

MARK ANDREWS

November 2, 1985

Cooperstown

^{Ym Cam}
pass some of these around while we're talking. They're simple little cards with a place to put your name and address if you want to get some information about different subjects. You can check the subject matter you're interested in. We send this ^{every} senatorial office does some position papers on different areas of interest--agriculture, arms control, health issues, the budget, energy, trade, whatever. And if you're interested in getting on those mailing lists, just ask Bruce at the door when you get done and we'll see that you are. ^P I was reminded when I came in about the fact that we visited with each other over the ^{Husbert} and that was a pretty good place. So he says we ought to get Myron Floren working for the Republicans and we'd do well, that's true. Myron draws a great crowd to that ^{Husbert}. I even got to escort (the) Miss Norway into the podium. She's not only Miss Norway, she's Miss Europe and I couldn't help but tell the group there that senators sometimes get good deals but other times, not so good. That just three or four weeks before I came into Fargo ~~into~~ the airport, and drove off to the farm, got to the farm about 9:30, there was going to be a roast for Gene Nicholas who's one of the legislators up in ^{Canada?} ~~Canada~~. I was going to drive up for his roast, ~~and~~ that night I got to the farm about 9:30; the phone rang about 10 o'clock. It was ^{who was} one of the people/living in that new subdivision around Mapleton, ^{and} they said, "Senator, we've got a problem and we had to call you about our problem." I said "Well, fine, what can I help you with?" "Well," she said "you know, we've got these dumpsters out in our subdivision out here, and the one that's out in front of our house is getting full to overflowing, and the rats are going to get in it; the dogs are already messing it around. It's going to

get smelly and all. Somebody's got to see that that dumpster is emptied."

I said "Well, I think the county commission puts it there; have you called

Oscar Sandro

~~Astrosandro?~~" She says "Well, I didn't really want to go that high." (laughter)

So I go from that to being able to escort the Miss Norway into the *Hot first*

It's amazing. It changes from day to day, But good ideas don't really come

from Washington; they come from right out here.

And I'm casting your vote, not mine. *IP* We were here

earlier and met with some people, lunched, and talked about how things are

going in the area around Cooper, and earlier today we had a community forum

like this up in Lakota. In fact people in Lakota kind of bring along my

props for me. They brought in this part. *Don John Deere did it* happens to be

a John Deere part. (laughter) That isn't the story. But he came in, and he

bought it at Michigan, and he said, you know, Senator, the problem I've got

he said, I went over to get this part and then he said, then I thought it

would make a point because I knew I was going to see you today. So I bought

another one to give you. " Well, the point he is making is this John Deere

part--it's a bearing--is made in Japan. He said "why in the dickens are we

buying parts that are made in Japan?" He said, "can't we make them here?"

We can. And actually it makes the point, that's why I want to bring it down

here from Lakota, it makes the point of what's wrong in our economy today.

This part can be made in Japan and shipped over here and sold cheaper than it

can be made right in our country. Part of the reason is the fact that our

dollar is 35 percent higher in value than the yen--*35%* higher than it ought to

be vs. the ^{eu} Deutsch mark or French franc or whatever else. And that's killing

us from the standpoint, of the first new, ^{we} should be making this part in the

United States, Or, from the standpoint of those of us who raise wheat and

have to export, because three out of every five bushels of grain you produce

have to find a market in a foreign country, ^{hand} if when our dollar's 35% more valuable than it ought to be, ^{it} ~~it~~ just prices us out of that market. How do we get that way? Well, we got that way because of spending, deficits, all the rest. Last year that deficit that you read about, and think we've got to do something about, you don't realize that \$184B deficit last year we weren't willing to finance ourselves. In fact we had to go out hat in hand, or tin cup in hand whichever way you want to look at it, and ask foreigners to cover last year's ^{worth of that} \$83B deficit. How do you get them to do it? Well not just by saying please. You get them to do it by kiting your interest rates, and having a super powered dollar. And that ruins us in agriculture because the two things ^{we need} in farming are lower interest rates and higher prices for our products. And if that dollar is going to price us out of the foreign market by 35%, and if those interest rates are 3 1/2% higher than they would be otherwise, if the deficit goes down and that's what the economists tell us, that's one of the major obstacles that we have to getting farmers back in the shape that they ought to be in. That's why I introduced a balanced budget amendment that would have budget freeze across the board. North Dakotans do pretty well; ^{Quest} Glen Burdick supported me in that; we both voted for it; ^{it} ~~it~~ was a bipartisan package. We didn't get it passed. Now we're trying to put a package on the debt ceiling raise. They're calling that ^{Armm - Rudman which} ~~Graham Redmond who~~ does essentially the same thing, put a freeze on. And we're working towards getting the steps under control. Another thing we're working on down there is a farm program. We've had debate now for a week on the Senate floor on ^a farm bill; we haven't really gotten very far. They're double ^{tracking} ~~dragging~~ with appropriations bills. Yesterday we voted against a tabling motion which was a motion to kill the

Dole amendment that we worked out in a number of independent meetings around the floor for the two days preceding the vote. The Dole Amendment is one that I think revamps the concept that we have on wheat. I'd like to share it with you because it's sort of interesting. ^{As} you know I was the only Republican to vote with the Democrats on the idea of a referendum. And the reason that I wanted a referendum was because I frankly think the farmers ought to have a chance to pick what they want. The referendum in that instance was between whether you'd have a 20% set aside with a given target price on wheat, or a 50% set aside with a higher target price on wheat. And Dole and the rest of us kind of put together a package. And this is the package now that has been voted on once in a ~~let~~ ^{let} and has survived. It's kind of interesting. For 1986 wheat target prices would be \$4.38, if you set aside 20%. You set aside 30%, they'd be \$4.85. If you set aside 40% they'd be \$5.50. In other words, you don't have to have a referendum and worry about what everyone else is going to do. You can have your own vote in your own farm kitchen and decide what you're going to do and you get a better target price if you set aside more land. If it continues into '87 the 30% set aside, for instance, pays \$4.60, in 1987 \$4.55, in 1988 quite candidly we ~~state~~ ^{stayed} within the budget limitations by dropping 1989 off the end or let it go back to a ~~lower~~ ^{lower} figure. But frankly in three years, we're going to know whether agriculture's working its way out or whether we've got to revisit and continue that level of target prices. I think it's a pretty good bridge. I also like the idea that we've got the majority leader in the Senate that with his name on this wheat proposal, and I think it's going to be interesting to see what the President and the White House are going to talk about vetoing a bill when their own majority leader ^{is} the one who put it together and put his name on it. So we are making some progress. Not enough ^{but} we're beginning to move in the right direction. On these meetings, these community forums we ~~have~~ ^{come} to sit on ~~many~~ ^{many} farms ^{at times}

I want to spend my time talking because I can only learn by listening. I've touched on two things ^{the deficit} very briefly, ^{and} the farm program very briefly. I'd be glad to try to answer any questions or listen to your comments ^{as to} What do you think we ought to be doing down there?

MA Well, I'm not bashful like thinking...

MA I know you're not bashful, ^{time} Arnold...

time I've got a problem, not me personally, but I've got a problem that should be somehow resolved for the good of the old people of the United States. And that is, if I'm fully insured, health insured, didn't put any money out of my pocket, but I had a minor surgery on my knee the other day--a couple of weeks ago. I was in the hospital as an out-patient for 5 1/2 hours and I think I saw the doctor, ^{that} they put me to sleep, but I saw the doctor about 20 minutes. My bill came to over \$1,000 in the hospital. I didn't have a cup of coffee, I didn't have an aspirin. I didn't have but two band-aids and the doctor's bill ^{and} I'm aware of this liability insurance but it's horrible for the people who haven't the health plan, ^{and} the doctor's bill for those few minutes was \$1,000 bucks, even money. And I know he's got a skill, and I know the costs are high but I don't whether it's put a limit on law suits, I don't know what is the solution, Senator. ^{But} for the people who are now unemployed, losing their jobs, having to drop their health plans, I don't know how those people are going to do it.

