

## Harkin

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The Iowa congressman also pointed a finger at high interest rates and a giant federal deficit. "That \$100 billion in new debt wouldn't be on the horizon if Congress and the Administration hadn't gone hog-wild in cutting taxes. Sure a tax cut was needed, but I didn't think it was necessary to risk the financial integrity of the Federal Government in the process," he argued. "That's why I voted against that tax bill last year."

Harkin condemned the tax bill, saying that it, coupled with a staggering increase in defense spending, has made it difficult, if not impossible to get adequate funding for programs like agricultural research, soil conservation, and Farmers Home Administration lending.

He also cited the tax bill, which included a \$39 billion in tax break giveaways for oil companies and giant corporations, as the reason why farmers were unable to get a

"decent" Farm Bill last year. "When it came the farmers' turn to get a Farm Bill, they were told the well was dry," Harkin said.

"Make no mistake about it," he admonished. "Farmers are paying for those giveaways and spending sprees."

Another area where farmers are footing the bill is in foreign trade relations with the Soviet Union, said Harkin.

"In every instance I believe the United States severely damaged its own economic interest by earning a reputation as an unreliable supplier. Certainly our foreign policy embargoes against the Soviets has done nothing to prevent them from buying food, whether it be butter from New Zealand or grain from Argentina," he stated. "Now we have a de facto grain embargo against the Soviets. In December the Administration called off the long-term grain agreement talks with the Soviets and allowed the U.S.—U.S.S.R. Maritime Agreement to expire on Dec. 31. Now any Soviet ships coming into U.S. ports have to have prior approval before they

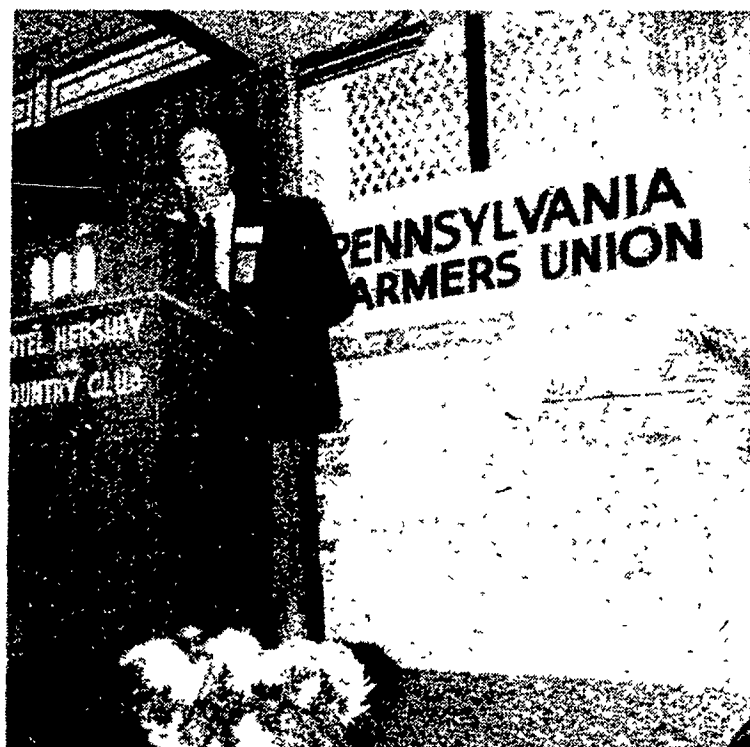
come in — and they're not getting it. So they go elsewhere for their grain, like Argentina."

Harkin called on the Farmers Union members to ask President Reagan to resume the grain talks with the Soviets. "It would be the most positive signal that could be sent to revive our stagnant farm economy," he stated, adding that the talks should be expanded to a plan that would also include finished farm products like meat, poultry, and dairy products.

In summing up his remarks, Harkin recounted what a Chinese philosopher said 5,000 years ago:

"The life of a nation is like a tree. Agriculture is the root and manufacturing and commerce its branches and leaves. If the root's are injured, the branches will break and the leaves wither and fall away."

That is as true today as it was 5,000 years ago, said Harkin. "All of us who are close to agriculture have a tremendous responsibility to insure that our roots are strong and healthy. Nothing less than the future of our nation depends on it," he concluded.



"The 1981 Farm Bill would be more appropriately named the 'Farm Liquidation Act,'" commented Iowa Congressman Tom Harkin during the 10th Annual Convention of the Pennsylvania Farmers Union in Hershey.

