good grade, put a real goal on the very young, 15 months old cattle. This is an estimate because it's based on bones.

Number five where they've put the maximum age group and the old specs those animals could be sold on is based on bone structure. On the new specs that animal could grade good. Under these changes, they've changed this and raised the maximum maturity to the same as the choice and prime. This threw a lot of our older cattle into the standard grade.

There are several options which I've suggested to cattlemen that they should ask for. The ideal situation would be leaving number three in there. None of us realized quite what the changes were, the only part much talked about were the changes I referred to, not realizing these other things that were tied into it. It was so confusing that the consumers actually thought that every grade of beef was going to be great. When the Southwestern cattle feeders decided to join the department in implementing this, a judge's decision in Omaha was that, "It looked like it was hurting everybody, but the man who made the decision had the right to do it." This was the actual statement made. It sort of scares me.

We do need some conference in Washington, or somewhere, to discuss this.

Moderator--

If I could, I'd like to make a statement to the Assistant Secretary to carry back to the distinguished Secretary. The cattlemen of the nation need all the help they can get. The Secretary need not worry about brucellosis because if we don't get some rain, and the price of cattle doesn't go up, there won't be anybody left in the cattle business. They're selling out. The cattlemen can't stay in this business much longer.

I think it might be in order, Mr. Moderator for the Commissioner to give a set of figures on his own cattle.

Commissioner Conners--

We've been running some rather interesting tests here at the University coming out of the baby beef program which these states in the Southeast are acquainted with. Because of the plight that we found ourselves in, we've run a lot of tests on younger animals particularly. We cut 67 hefers out of a herd and sent them here to the University to be slaughtered for accurate record keeping. Fortunately, I'd already sold these animals, so I didn't sell on a grade, I'd sold them as a lot. This very vividly depicts what's happended to the forage feeder Southeastern type cow man. Sixty-seven hefers slaughtered, technically called herferettes, ranged in age from 13 months up to 16 months. Fed rye and rye grass and not one pound of grain. There was one choice under the new grade. Roy McDonald flew down from Atlanta to work with Dr. Palmer here at the University in handling this batch of cattle. There was one choice, 12 good and

54 standard. Mr. McDonald and Dr. Palmer told me that it was interesting to note that under the old grade it would have been, one choice-52 good-and 14 standard.

We kept very accurate records, and our cost of gain was twenty cents per pound, which I would hope the cattlemen could share in and the consumer could share in. I don't know, someone could speak better than I, on the cost of gain in the feedlot. But would someone like to say it would cost on the average less than 45 cents per pound.

The story in a nutshell is that we managed to make $46.00 a head. I hope some consumer benefited from our low cost of production. The Southeast can produce this kind of product and when the USDA grade indicated one choice-52 good-and 14 standard under the old system, it's a pretty good grade of meat.

Question--In the studies that you've made, has anyone cost this out to the difference to the producer, the loss in the grading to the producer?

Conner--I have sold these cattle as a lot, and I'm going to ask them to give me the price, the quotations. Anyone can pull their sheets from mid-May. I will compute that, I just haven't had the time to do it. The difference to the producer is roughly $14 to $18 a head on the forty difference.

USDA Quarantine Regulations was commented on by Dr. John Block, Supervisor, Division of Plant Industries, State Department of Agriculture, Montgomery, Alabama.

One of the most important requirements in the field of regulatory operations lies in the close relationship with scientists conducting research. All successful attacks on newly introduced pests, comes from research translated into field operations. Research and supporting research is essential to quarantine operations as well as control practices. We urge a clear departmental policy regarding the relationship between support research and plant regulatory operations. PPQ and ARS should be on the same frequency. Additionally, the use of state experiment stations, land grant colleges, and other state agencies for supporting research, should not be overlooked.

There's a lot of pesticides occurring almost daily, and it becomes very important in the nursery certification program. Those states that are blessed with insect problems such as, Jap Beetle, IFA, and White Fringe Beetle, are threatened with the loss of pesticides such an chloradane and those that have been utilized before. We urge the USDA to conduct necessary work required to develop alternate methods of certification.