MA: Health costs have to be put ^{under control} under control. The other thing that has to be done is you've got to have adequate health care, ^{that} health care that does take care. I thought they had a pegged price under Blue Cross ^{that} they couldn't charge more than a certain amount for any given procedure.

time Well, I haven't got the final bill, but whatever it's going to cost I'm going to have to pick up the balance.

MA Well, I know that. But I thought that the doctors...I've got a daughter who's a doctor. My grandparents were both doctors but that was a long time ago. Things were different then. But I thought there was a fee schedule set, and Blue Cross agrees with the medical profession that for a given procedure such and so is the appropriate price. The biggest problem we've got in the field of health care right now is the fact that the federal government enters into paying some of these medical charges. And in the federal government coming in, they will allocate for procedure done here in Cooperstown, your small hospital facility, only 80% as much as if the procedure is done in Bismarck. That's not fair really. If the person is competent to do the procedure, he ought to be paid just as much here as someplace else. Otherwise you're not going to have medicine in the small towns. P Another thing that's wrong with the government payments is that for a cataract surgery in Hedinger North Dakota and I was just there with Dave Durenberger who is head of the Senate Finance Subcommittee on health care costs and funding, f for a cataract procedure in Hedinger, North Dakota, they pay the doctor \$640 or \$650 for that cataract procedure. If it's done in Bismarck the doctor gets \$1100; if it's done in Chicago the doctor gets \$2400. Now, if the doctor can do the cataract procedure he ought to get the same pay in Hedinger that he gets in Chicago. And if he's not qualified to do the procedure, he shouldn't get paid anything; he shouldn't do it. That's the question. So you've got two things going. You ought to have some standardized price and you ought to make sure that you've got standards that are met so that you get quality care. But what you say surprised me and I'd be glad to look at that. I'm interested in health care costs obviously, we all have to be. But I thought there was a standardized price on it.

Q/m Maybe that's the standard, I don't know. At least that's what I was billed.

Well, let's look at that. They've got to have a *thing* on down the line that says how much that should be. But that seems to be pretty far...

Q/m *pretty* steep.

Pitman: You know, the last few weeks there's been much talk about the *Farm Credit Administration* ~~farm~~ creditors and I think there's been much talk about *bailing out* and so forth and I think I'm pretty sure you're against it but I'd like to have your comments on this here. *bailing out* ~~off that~~ *that* I don't think it's right at this time... And I'd like to have your comments.

MA - Well, they want a \$6B bill, *bailout*, *My testified before in subcommittee* ~~I think that's why~~ on Thursday, *and* again on Friday. Friday we had *it all but* ~~several~~ attorney general down, *Sara* ~~down~~ *west* ~~several~~ down from our office and I didn't get a chance, because we had an appropriations bill on the floor and we were working out this compromise on wheat payments. I didn't get a chance to go and listen to her presentation. Skip Humphrey, Humbert Humphrey III, who's the Attorney General of Minnesota, was also there and he came by the office because I've known him since he's been a lot younger, and we had a long chat and their feeling ~~is~~ is approximately what mine is, *that* ~~that~~ *credit* instead of bailing out farm ~~pressed~~ system, we ought to do something for the farmer. You don't pour blood into a hemorrhaging patient til you stop the hemorrhage. *to put in* *(laughing)* *sur* medical terms. *^* And it's *^* crazy the way things are going. They have a proposal from us and in Lakota we got in all this discussion about how they increased their salaries and all this. Remember they're independent of the federal government. *The* Farm credit administration we have no control over. They come and testify to us, saying they're independent; they can set their salaries anyplace they want. Yet they want us to bail them out with taxpayer's money for some \$6B. I think on the other hand we ought *Administration* to get some more income into agriculture and that will bail out *Farm Creditors*

administration. But to bring up an extremely important point that I want your comments on because it's your vote I'm going to be casting down there. Do you feel that it would be fair to go out and let the Farm Credit Administration, or Farmer's Home, pick the farmer who is distressed and write off 30% of his loan? Is that the way it should be done? How do you do that for farmer Peterson and not for farmer Anderson who ^{lives} ~~lives~~ in the same township. If you go in and they've both got federal ^{land} and bank loans, how do you write ^{off} 30% for one and not 30% for the other. ^{Or,} How do you write off a loan of 30% for somebody's who's the ^{the} Farm Credit Administration and not write off a loan of 30% for somebody who happens to be borrowing from a local bank. What do you think about that? That's what they're proposing.

Question *They'll all demand to have* have something *write off if you start* write off something *that ...*

MA - You'd almost have to go across the board.

Chairman: But with work. The first thing you do, you ~~can~~ bail him out and get rid of all those *top officials* that created that problem. They knew what they were doing; they should know what they're doing. Why wouldn't they let out the information of what was going on there? If anybody wanted to find out what was going on they wouldn't tell them. *It was* a secret.

MA - Well, you know they're co-op essentially...

Chairman: Are they partly owned?

MA - No.

Chairman: Well, they say they are.

MA - The Farm Credit Administration is not part of the government.

Chairman: Well, they keep saying they're *partly owned.* part of it.

MA - The Farm Credit Administration is totally divorced from the government. The government input is only in that there is a presidential

appointee shared by the Board of Directors and he appoints the governor of the farm credit system. We don't appropriate their money; we don't set their pay scales; they're not employees of the government; ~~they~~ they are run as a private cooperative. And they fund the bank for ~~coops~~, ~~the~~ PCA's, the land bank, and local boards who are elected by the people who participate in the PCA or the land bank, whatever, elect--well, the people elect the local boards and the local boards then elect the district board because the district board down in St. Paul. But it's all run from the ^{that} bottom up supposedly. But the question/they're giving us now is they want a cash infusion and I'm going to have to make a decision. It's your vote not mine that's cast. And I have a great deal of reluctance to go bail them out and let them give it to this guy or that guy or the other guy. I think we've almost got to do something across the board if we're going to do something ^{about it.} ~~across...~~

~~Chen~~ They've already proven they couldn't take care of it; why do you want to go in there with anymore money now?

~~Chen~~ What about this audit...they haven't been outside audited in years. Will you comment on that?

~~MA~~ Well, my feeling, and again I look for any suggestions you have is that before there is any infusion of credit to bail them out, they ought to stand an audit. So they know what the deal is. That's why we called them in front of the Senate Ag. Committee and they also testified in front of the House Ag. Committee this week. One of the requirements should be an audit so that people know where they are. I don't think we can have a caste system in agriculture. I don't think that we can go out and tell one farmer that we are going to forgive 30% of your loan and not tell his neighbor that he'll get 30% ~~off~~ ^{of} his loan ~~reduced~~.

Chen: What do you do then, Senator, about the individual that's scrimped and may be a good manager, better manager or for whatever reason, is current on his payments, and he isn't considered a bad risk in desperate need of money. Are you going to forget about him? That person who's been thrifty?

MA No, we're not. Because if you're going to do something, Elmo, for Farmer A you've got to do the same thing for Farmer B. That's the very point I tried to make a minute ago and I must not have made it very well. ^{But} that you can't give Farmer Jones a 30% write-off if you don't give Farmer Smith the same write-off. You can't go into that township and bail out the fellow who spent money like it was going out of style and then the farmer who scrimped and worked long hours and had his wife and kids working with him, but he's in not such bad financial shape, you don't do anything for him. That's not fair, I don't think. And I guess that's what you're saying.

Chen: That's the point!