## Bergland challenges farmers to take destiny in hands

HERSHEY — Sharing his experiences as a farm boy growing up in Minnesota, former U.S. Secretary of Agriculture Bob Bergland urged Pennsylvania Farmers Union members meeting here on Wednesday to "look at the past in order to fashion a farm program to deal with an unruly world".

"During the period from about 1940 to 1970, 8 million people left the rural places of the United States—displaced by mechanization. And I am convinced that the civil disorders, disturbances and riots of the late 1960s were rooted in the benign neglect of the 1950s when persons were unable to find a job in the rural community because of the rapid change which had taken place in the farming economy."

"The 6 million farms we saw in the '30s were reduced substantially to the point where today we have only a third or fewer of that number."

Bergland expressed his shared concern for the change in structure of the farming industry during that time—from smaller family farms to large-scale corporate operations, which resulted in the displacement of rural communities and rural values. Coupled with this evolution to high-powered, mammoth farming in the

early 1970s, recalled Bergland, were the dramatic increases in the cost of imported oil, inflation, and a Russian grain purchase which depleted U.S. reserves with the Soviets cashing in on an enormous profit at the American farmer's expense.

"Those kinds of events have added to the confusion and uncertainty that increased the risk of farming because we are not the independent subsistence farmer of my father's time," Bergland remarked. "We today have produced an industry in agriculture that depends on the entire world."

Bergland confessed that one of his most unpleasant jobs while serving as Secretary of Agriculture under the Carter Administration was carrying out the grain embargo against the Soviet Union. "President Carter had three choices and they were all losers, politically," he commented. One was to do nothing, another was to declare war, and the remaining choice was the suspension of trade. He chose the latter, and of course it created a "real panic in the farm community, both politically and economically," Bergland observed.

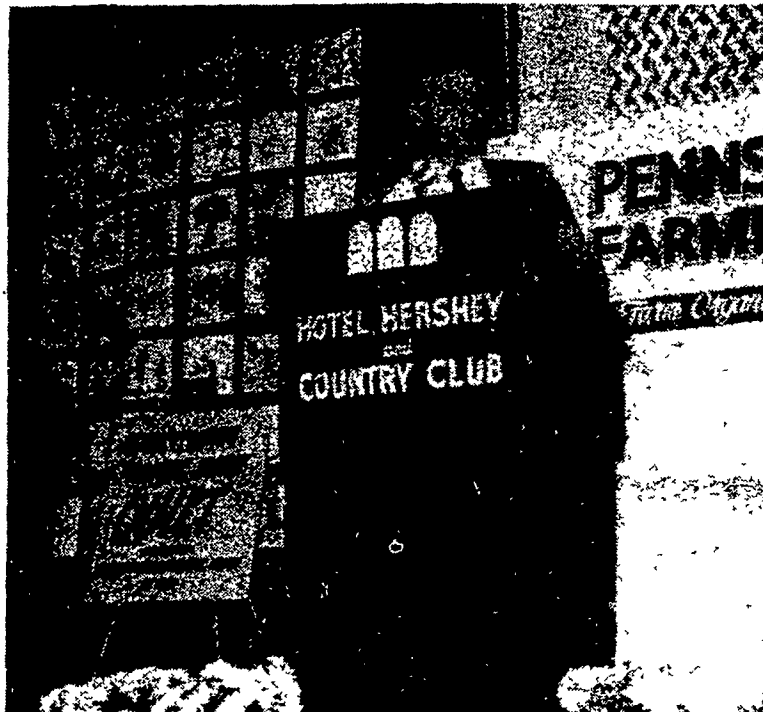
Bergland warned that these kinds of international events can

occur under any administration and urged the farm community to be prepared to deal with them. "It is time for us to start thinking carefully about how we use our organized efforts, authorities and political muscle in a constructive way — to take an interest in matters that go beyond market orders, to look and get involved in matters that are historically far removed such as the current stalemate in Geneva concerning arms control."

The Minnesota farmer stressed that "there will not be enough money in any budget to treat the farm economy in the fashion it deserves if we are going to spend \$220 billion on an arms race. That (defense) bill is going to take all the personal income taxes paid into the U.S. Treasury to pay one account. We therefore have to broaden our horizons."