There appears to be a trend for the USDA to de-emphasize and withdraw from federal-domestic quarantines, placing the burden of regulating these pests upon the state for interstate and internal movement and also at ports of foreign embarkation.

Mrs. Chambers--

I'm a hog and poultry farmer from Georgia. You've all mentioned something which interests me and that's research into the control of diseases in our industry. One of the things that is bothering me is that I haven't heard the USDA take a position on FDA proposals to ban the use of penicillin and tetracycline in our feed and medicate our animals without a prescription. We commercial farmers cannot manage to get a prescription when we need it. We could end up on the same boat on medication as you are in your pest control.

Also, we have in our industry a disease called microbacteriosis. Nobody knows what it is, they don't know where it comes from, what causes it, the only thing we do know is that it results in the condemnation of our animals when we get to the packing plant. We're losing millions of dollars every year because of this.

Senator Dick Stone--

Commercial farmers are gentlemen, but gentlemen farmers are not necessarily commercial farmers. What we did in having the commercial farmers as panelists, participants and members in this conference was to bring in the real world to this conference. I think this must be the first meeting in which you have over 450 panelists and presenters and two in audience (the Secretary and Assistant Secretary). The purpose originally was to bring down the leadership of the USDA which is the Secretary, so that the agriculture commissioners of the southern states, the landgrant colleges, and the agricultural industry leadership, all three groups working together could present to the secretary the special and unique problems, needs and capabilities of our agriculture. That was the purpose. This was not lightly done, the idea might have been kind of casual to start with, but I want to thank the more than 28 active planners and participators from the six states who met in Atlanta to pre-plan this conference. They did this so that the quality of the panels that we've had here could be as high, expert, relevant and as pertinent as it proved to be. I want to thank Dr. Ken Tefertiller of IFAS, Walter Kautz and Doyle Conner, our hosts, and I want to thank the state coordinators, Dr. Stan Wilson of Alabama, Dr. Tom Aaron of Georgia, Dr. Ralph Caffey of Louisiana, Mr. Garland Vaughn of Mississippi, and Mr. Roy Bryant of South Carolina. I think we all owe a debt of gratitude to the conference coordinating committee in Florida, made up of Dr. Jack McCown of IFAS, Mr. Raphord Farrington of the Florida Farm Bureau, Mr. Wally Ortiz of the State Department of Agriculture, Dr. B.B. Archer of IFAS, and Mr. Al Cribbett of IFAS. I want to thank the multi-media people who put together that opener which really set the tone of the meeting, Mr. Marshall Breeze, Dr. Ralph Eastwood, and Mr. Jim Nehiley of IFAS.

I think that we accomplished our purpose. I think that the Secretary and his assistant are much more knowledgeable about our special capabilities and needs than they were a day and a half ago. This will pay rich dividends, not only in the long run in terms of more relevant support of research and marketing assistance, but it will pay immediate dividends in such problems as we suffer from right now, like the drought.

But as important as the original concept was and worthwhile as it was thought out and carried out, something much more important has resulted. One of the Southern commissioners came up to me last night at the banquet and he told me that the best thing that he's seen here is the teamwork which our states have fostered in putting this conference together and carrying it out. Most states has substantial agriculture, so the U.S. Senate is generally able to pass agricultural assistance legislation, but most congressional districts of the 435 districts, do not. It's a tough job for us to be able to pass legislation supportive of agriculture in the House of Representatives. There's only one way that agriculture is going to support itself and get the support we deserve from the United States, that's cooperation among everybody that is connected with agriculture, directly and indirectly. Unity among all those elements is important, if there is infighting, it has to be solved on a preliminary basis. Unity must be the watchword of agriculture; it's absolutely vital.

To conclude my part in this conference, I want to thank all of you, not only for being here and participating, but for the teamwork which this conference has demonstrated and which can carry Southern agriculture to new heights.

Ken Tefertiller--
I will just echo what the Senator just said. We've demonstrated that we can unite for a common cause and it's been a tremendous example of how a group like this can put together a quality program. I appreciate being a part of this.