Chen: Well, Senator, I've had several constituents call me in. There's a movement to try and...you know, they want the farmer ^{helped}. They think that the money on Main Street and everything will make everything go if they could get better prices for their products. I don't know where the answer is. This gentleman and I had one yesterday called ^{me} in. He said I pay extra interest because of the failures of other farmers. ^{and he says} "I don't know where the answer is" because their make-up is now of charging higher interest rates to take care of their losses. And he was very disappointed in the management. He said they've built fancy buildings, salaries, and done some things that he thought were costing them a lot of money--the farmer ^a lot of money in their operation.

MA Well, there is a proposal being made now that we underwrite part of the interest rates; you know ^{their} ~~the~~ bonds are selling at higher prices because people are beginning to worry about it so they've got to charge extra

interest because the bonds that they've used to borrow in the marketplace are going up in interest rates. They also have to charge additional interest because some of their loans are going sour and they don't have...what you mentioned...they don't have enough reserve. Now, if we would structure legislation so we would underwrite their bonds and lower their costs of borrowing money by a couple of percent...How many of you feel we should then go and somehow or other lower the interest rates of farmers who borrow from ~~farmers~~ ^{home or} only from their individual banks as well. How many of you think that we can do it for one of the three major lending industries and not the other ^{two.} ~~too~~. In other words, I think that everybody feels that we ought to do it the same for everybody. ^(Yes, Right) The Farm Credit Administration has about 72B dollars worth of the ^{to} ~~209B~~ farm debt outstanding. Farmers ^{home} ~~own~~ has about 45 ^B and the rest of it ^{is with} of course from private banks or with individuals. And the challenge then, that I think you feel should be met across the board.

C (her): What's going to happen if this continues this way? This is just in the last 5 years it's really just spiraled. Now what's going to happen if it's going to keep on. There has to be a stop somewhere.

MA The farm debt was in the neighborhood of \$43- or \$44B in 1975. And then in that five-year period it went to a level of about \$140- or \$150B and then it increased another \$60B in the last five years. So we've had this thing just move out of ~~bed~~ from 1975 on. If you recall 1973, '74 was the time of the Russian wheat sale. In fact there's an interesting thing I dug up an old testimony of the Governor ^{when} of the Farm Credit Administration here before the subcommittee I was ~~on~~ in the House. And I asked him ["] what are you going to do in this Farm Credit Administration when this wheat sale and this wonderful euphoria we've got now ^{we're} ~~we're~~ selling wheat to the Soviets and the \$5 wheat all goes down the drain. I said the

the Chairman, Jamie ^{Whitten} Woodman, just made the comment. ^u The Chairman just said this could well be a johnny one shot. Are you going to stand by these farmers if they get into trouble and these land values start going down. ^u

^u Oh, yes, sure we're going to do it; we're going to have these reserves. We're going to give them 2 to 3 years of grace. ^u Now one of the things that could possibly be done is to give these farmers 2 to 3 years of grace, fold the interest rate payments they can't make back into the value of the loan and let them that way continue farming. But that gets to be more and more of a liability against their land. Somehow or other, eventually, it's got a cash flow. There was a proposal made...we had Kent Jones, our Commissioner of Agriculture, myself, representatives of the independent bankers in North Dakota, the chain bankers ~~of North Dakota~~, the Farmers ^{Home and all the rest} Bismarck, with some of these credit counselors. And well, you know some of ^{them}, Elmo, ^A And we were wondering what can be done and they worry about, can a farmer keep his homestead ^{and} the home ^{quarter?} ~~border?~~ And let the rest go? And Farmer's ^{Home} agreed yes, that could be done. But the Farm Credit Administration doesn't know whether they can do it that way. The question is how do you bail a farmer out who's in over his head? And obviously the money against his farm is much more than it's worth. Can you forgive that loan? Almost everybody there says no, you can't forgive it. Maybe you ought to foreclose on it and let him go through a foreclosure, and if he's a good operator, give him the wherewithal so he can buy it back at a reasonable price, ^{his own land} but he'd have to do it in competition with his neighbors? How would that work?

^{what would you buy it back with?}
Citizen: ~~the money you buy it back with?~~

^(laugh)
MA Well, loan him some money to buy it back I guess. But at a little lower level and how do you do it?

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I don't know what you're going to buy back with your credit; no good to
where: I don't know. ~~Had you buy it back if you did have a money.~~

MA Well, you're going to buy it back ^{with} at considerably less money.

Children. What does neighbor?

Well, the neighbors would almost have to be allowed into that sale otherwise you'd be given a draw down or a forgiveness of 30 or 40% of the loan of one individual. How do you do that for one and not for the others?

C'mon, I'm looking for answers.

(Hm) I was wondering about here. If they would forgive some of that, *giving* commodity credit or whatever it is for money and not decrease their wages, we'd just give them an incentive to charge more, wouldn't we?

To build buildings, and they'd be worse off than they are today.

MA You mean, the Farm Credit Administration?

EWZ Yes.

Well, they seem to have all new buildings; you've got a neat one here in town. (laughter)

Chen Still, their wages are up.

MA Well, it'd be nice if the price of wheat went up.

Q You know, in fairness to Farm Credit Administration, I don't think it's the wages they're paying and I don't think it's the buildings they built that got into the hole that we're in, I think the people resent the wages they are paying, and the fancy buildings now when they're beginning to put the squeeze on farmers. That isn't what caused the problem. We've had the Farm Credit Administration around for 50 years and it worked pretty well through drought, through depression, everything else. It's just when we got involved in this business of we will not export¹¹ and this business of the tough imbalance of payments that's keeping us from our normal markets, that farming began to get into the hole. I think farming dragged the agriculture prices dragged

the Farm Credit Administration down. Now, I don't think the Farm Credit Administration did it to the farmers, I think it's just the price ^{structure} ~~drop~~ that went haywire. We've got a 1 1/2-2 percent return on investment in agriculture. It's awfully difficult to pay your loans wherever they are from Farm Credit and from Farmer's Home, ^{with} that kind of a return on agriculture. I think the best thing is a better price in the market place.

P I made that pitch about almost identical to this one that I got in Lakota. I was in New York making a speech to members of the Senate Budget Committee and on the panel was a fellow who's head of Caterpillar Tractor, and I made the pitch that as long as we run these deficits, we're going to be in trouble in Agriculture because we can't sell our grain overseas. You know, you get all these advertisements--Go to Europe, it's a bargain; ski in the Swiss Alps it's a bargain. It sure is. But try to sell a bushel of wheat over there with a 35% super-valued dollar. Well, on the panel with me was a fellow by the name of Morgan who's the CEO of Caterpillar Tractor. And he said, "what the Senator says is absolutely right. But let me tell you how it works for Caterpillar." He said, ^{"when I} "Go into my office in the morning, I don't ask for the productivity report, I don't want to find out what new product engineering has given us. All I want to find out is whether the yen stands versus the dollar. Because that yen 35% under value is letting ^{Kommatsu} ~~Komatsu~~ kill us. They've taken away all of our export markets; they're eating into our domestic market. And he says we have had ^{to} ~~due~~ in Caterpillar layoff 18,000 workers in the last two years because of what the deficit's done to the value of the dollar overseas."