Bergland urged the farm cooperatives and organizations to take on an international role and to develop a barter-based trade with poorer countries who may not be able to pay for the food they need but who have a valuable resource, such as oil, urea, sulfur, to trade. He offered this as an alternative to extensions of credit or loans to these poorer countries who, like Poland, are unable to pay the bills

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Former Secretary of Agriculture Bob Bergland spoke to the PFU members about the need to reassess the position of agriculture in dealing with on-farm and off-farm problems. He expressed his concern for the family farm and the ability of young people to continue farming. On his right is the PFU quilt created by the youth of the organization which was auctioned off for more than \$1,000 — funds going to the youth program.

## NFU president says economic recovery means revitalization of ag

HERSHEY — A real national economic recovery will elude policy-makers of the Reagan Administration as long as they do nothing about distressed major industries, such as agriculture, housing and construction, automobiles and heavy industry. George W. Stone, president of National Farmers' Union, said here Wednesday.

Speaking at the annual convention of the Pennsylvania Farmers' Union, Stone told the banquet session that "America has never had a depression when these basic industries were healthy and it has never had a prosperous economy when these industries were sick. It is as simple as that."

"The White House will be fighting a hopeless battle for recovery as long as agricultural purchasing power remains at 56 percent of parity, other major enterprises are in trouble and unemployment heads for double-digit levels," he declared.

The Farmers' Union official noted that housing construction starts are at the lowest level since 1946, auto sales the poorest since 1960, and business bankruptcies at the worst rate in almost 20 years.

"The economic signs are not good, with industrial production slumping, factories running at only 73 percent of capacity, and with interest rates on the verge of a sharp, new run-up," Stone said.

The Farmers' Union official acknowledged that the inflation rate for 1981 had eased to 8.9 percent, the first time below double-digit levels since 1977.

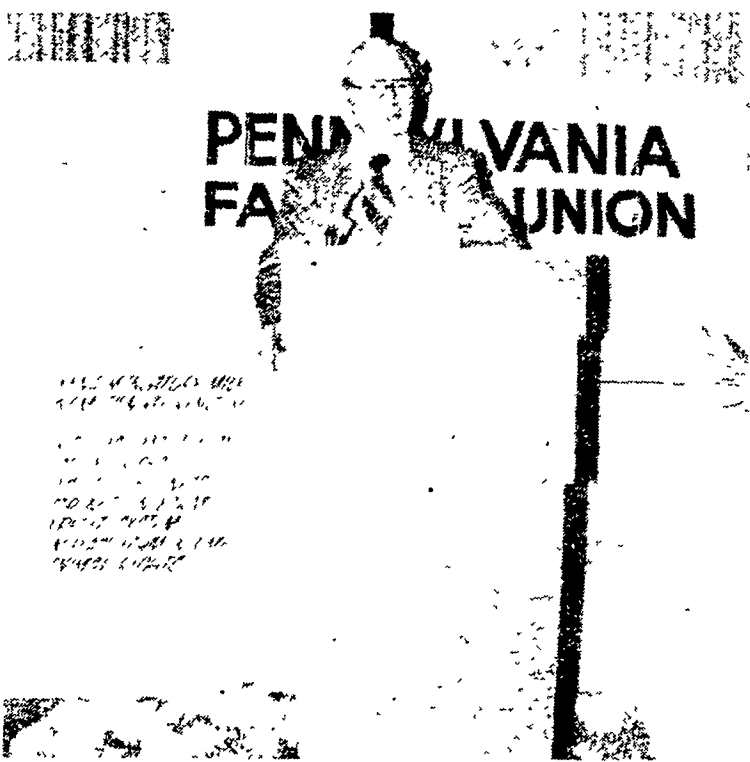
"However, the improvement was more apparent than real," Stone explained. "When you take into account the leveling off of energy prices and the plunge in farm prices, one can see that little was done about the underlying rate of inflation. There could be another upturn in the inflation rate, particularly if the expected spiral in interest rates takes place." Stone contended that the current

recession is not an ordinary business slump. "It is an interest-rate recession and conditions will get worse as long as the strategy of fighting inflation with high interest rates and unemployment continues," he added.

He maintained that the planned recession is seriously aggravating budget deficit problems for the federal government.

"Each additional 1 percent in the unemployment rate adds about \$25 billion a year to federal budget outlays. High interest rates also add to the deficits because the federal government is now paying out about \$106 billion a year in interest outlays on federal borrowing," he said.

"The Administration has its budget policy upside down. Franklin Roosevelt was right when he said that you had to balance the budget of the American people before you could balance the budget of the federal government," he concluded.



National Farmers' Union president George Stone expressed his concern that the overall economy in the U.S. will only improve if agriculture, construction, and housing are improved.