Doyle Conner--
I feel that we have a vibrant agriculture here in the Southeast. One of the reasons for it, is the kind of people we have involved in Southeastern agriculture. The subject matter we've discussed here had knowledgeable people involved. The subject areas we discussed must be pursued. We could have gotten involved in interstate shipment of meat, out-of-state plants, whether states have been required to meet all the requirements of the federal government have been declared equal to, yet have not been able to ship across state lines. We could have talked about, and there was considerable discussion, on imports. Someone said, "I'm producing in competition with a dollar a day labor in another country." On the way to the airport I was talking with the Secretary about this problem. We like to maintain an open trade policy in this country because that's the way the countries of the world ought to be. It's unfortunate that we're the only country that thinks that way. I've developed a new philosophy, "Do unto other countries as they do unto us", but this would drastically change the policy of this country. It might change to some extent the policies of some of the other countries as far as trade restrictions are concerned.

Much has been said about our number one user of agricultural products, Japan. We appreciate this fact, they're great people. I had a gentlemen in my office the other day who had purchased $20-million worth of grapefruit from Florida. He's important to us. But you heard the citrus representative on the panel ask why is it so difficult for us to get grapefruit into Japan when they don't produce any in that country. I was in a feed lot there, we were giving our cattle away, and they were paying $650 for a 550 pound steer to go into the feedlot and were selling the finished steer for $2,000. You can buy them all over the U.S., wellfed and better quality, for $300. I know that even though they need some at a reasonable price, there's no way that we can possibly deliver those cattle to them.

We're receiving an awful lot of products from New Zealand and Australia. In jest, but I was also serious, I said I really want to get out a boatload of the finest fed beef that we have in the U.S. and I want to find a market for it in Australia. We receive hundreds of thousands of tons of their boxed beef in this country, and surely they would be willing to receive some of our U.S. good and choice beef. It's a fair exhange your lean meat, and our finished beef. Your people need our products and you say our people need your products. It would have rotted on the wharf, it never would have been delivered. That is inequity.

I'm for an open trade policy with the people who practice it. The people who don't practice it, if we're going to remain the vibrant agricultural community that we are today, will have to practice fairness if we're to continue trading. John Connally was in Japan recently and he told them that we're not going to continue to put up with this imbalance, we're going to put our foot

down because they're draining the U.S. economically. Those people said that they knew someday that that was going to happen to them, they just didn't know when. They realize that they're going to have to shape up. Well, it took the State Department just 24 hours to say ignore it, that's not the policy of the U.S. We were on our way to making some amends in that area.

Let's realize this, the only reason people around the world are buying our citrus, corn, soybeans and wheat is because we have the best product at the best price. If we ever lose that, there's no one going to purchase products because they love us. Let's remain productive but also let's begin to join with the people from our delegation and say that we're business people just like anyone else. Let's firm up our policy.

I was in Detroit recently and had to make a talk that night. I said that I would really like to compare unglamorous agriculture with this great automobile industry, and just see how we stack up. We called the Commerce Department and we would like to know the import-export information on American automobiles. I already knew that we export in excess of $22-billion worth of agricultural products while we were importing about half that amount. They said that we're pleased to report to you that last year we exported four-and-a-half-billion dollars worth of autombiles. I said that's great. We imported eight billion dollars worth of automobiles into the U.S.

It's the people in agriculture that the people of this country owes a debt of gratitude to. We must be smarter than the corporate heads of General Motors, Ford, Chrysler and American Motors because they have met world competition on a two-to-one favorable basis while those other people in the corporate community have a two-to-one deficit, and the economy of our country is paying for it. I feel that more and more members of Congress know this today than they did a few years ago, that indeed, agriculture is our hope for a solvent nation. You can see and hear so much said derogatorily about the American farmer and American agriculture. I hope that the people ultimately agree that it's done something good for us. It has, it's saved us from bankruptcy.

I don't know when a Secretary of Agriculture has ever taken the time before to listen as much as Secretary Bergland did while he was here. Senator Stone, Dr. Tefertiller, Walter Kautz and the many of you who have worked on this conference, thank you. We appreciate your participation.