You know I'm sitting there being quiet listening to the *his share* of the pitch, followed by mine, *A* and I'm thinking, you know those 600 head of 4-legged losers I'm tried to feed out there on the farm wouldn't be such big losers if those 18,000 workers were still working for Caterpillar. So it all ties in. *They don't* The guy who makes this *into* ~~and~~ being a Japanese instead of an American, *and* those Japanese don't let us import or export to them enough of our beef and so we don't get the market that we lose when the guy who would have made this in the United States is no longer employed in the United States. So I think, again, we've got to get back to the deficit and how we address that. *P* Let me ask you a question. ~~Some of you are on social security. We are talking about social security in a way. The bill that I introduced would freeze all spending. Freeze agriculture spending, freeze defense spending, freeze social security entitlement. How many of you who are on social security who would be willing not to have a cut but a freeze for a year if everything else was frozen in order to get the deficit~~

and to realize that our people are united together to prevent World War II, World War III. And I said yes it is, and I said our people should realize how important it is to work together but I said Mr. Minister, that aircraft carrier is a product of our economy. And if our economy isn't healthy, we can't afford--much as we would like to to have that aircraft carrier for the joint defense of our people. And I said, really, from the amount of ^{durham} wheat you've been buying from Argentina lately, I would think Mr. Minister that you might prefer having an Argentine carrier there. He said...he gets that dumb look on his face and the State Department guy who was standing behind me, you always have him around you on one of those trips, you know about to have a hemorrhage, and he looked at me and he says, "Senator, you make a lot of sense, but I think more of our government people have to say just that.

got to say, look, you know, our NATO commitment is part of our economy. If you keep adding a two dollar tariff, every bushel of wheat that lands in Rotterdam, we simply can't afford to have our planes and our guns and our rockets and our men and our tanks over there help in maintaining your freedom, sending

we're paying the taxes to do that.

Paying the taxes to keep that over there to have we're
raising more Citizen: P One of the things you pointed out out there was, I
might add, that ~~their~~ city congressman don't seem to understand the farm
situation. In fact, we were divided up in groups and visited with some
congressmen that don't understand like you fellows from North Dakota,
South Dakota, ^{Minnesota} Iowa. I didn't understand ~~the~~ ^{that we only} that paid 12%
of our food dollar.

MA That's right.

^{Citizen} And the next nearest country is 20%. These congressmen have got to learn
that these farmers...we have to pay for that stuff. ^{And they have the highest} standard living
of

in the world.

MA: They think a loaf of bread costs too much because the price of wheat is so high, there's only a penny's worth of wheat in a loaf of bread for every dollar a bushel of wheat sells for. Right now there's less value of wheat in that loaf of bread than the wrapper on the loaf of bread. If the price of a bushel of wheat went up a buck, there'd be another penny's worth of ingredients in that loaf of bread. These are the things we've got to tell them. We've also ^{got to} I think, be talking about (and I mention that when you were down, I think, I intended to anyway) instead of talking about farm problems, we ought to talk about the agricultural advantage our farm families give this country. I can't go to my city colleagues and say support our programs because farm families are in trouble. They say, hey, Mark, what else is new? Our city families are in trouble too. The way we've got to get votes is to say, look, the President's going to sit down and talk with the head people in the Soviet Union and when they sit down we know that they can blow the world up ten times over and so can we. We know that we can land a man on the moon and so can they. But we also know an additional thing, that we can feed our people and have a lot left over and they can't. And you know, we're making the greatest mistake that any country can make. ^{It's} It's our strongest point and we just don't emphasize it. We don't talk about it. You see the starvation in Ethiopia on your TV screens, you know ^{it's} ~~what's~~ going on in a number of other countries. These countries are wondering whether they're going to choose sides with the United States or the Soviet Union and instead of being proud of our agricultural productivity, we apologize for it. Try to be that mother ^{g/um in} in a ~~swarming~~ Latin America who knows that half her kids are going to die of malnutrition before they reach the age of ten and she hears that we are putting together farm programs that are going to cut the production of food. She thinks, "don't they care?" We've done the right things before under a

president by the name of Eisenhower, ~~We~~ put together the Food for Peace program. Immediately after him under a president by the name of Kennedy, we put together the Alliance for Progress, the Peace Corps, the representatives ^{of our Rural Electrification} co-ops, our ^{Ag County Agents} and a bunch of others, ~~went to~~ teachers, went over there to show themselves by example how the American system work and their way was paid and their interest was gained by our food. Our food went into their classrooms, their feeding centers, their churches and the workers followed. And it was working great. Then we got all bogged down in Viet Nam, and we forgot all about the Alliance for Progress, Food for Peace, and we haven't done anything since. Now, we've got a situation where in Ethiopia we're flying Canadian wheat in with Russian airplanes, feeding the Ethiopians and you know who is getting credit for it? Not us. ^{And} ~~We~~ were paying the bill. But these are, I think, some of the things we've got to do. And point out that farm families make a ^{contribution} ~~contribution~~.

Chen: ...our grain has been so ^{bad} ~~bad~~, the quality has been so poor, too.

MA: ^{The quality's} ~~always~~ been poor. We're going to have hearings ...

I'm Chairman of the ^{Oversight} Investigation Subcommittee and we're going to have hearings rights after we finish the farm bill on the whole issue of quality in export grain. I think what we need is a very simple law that says you can't add anything to the grain after it leaves the farm. It doesn't have to be complicated; we don't have to examine... I think we've got to change some of our grain standards, because under our standards you can have so much other crop, ^{and} ~~when~~ they substitute rye for wheat and you can have so much cracked and they substitute that. You can have so much ^{damage} ~~broken~~ put sand in instead of legitimate ^{damage} ~~broken~~. But the major thing we need is just a flat out requirement that you can't add anything to grain between the time it leaves the farm and the time it reaches the foreign customer. You can take some

stuff out but not add to it. So I think that will help.

Chen In regard to what Andy said when he was in Washington; Bruce was in Washington; I spent a good part of 3 years in Washington.

MA You were practically living down there.

Chen But with all due respect to all our trips coming to see you and other congressmen and senators, how many people that come into your office, Senator, get to see you [^] from Connecticut or wherever? You're so busy; doesn't your AG man or whoever is there on a pitch, don't ~~they~~ get to see your aide.

MA: Oh sure, somebody comes to see me from some other state, they rarely get to see me. In fact people come to see me...well, I'm on too darn many crazy committees. I got on the two that Milt Young was on. And then Baker wanted to put me on the Budget Committee as well, because I had appropriations experience. ^{So} with Appropriations and Budget and Agriculture, a lot of times we have to drag North Dakota ^{in order to} and so the committee were ^{at} in. That's ^{happened to you and that happened to} half.

other, you know, if want to see me, the staff will take you to where I am but...the day before yesterday I think I showed up in my office finally at 4:30 in the afternoon. I started with a series of meetings that began at 7:30. So the people out in North Dakota, I just don't have time to see it all. A lot of times people from North Dakota have to come over to where we're having hearings.

Chen Well in view of that thought, maybe we ought to start a movement here to ...for you to bring your colleagues out here on a weekend or...

MA I do that every

Chen Well, we...let's us instead of me spending \$500 to go to Washington...raise the money and you pick a city colleague whether it be the House or the Senate, Bring them out.

MA I had Lawton Chiles out in the Dickinson area last fall. We took him out pheasant hunting. He's a heck of a good shot, too. He's the ranking Democrat on the Budget Committee; he's also with me on the Appropriations Committee.

Good guy. He's got to walk back and forth to get enough votes to get elected in Florida, as you know, ^{so} we said well, you're such a darn good walker, you go down through the ~~brush~~ ^{brush} at the bottom of the ~~code~~ ^{code} and we'll walk behind. (laughter) He was a good enough sport so he did. He figured the birds ^{he} were down there and they were. That son of a gun/got a pheasant coming up with a hip shot. You know, that's pretty good reaction. And...no, I do that. I had Pat ^{La}hey from Vermont and Rudman from New Hampshire. I've had about five Senators out here in just the last couple of years. They learn a lot and they get a whole new idea of agriculture.

Citizen Well if we had an organized move of raising money, like it seems like Bruce's group you went with ~~raind~~ ^{raind} whatever, maybe 50,000 bucks Andy when you went or when I went. If we convert that money and senator or congressmen in Washington knows that the grass roots of North Dakota or South Dakota, Nebraska is paying the tab and I mean pay his tab, not have him riding on an expense account from the government or whatever, I believe they'd be more appreciated ⁱⁿ with the fact that we are determined enough to let them see our problems...but by the way, don't let...don't do like the wheat commission did and take them out to Dalrample Farm.

MA Oh, no...we

Citizen Well, the wheat commission invited that--the wheels in Washington and ~~the~~ ^{the} the afternoon sit-in around the Dalrample Pool and the tennis court and ...I don't believe that's an example that we should show. (laughter)

MA No, we haven't done that. I'm going to have Jake Garn, he's the one who was the astronaut. He's coming out the weekend after next as a matter of fact. Going to do a thing with the housing people because he's head of the Senate banking committee and all that. And then we're going to tie him in with a little fund raiser I'm trying to do, because you know there is an election next year.

Well take him out to a destitute farmer and try and raise some money and see

~~MA~~ But we've done that. In fact, you think we've got problems up in *Greene* County, you ought to see the problems out in Stark County, that's where I had Lawton Chiles and he talked to those farmers. And we had a sandwich and a cup of coffee. You know, when you go pheasant hunting, you're right out there. We got him out of the sack at 5 o'clock in the morning and we went hunting with some farm kids. When I bring them out, we do the right things. We had ^{we had} Pat Lahey; / Warren Rudman out. Warren Rudman, we had a little fun with because after we got him out in the countryside out in the farm, then he thinks he's a red hot pilot, you know, and he is a pretty good pilot

I've got the *Air Guard* out there to take him up in an S4. They *checked* him out to Montana; we didn't break the sound barrier over North Dakota but ^{and he} we got him in that plane/ broke the sound barrier over Montana. He still thinks of North Dakota and the North Dakota air guards and the farms that he saw, ^{N2} ~~and~~ you're right on target. We do that. I'm going to do more of it. Anytime we get a group like out here, put together a thing and sometime when we bring one of these guys in, well, we'll take them out and show them what the country's really like. They like that, because they don't want to be wined and dined and all that. We get too much of that stuff; we stay away from it. Ninety percent of my colleagues don't go to these cocktail parties and the rest are in the evening. You've been down there. You look around and you've got all the staff that are there. *Don't have time enough for it.* And when they come out into a state they'd much rather go see the people where they really are. So...and if you didn't have any of our colleagues in wheat commission I don't think ^{If} *Cuba* No, no, no. /they were Senators I would have arranged their itinerary and they would have been on a different

But that's where they hit the that that's where the entertainment was at the Dalrample Farm, which I think of not as an example of the average farm in North Dakota. ^{MA:} We brought a bunch of 15 or 20 House members one night over to our farm and it's not exactly a poverty pocket although it's getting to be that more and more. We showed them machinery and some of the other things. They were bound and determined that those big tractors and all that stuff was something we had borrowed from the implement dealer. ^{Isaiah} hell, no. Those are the kinds of things we need to work this place. And we had a friend of mine from Ohio that I got out and he'd never been on a farm before. He liked to think he was pretty good at mechanical stuff. I stuck him up on that ^{Steger} and let him make two rounds plowing. And he plowed a fairly straight furrow. And he still talks about that 3 years later. So, yeah, it works. And we'll bring 'em out here and let them get on one of your tractors, too. Or maybe make a round or two with the combine but that's the way to do it.

Cohen I think we should do it. I think we should do it, not you.

^{MA:} Sure. However.

Cohen Instead of sending these groups of "us" not "them"--'us', anyone. Between... use that money ^{to buy 'em out here}

^{MA:} I think that's a good idea. ^{We've done that.} We had those suggestions. The rural telephone coops and the rural electric coops have made that suggestion, and we'll do it.

Cohen: What you should have done, you should have put rubber boots on some of 'em and taken 'em out to feed 'em. you know. Then they'd appreciate ^{feed}

^{MA:} They saw those feed ^{lbs.} The trouble was

it hadn't rained for about a week so they didn't get them when they were ripe ^{est.} (laughter). That's one thing about us, we've got the old, you know, our fence posts aren't those nice clean things, they're old salvaged railroad ties, kinda bend a little this way and that way. But they've got a lot of

flavor and even more aroma, so...we always like to get 'em this way and that way. If they slip and fall down, well then they'll really understand. (laughter)

Cit em Do you really, honestly, Senator, do you believe you'll be able to raise the support price on those grain prices with the budget problem, *There seems to be a great budget problem.*

MA I don't know whether we got Dole in a weak moment but this is it. This was put in, it's got his name on it. In fact we put it together Thursday night late and he said, do you want your name up there next to mine? I said, no way. You put mine up there, they're all going to think there's something suspect about it. So it says Dole, Pell, Lugar and Cochran Compromise. That's what it says at the head. Let me tell you what it says? 1986. You set aside 20% you get 438; 25% you get 460; 30% you get 485; 35% you get 515; 40% you get 550. Now remember Harkin and Dorgan, they were going to set aside 50% to get five and a quarter. Heck, we got five and half for 40% set aside. And then it goes 1987, same thing essentially. The 30% set aside goes-- well, across the years--1986 with 30% set aside, \$485, \$460, \$455. They trend *down* a little bit, not much, not the *best*, *bad stuff* we don't do anything in 1989. We make our savings, our budget savings, by not having that '89 in there. But quite candidly, I was willing to trade *it* that, because if we get a good for 86, '87 and '88, by golly after a couple of years we can take another fix and go in and patch it up if we need to, *plus* we'll have a different administration in and things will change. I think this is fine. Now, whether we're going to get it through, I don't know. But we passed it, it's on the *boards* *read* ~~floor~~; it's ~~right~~ into the record. We had a motion to table for a test vote and it passed this. Now I don't know what they're going to do. They say they're going to veto it. But can you imagine the fun they're going to have advising the President to veto the thing that the Majority Leader has his name on.

Well, he was on the Evans-Novack Show and said he was going to expensive farm bill.

This is his

.. That's what you send me down is to negotiate. I think we negotiated a pretty good package. We'll get you voting^{ing} Republican next year ^{much} (laughter)....

On the bill,
C *There* will the opposition come from if there's opposition?

MA Well, I don't know when people wake up and start reading^{ing} it I think they're going to say, 'hey what?' But what it ~~does~~ it doesn't track ^{is} its feed grain. Feed grains got to go down. Rice goes down. Cotton freezes at 86 and then decreases out in the odd years. Wheat's the one that's got the stuff. Quite frankly they needed to get 2 or 3 of us to *come* along with ^{them} ~~us~~ and they did a special good deal for wheat, and as far as I'm concerned, I think I know North Dakota and North Dakota needs wheat. Our feed grain price support is not nearly as important; our wheat price support is where it's at and and that's why we got it. I don't know, I think we've got a better than 50-50 chance of keeping^{ing} it. But those figures, I showed them to young Mark out at the farm, because I stuck^{it} in my *profit* ^{when} and we voted on it yesterday. I knew I was going out to these meetings, showed it to him this morning. He said, ^{"Dad"} ~~God~~, you must have waved your magic wand. I haven't heard anything like that for a long time. But it's not bad.

When ~~MA~~ Is there going to be any dollar or bushel limitations per farm?

MA \$50,000 payment limitation. Same one that we had in the past. And the market alone concept of course is going to keep the big guys from getting the shelter. We have in it some provisions in the basics ^{Sent} ~~on~~ a bill to preclude hobby farming. In other words the guy who's the banker in town or the head of a plant in St. Louis and has a 300-acre hobby farm and he's got a few

horses and some other stuff, why pay him? , you know, So we've got a provision that we've been talking about that if you gross income off the farm is higher than his gross income from the farm, he doesn't qualify for any payments.

And we get the big guy because with the marketing loan concept, the price is ~~going to~~ ^{going to} be taken down and he's not going to be sheltered. I think it's going to work. And what we needed was not the old ~~thing~~ ; we needed ~~change~~ ; we ~~needed~~ to keep the safety net. But then we had to get something that would let the market function and let us move this stuff into export. Now some of this is going to be paid for, we pay it...one of the reasons we get some of these savings are payments for the conservation reserve which is ^a ~~the~~ type of a ~~soil bank~~ . that you're likely to ^{win} . We make that out of commodity. So that isn't a dollar outflow. Those commodities are cheap because of the way they're scored. We also pay part of the conservation reserve with CCC commodity ^{as well} . But ~~it's~~ there's the way it is and I think it's going to work. But this in and of itself isn't going to be enough. I think if farmers are given a 4 1/2 bushel target price for wheat I think we can kind of hold it together if we get good crops, but only if interest rates go down. So what I'm saying is we have to address the issue of the deficit. And we've got to get away from these politicians who make these great speeches of "elect me, and I'm going to cut back this foreign aid and we're going to get these deficits under control." The whole foreign aid budget is only \$13 Billion. The deficit's \$180B. So it isn't going to be done that way. You've got to hold down defense spending. You've got to freeze entitlements. You've got to get an across-the-board freeze and you're going to have to get some revenue enhancement from the people who are using these loopholes. And we can do it; we've shown the way. And as I say your Senate delegation ~~Q went and I~~ voted for that freeze. Neither one of us have voted to freeze social security if everything else isn't frozen. We balk on that.

But we think if everything is froze, everything is frozen, including defense. Defense could stand it. Just as when I talked earlier on good ideas come from North Dakota not from Washington. That little farmer concept of the warranty in the defense system is now the ^{law and} long we're saving \$18B a year. Just because I figured if I get a warranty on my Alison transmission my ^{specific} ~~starter~~ tractor, we ought to get a warranty on an Alison transmission ^{on an M1 tank}. They're finding ^{you know, it} ~~doesn't~~ works, Don Loder will give you a warranty on anything you buy down there for a couple, three years. And if we buy an airplane or if we buy a tank or if we buy something for the military, we sure ought to get the same thing. If they were coming at us with this vivid, this Sgt. York business and they came in and testified, and I hit them with the test results which our staff had gotten, ^A and the test results show this is a vehicle that was supposed to accompany tanks in a field and had a whole bunch of computers and radars and anti-aircraft missile firing systems that cost \$26M a copy, ^{but} the tests showed that it wouldn't start when the temperature got below zero. And second, in cold weather it took seven hours with a heat gun to warm the computers to get them to operate. And thirdly, when the computers did start operating, three-quarters of the time they showed the guns were pointing a 180° from where they were pointing, hardly reassuring with the guys in the rear rank. (laughter) We ran that one by and they said, "oh, Senator, we're going to get that all cleaned up," ^{Three} months later, they killed it. ^{you know,} So, we demanded a warranty. And they couldn't stand up by that yardstick and they killed that ~~turkey~~. ^{After} they spent far too many ^{dollars} ~~hours~~ on it. But these ideas that we generate from meetings like this ^{work}. They are working, they're saving us money. We ~~just~~ got a new

Senator, I want to give you credit. I'm on Higher Ed and we went through the University of the Grank Forks and showed us the space--not a bad plant--and they give you lots of credit for the funding of it and it's the only thing positive I've heard for North Dakota is to try to get that new school in for computer space age and I hope that you can because it's the only thing positive I've heard that's coming into North Dakota to spend some money and it would be a good school for North Dakota.

Well, this one we've gotten quietly and not ^{said much} ~~about it~~ or other states would have fussed. But we now have a 7 1/2M dollar facility that I've been able to ^{get the opportunity for} give ~~corporations for~~ to train our young people in aeronautics and space ^{now, wait 9'} 1100 students up there now, and paid for by the federal government. We got another in this bill we just passed out this week. I've got another \$4M in equipment and building additions and what not plus another \$3M for a long-range research project using their ^{doppler} radar and the other stuff we've got to test these wind shears. You know, ^{this} ~~that~~ plane that dropped in Texas, we have now in this bill assigned the research to find out why that happened to the University of North Dakota, and we were able to do it because I was able to get that thing ^{built up} while nobody was looking. Now we've got it and they're bidding on that training center that they may well get. Whether they get it or not, they've got this up to a range where they're going to be able to bid on other things on down the line. ^{I appreciate your} ~~mentioning it.~~ ^{not it} everybody should go through ~~this~~. ^{come} ~~put~~ It is.. It's a great place. It's right on the west end of the campus and it's there and it provides our kids opportunities and it's part of the game, you know, that I think it's extremely important. Another thing I think is important is the amendment that I get in the bill last week--the defense bill--regarding this Great Plains plant. The Defense Department is going to offer to buy 10,000 barrels of jet fuel a day from that Great

Plains plant. And 10,000 barrels of jet fuel is half the production~~al~~ plans. It's now making pipeline quality gas that nobody wants to buy. But the jet fuel is needed. Synthetic jet fuel is a far superior product from what we are now using in our military aircraft and that plant sits right in the middle of three air bases in the Dakotas and another one in Montana, another one in Wyoming. ~~The~~ ^{with} the three in the Dakotas use 7,000 barrels of jet fuel a day. So we think that/that contract to buy, from the Defense Department, we can get somebody, some corporation to take over that plant and shift it from producing pipeline quality gas to producing jet fuel. So those are working too.

Che - We've got coffee back here, anybody who would like some.

Che I've got one more question before we drink some coffee, and this has to do with your North Dakota Association for counties which you are supposed to speak at next week and can't be there. But this is the problem in any ...please when you go there, please tell them I got it for and when Bruce says it's a good one, it's good enough so I darn well better be there to protect it. And if you tell him that I'm not there because I don't want to talk to the County Commissioner who's there because I'm trying to protect our

Che ⁵ He would like to talk to you on another subject which is created like you say these entitlement programs are. The/whole state of North Dakota the counties are sitting like this. The farm economy is at, you say, an all-time low, right?

MA I think it is.

Che OK. We've had more applications for social service programs than ever before. Where's the money ^{coming} from / from when it's frozen and our farmers are getting hurt.

MA That's the problem we've got. And what we've got to do is we've got to make those programs work a little bit better. We've got to stretch a little,

but a lot of things...

Chris Every county ^{is in trouble} for next year and there isn't going to be a county that stayed within their budget because of the farm ^{crop} prices as it is. So that brings the point up, but where do they come from? We've got more farmers in trouble than ever.

MA No, you're absolutely right. A freeze is not a simple thing to do, you know. And yet you can turn around the other way, ^{what} what's happened is all of the cuts have been made in appropriated funds which is about a quarter of the budget. And the defense part and the entitlement parts have been allowed to keep going up. And that's why we've got to just stomp on it. But a freeze on appropriated funds, a freeze in social services, is not going to be ^{easy}. But the alternative to let this cancer, this ^{defect} of cancer keep gnawing at us is totally unsatisfactory.

Chris: Do you think revenue sharing will come to an end?

MA I think so. I think it has to.

Chris That adds another in a city another 16 mills on the taxpayers...

MA I know. And because of that...

MA Because of the economy and the problems out ^{at} Cooperstown I voted against bringing it to an end. But quite honestly, we don't have revenue to share. We've got a deficit. Nobody wants to share that with us. But to continue a revenue sharing program, you know,

Chris The government spoiled us by giving it to

MA You bet. But we spoil a lot of people and to get things back under control I can't sit here and smile and say, it's going to be easy. It's not. It's going to be darn tough. But even tougher is going to be not doing it. And if you really want to not sleep too well at night, I mention the fact that interest rates are high and the value of the dollar is high and it's

difficult to sell our grain overseas because we've got to get this 83B this year in to cover our debt. Well we've been doing that for a couple, three years and as we speak this Saturday afternoon in Cooperstown, foreign interests hold ~~not~~ just real estate, not just stocks and bonds, not just other things ~~any~~ they hold \$185B worth of treasury ~~and~~ readily convertible. As the president has a flare-up of his cancer and somebody sinks an American aircraft carrier in the eastern part of the Meditterrean, and these foreign investors with this almost \$200B worth of our treasuries, get nervous and start converting them into gold or other currency or something's that's going to be *Katy bar* the door. There's a great thing going on down in Washington, *Volcker* ~~bull proof~~ bashing, you know. If you can't come up with a good suggestion, blame something on Paul *Volcker*. The tragedy of today is that Volker doesn't control the interest rates in the rest of this country. We don't control our own destiny because we're hostage to the foreign investors. And we continue to import \$60B a year worth of energy, and then want to shut down a syn fuels plant out here and export those jobs to somebody else sending energy into the country.

Chen: Senator, they always talk about setting the value of the dollar. How is that done?

MA The value of the dollar is set by virtue of what it can draw in interest rates. And interest rates in our country now are considerably higher than they would normally be. In fact they are the highest they have ever been, actual interest rates. Relative interest rates are higher than they've ever been. Because when we had 18-20% interest rates, we had an inflation rate of about 20%. So the person that borrowed and bought still did better because it appreciated ^m value. Now you've got a zero inflation rate or the inflation [^] rate is actually going the other way, so today's interest rates are really tough. The value of the dollar is set by virtue of what people figure it's worth. And when they feel ^{you} ~~the~~ economy is relatively stable and when you're

willing to give them high interest rates and let them invest, they'll come this way. If we didn't have to kite those interest rates to bring in ~~the~~ foreign investment, the value of the dollar would go down and ~~then~~ ^{own} the merchandise would be much more saleable over in the other country. Now if we wanted to put tariffs out in the face of imported goods ^{which} I have never voted for, have no intention of voting for because of what it'll do to us ^{and} and we have to go back to ~~smooth~~ ^{smooth} ~~all~~ ^{the} tariff act of '29 and find out it threw the whole country into a depression. But if we would be tempted to do that, immediately the value of the dollar would go down because they wouldn't be able to spend their dollars for much of anything. ^{Get more and} /Then we'd have the run on the bank.

come you get more inflation then,

MA Sure. The thing that happened if I can critique my own administration they did a couple three things right and they did one thing very wrong. At the beginning they wanted to get inflation under control and they did that quite well and they wanted to get spending under control and they got that pretty well done. The problem is they forgot that they couldn't have supply ^{side} ~~the~~ ^{work} in the face of the interest rates. They went with the old deal that worked twenty years ago. In fact, Jack Kennedy was President, ~~and~~ it was put into effect a tax cut, and the tax cut gave people more money in their back pockets which they reinvested, which stimulated the economy and they were making more money. And eventually we took in more and everything worked out fine. In the case of the Reagan concept of going for the tax cut and the supply side, they did it before they got interest rates down and the stimulus of a tax cut is totally different in the face of 18% interest rates than it is ^{the} ~~to~~ face 5% interest rates. *They go* give you a tax cut *ad* that means one thing as far as investment in your plan ^{if} you're making an investment in the face of the lower interest rates. That's the part

that fell apart. And now they keep thinking that ^{supply side} is going to bail them out and it ^{isn't} ~~wasn't~~. And now they're beginning to realize there is ^{going to be} ~~no~~ bail ^{in it} of cotton. In the meantime you've had a bunch of political people drawing 17 fingers on each hand, pointing the finger at somebody else and blaming them for the problem. ^{You know, we're all to blame;} the Republicans are blamed; the Democrats are to blame; the House is to blame; the White House is to blame; the Senate's to blame; and one group is saying you can't cut defense, another group is saying you can't cut entitlements. Another group is saying you can't cut ~~it~~ and there are a few of us that were saying, look, let's be fair, let's admit these programs are all there for some reason. And let's just freeze ^{em} them. Don't cut any of them freeze ^{em} ~~them~~. We couldn't even get votes enough to do that.

Colore: Do we have to lose that 300 defense cut year. Can that go down quite a bit.

I don't think we have to spend that much. We have to spend a good deal, ~~but~~ half of it's for personnel costs and I think in the out years we ^{could} ~~have been saved~~ a good deal of money and have the same amount of defense if we would do some things involving personnel. Now we've got a great group in the Air Guard in Fargo. They can out-fly, they can out-shoot, they've proved it. They won the William Tell and all that against the best in Air Force competition. They've got a similar unit in Mississippi. Another one in New Mexico. A couple of other states have them. Now, if instead of having our Air Guard fly 25-year old planes that they wouldn't take into combat anyway, if we take the new F16 that are coming ^{along} and ~~have~~ ⁷ 15s that are coming off the assembly lines and put those in the hands of these Air Guards and disband some regular air force units we'd save a lot of money in personnel. If we would take the ground guard and the ground reserve and realize that in the ground guard ^{and} reserve we now have 33% of

equipment on hand. Any standard tactical manual says that to be combat ready you ought to have 125% of your units equipment on hand. Well, we could disband a couple of divisions--the regular army^{and} use that equipment and the new equipment coming in to equip the Guard and the Reserve. Remember the Guard and the Reserve, the old militia^{is}, is what has made our country free 200 years ago and what really did the best job in World War I and World War II. We had a guy by the name of McNamara that wanted to ~~put~~ Guard and Reserve and didn't use in Viet Nam, put them on a shelf. But they're still there. And they're still able and ready and the personnel costs are what ^{chew} ~~shoots~~ us up, so doing that we could have the equipment, we could have the readiness. I think we'd have a lot better preparedness and be able to do it with a lot less cost. So, sure, that's in a nut shell where I say you can cut defense without cutting our preparedness. But you're not going to do it by saying we don't need to buy these planes and we don't need to buy these tanks and we don't need to do the research for a Star Wars defense, and some of these other things. Those things we need to do. We can make the savings in personnel; that's where the expenditure is.

Chv: Senator, in view of the money that we, the banks of the United States loan again to Mexico, Argentina, Brazil, to pay the interest loans, ^{are} guaranteed, I understand that they're guaranteed loans, guaranteed by the federal government, ^{when} are we going to face reality and realize that those countries are never going to pay that and they say that a catastrophe will happen to the banking system in the United States if they do not pay the interest at least. Don't you think it's time we faced reality, and if Chase Manhattan goes down the tube, it has to go down the tube. Why should we subsidize those people loaning money to foreign countries to pay their interest that goes out, comes right back in, there's paper transactions, ^{when} are we going to stop this?

MA Most of those loans are made by the International Monitor^{an Fund} and that's only a part of us. I did a deal on that Mexican thing because I...in fact I got a letter from you, you were telling me about that about 3 years ago. And Library of Congress Research Service, I think I shared that information with you, ^(4x1) and we looked into that Mexican situation. Mexico needed the loans, the loan was made through IMF. Our involvement in it was I think 20% or, I forget, but that's when Mexico went out and began buying sunflower seeds from us and began buying barley from us and they kited the price of barley by about 30¢ a bushel and they kited the prices of sunflowers, that's when we had 19- 20¢ sunflower seeds. Mexico was in there buying, and the increased revenue to agricultural producers alone more than paid back the amount of the loan that we had. So there is a cause and effect that can be favorable and some of that borrowing, the general constellation you make, those are the ones that are extremely important. Can we keep affording to bail out these people. Course the other side of it is what would it cost us not to bail them out? I'm no international monetary expert; all I know is that if you don't keep Mexico half-way ^{solvent} south, we're going to have to spend a heck of a lot more, in the military to protect ourselves from some of the problems that are going to come. It's kind of like Cap Weinberg coming into my office a year ago and saying "Mark, we need \$23- or \$24B for an RDF rapid deployment force." I said Cap, what do we need \$23B for rapid deployment force for? We've already got this group and that group. He said we have to have a rapid deployment force poised to move in and intervene in the Middle East. I said, "God, with all our NATO stuff that we've got right there in Greece and the forces we've got in the Egyptian area and our carriers in the Mediterranean." No, we need this special stuff because you don't realize how important ^{Mark} are those energy supplies in the Middle East, part of the freedom of the Western World."

MA - 11/2/85

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Well, think of that for just a minute. We're being asked to spend \$23^{plus billion} a year to keep our hands on somebody else's oil and we're unwilling to spend \$2B or \$3B to develop our own synthetic fuels here on our continent. And we're still importing \$60B worth of oil a year. This thing gets to be a kind of a crazy quilt, a patchwork deal. Needless to say, we turned down that yesterday and we got part of it because we converted some of the forces that we were in, and I think I'm getting in a classified area, but not too classified. We converted part of the so that there could be a swift response deal there. These are some of the crazy things we get. In the line of international finance, though, *Σ/mo*, the question is what do we have to pay if we don't do it? What happens if Argentina falls and Mexico goes *mean* and all of the rest...

Chen The thing is couldn't we just wipe off the debt, forget it. Quit sending from the IMF to Mexico, paper transaction to be \$5B a year interest--forget it and forget the interest. We're done with it. Wipe it off and be done with it. Because we're going to live with this I think forever. Maybe we should just forget it.

MA IMF isn't controlled by us. It's about 20% are. 20% to 25% something like that. That's the finance committee guy who can do that.

Chen OK. Where's the other money coming from?

MA Other countries.

Ch Well, they're so destitute also.

MA *William* Soviet Union, even.

...but I'll take a look at it.

Do you have any other? We're getting down to the witching hour?

Yes.

Chen I just wanted to make a comment *last health*

I appreciate what you and Senator are attempting to do

that come out a lot better under

I guess one thing that strikes me as merely is going on right
here in own state

And that's the point we're trying to make. The other thing is that
and as co-chairman of the *Rural Health Care* we're going to hold hearings in...
we had some in Grand Forks and then we went down to *DeLorge* to see what
they were doing in that area. But we're going to hold hearings on the
7th of December in Fargo and I've invited and he has agreed to attend,
the head of the Veteran's Administration health bill, *Wes* *George Mitchell*
the Senator from Maine, another one of these outside senators
coming in, to talk about these issues. Well, I have a pretty good, I think
panel
handle/discussion on what we do. The point we're trying to make is that

medical care is not medical care unless it's available. It's not proper medical care unless it's good medical care. You've got to have those two things. And the diagnostic work that you can do with a well-trained general practitioner in Cooperstown or with the ^{infra}structure they have ^{in Hellinger} by encouraging him person to come in and be examined, and have that mamogram, have whatever else needs to be done early on.

^a Cause ^I If you're talking about saving money, that's how you save money.

Because if you don't spend that buck to have that diagnosis made properly early on, the person in the Cooperstown area is going to wait and postpone going to get that examination, if they have to go to Fargo, if they have to go to Bismarck or Grand Forks. And they postpone a few months too long. And then you have to spend \$5 to correct what you could have done for \$1 if you can correct it at all. That's the thing that bothers us. So we feel that we ought to have a quality standard of care. A doctor shouldn't be attempting to do open-heart surgery in Cooperstown, North Dakota obviously. But Cooperstown ought to have an acute care facility and competent doctors and they ought to be paid the same amount for an office visit as far as the Federal government is concerned, in Cooperstown, as you pay for an office visit in Detroit, Michigan or Boston, Massachusetts. Right now in Washington, D.C. they pay three times as much for an office visit as they do in Cooperstown by federal regulation. That's stupid. It's wrong ^{read} and it's not in the best interest of the people. Because you ought to have health care. We had a deal in '79, if you were in the business then, we had a regulation coming out of HHS that said the only hospitals that could provide OB service, where you could have a child ^{was} the hospital that had a 375 or more live births per year. You know what that meant? That meant the only place you could have a baby in North Dakota is Fargo, Grand Forks, ^{Minto} or Bismarck. Try to tell that in the middle of the night when your wife starts having labor

pains. This is how crazy these regulations...well, we got that one turned around. Now we got hit because we're getting hit for turning around so as you know in a year we're going to get back so rural hospitals begin to get paid on a balance with the others. The trouble is you haven't been paid for 2 1/2 years so they're taking this out of your capital account, ^{And} it's extremely difficult to recover this if you ^{can} ~~send~~ down the line. We're trying to get these things turned around. Somehow...to get back to agriculture, Eisenhower again was...I started out in ^{Young Republican} ~~Baltimore~~ when he was President and these experts that think they know everything about health care and rural health care just don't understand how it is. Farming is the same way. He made a statement one time, we were in...I forget what it was, but he was saying, you know, he says, Mark, it's awful easy to farm with a pencil if you're 1200 miles away from a cornfield. ^{So} And you know, that is ^{on} the ball and so direct. These experts down there don't understand. Another way of putting this is our Indian people, bless them out here in North Dakota, say that "Walk in our Mocs," you know, and you'll understand. And live ⁱⁿ ~~with~~ rural America and you'll understand. We're not talking about spending money, we're talking about investing money. You don't care about people if you hate human beings and you only work with the almighty dollar. You ought to be in favor of rural health care and delivery systems because it's going to save as I say \$5 down the line ^{for a buck} invest up front. That's the case we've got to make.

Chin I think if it comes to the point where hospitals and rural hospitals start closing ^{all over the state} we're going backwards. We're going back to where we were 50 years ago when there wasn't adequate health care. And people didn't have adequate access to health care

Put red people in it and & come here if we had have 3 hospitals

We built these hospitals with ^{with} Bill Burton and then we tried to save them with a swing bed concept. It took us four years to get that one through. It makes an excellent combination because we've got some acute care beds and we've got the nursing home.

But Without that *John Burton* program we wouldn't have hospital.

NA I know, I know. And that was the biggest thing that we had to ...but it took us four years to get that done. It made a lot of sense and now of course we're fighting for the concept of comparable pay. One of my closest friends, I grew up with, ~~cat~~ — , he's an ophthalmologist in Fargo and a darn good one. And he does cataract surgery with the laser deal and all that. ^{He says,} "Mark, you know, he says, it's ridiculous. I love to work you know, and I'm doing fine and I'm making all the money I'm ever going to need and all that. ^{vi} But he said, ^{vi} I get paid half as much for a cataract procedure as one of my close friends, who I went to residency with, who's in Los Angeles and gets paid per procedure. And he says, when I've got to get my laser fixed I've got to fly a technician in from Los Angeles. ² All my costs are higher. ^u The Hedding Hospital, ^f course pointed out, the medical center, to the staffers. You know when we come with our colleagues, when I well, Dave Durinberger, you talk about senators from the outside the state, and David Durinberger in the state the week before last. We were down in Hedding. Then he comes in with his staff people from the Senate Finance Committee. And they couldn't understand what we had down there. They saw it; they were amazed. And the thing that bothers them is the fact that down here they're paid one-third as much to do a procedure as they're paid in New York city or Boston. They say we've got to correct that. And

every one of their expenses as they pointed out--lenses for a cataract procedure, the tabs and the sheets and whatever it is that you get in hospital supply costs them at Hedding 30% as much as it costs a hospital in St. Paul. Because they buy in bigger quantities. And our costs are higher yet they pay us less because they say somehow or another you can find an RN for less money out in Cooperstown than they can in Chicago. That's nuts too. And how do you get doctors? We've got many counties in North Dakota that don't have doctors and how do you get them to come out there if they're going to have fewer patients and get paid less per patient? The quality of life makes up for a lot of them but it doesn't make up for that much and that's part of the fight.

We're doing well with your ideas

and your help and your suggestions but keep in touch because we're working on it and we need your information, your input, ~~yet~~.