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# Remarks and a Question-and-Answer Session With Farmers in Norway, Iowa

September 20, 1984

*The President.* Thank you all very much. I thank you. I thank Jack Block, also. He's been, I think, a very fine Secretary of Agriculture, and I know his heart is really in what he's doing.

Governor Branstad, and the Members of the Congress that are here with us, our Senators:

Before I begin the remarks that I intended to make today, I'd like to repeat something that I said at the airport when I came in -- that's a few words about the cowardly act of terrorism that we learned of early this morning.

The suicide attack against our Embassy annex in East Beirut has saddened us all, of course, and it's another painful reminder of the persistent threat of terrorism in the world. I've talked with our Ambassador, Reg Bartholomew. He was in the hospital, and I was in the plane on the way here when we talked. He's injured, himself, but he said it was not serious and, actually, he walked out of the Embassy after the explosion and walked to the hospital on his own. He's quite a guy. And he expressed pride on behalf of all the people that are serving there with him.

But in this moment of anger and sorrow, our prayers are with those who are bereaved, while our commitment to the cause of peace remains firm. And I'm proud, as all Americans should be proud, I think, of the brave Americans who are serving us in the Foreign Service all over the world in the cause of peace for people everywhere.

But now, I want to thank the Brockschink family for being so kind to invite us here today in the midst of this busy time for all of you. I have a few things I'd like to say, and then I'd be very pleased to take your questions for a period of time.

First, with the hard work and great courage of our people, the farmers' number one market is coming back. America in September of 1984 is moving forward with an economic expansion that's given birth to 6 million jobs -- new jobs -- and new hope. We're a stronger nation today than we were 4 years ago.

And second, while we welcome that progress, we know it's incomplete. Too many of you have yet to benefit from it, and we won't be satisfied until you do.

My third point is, even though your road to prosperity's been longer and the grade is steep, we're moving in the right direction again, and we're closer to our goal than we were.

*[The President was briefly interrupted by the noise of a plane flying overhead.]*

I hope it's one of ours. [Laughter]

In January 1981, we were left the legacy of record inflation, record interest rates, the highest peacetime tax burden in history, and a farm embargo that had inflicted terrible damage not just on short-term sales, but on our long-term reliability and credibility as a supplier. Well, all the initiatives that we've taken since our first days in office -- and that we'll continue to pursue -- have been aimed at getting to the root of your problems to help family farmers and ranchers turn things around for good.

How have we tried to help the family farmers who, day-in, day-out, probably face greater difficulties than any other group in our country? Well, by bringing down inflation, which had destroyed the profitability of farming in 1980. We went from one of the largest 2-year increases ever in prices that farmers paid in '79 and '80 to the smallest 2-year rise in 15 years in 1982 and '83. And the most recent inflation rate has been at 2.9 percent. If we had to go back and take the whole year getting to that point, why, it's down around 4.0 percent.

But we won a long-overdue change in our tax laws that will protect thousands of widows and children from losing what generations of love and toil have created. The estate tax exemption will increase to \$600,000 by 1987 and, of even greater help, there will be no estate tax for a surviving spouse.

We ended the unfair, unwise grain embargo. And my opponent now says he opposed the embargo privately, but the record shows that he supported it publicly and enthusiastically.

Well, we ended the embargo, and we've reestablished our sales to the point where, since last October, the Soviets have bought 23 million metric tons of grain. And, as you may know, I approved raising the ceiling so that they may buy an additional 10 million tons in the next year. And we'll raise the ceiling again if they use those up.

We're aggressively moving to open up other markets that had been restricted. We reached agreement with

Japan to double its purchase of American beef exports over the next 4 years. And I think we have a friend there in the Prime Minister, Nakasone. He's got his political problems with his legislature, as I do with mine, but -- [laughter] -- he really is working in tandem with us.

The effects of the grain embargo, combined with the bumper crops in '81 and '82, left us with huge carryover supplies. So, when action was stymied in Congress, we moved to develop the PIK program. And farmers set aside nearly 80 million acres and got paid in kind with reserve stocks. Now, that program and last year's drought cut the U.S. feed grain stocks by 73 percent.

And we're trying to help tens of thousands of farm borrowers hold onto their farms and stay in farming. The Agriculture Department is lending money to 270,000 beginning farmers and farm borrowers who can't get credit elsewhere. And in the last 3 years, the USDA Farmers Home Administration has doubled its regular operating loans for farmers.

And this week, we announced another major initiative to assist farmers trying to cope with debt burdens. The Farmers Home Administration will permit a deferral for 5 years of up to 25 percent of the principal and interest payments owed by farmers who need breathing room to return to a sound financial footing. And the deferrals will be made available on a case-by-case basis.

And we want to assist those who do not participate in the FmHA programs, so Farmers Home will make available \$630 million in guarantees of loans by private banks as part of rescheduling plans for troubled farmers.

Our road is hard because the difficulties that built up were so great. But we've righted ourselves. We're moving forward again.

And it puzzles me how some could already forget that only 4 years ago, they left the farmer stuck in the swamp. And I'm troubled that those who gave us the grain embargo, and the nightmare of double-digit inflation, and 21-percent interest rates don't seem to have learned their lesson. They're proposing what would amount to a new one-two punch against American farmers -- a massive protectionist program that would provoke foreign retaliation, particularly against our farm exports, and a massive tax increase that would hit nearly a million people who earn income from farming. And if all of their promises are fully funded, it would be the equivalent of more than \$1,800 in taxes per household.

Now, those are not my idea of friendship for farmers or fairness for farmers or a better future for farmers. They would reap a harvest of hardship and take us back to the past, to what has already failed. We firmly believe that the initiatives we're taking with you will make you stronger for the future.

And now, rather than me going on with a monolog here, let me hear from you. I know that you may have some

questions. I know that our time is very limited, but fire away.

Q. Mr. President, I have a two-part question. Mr. Grimes, an economist from Missouri, has figures that say U.S. pork producers' market is being depressed by \$6 per market animal. Canada's Federal and Provincial assistance program seems to be giving Canadian pork producers an unfair advantage over U.S. pork producers. A number of U.S. Congressmen have signed a letter encouraging you to call an agriculture and forestry trade summit with Canada following the current elections. Mr. President, what is the progress of these talks.

The second part of the question, if I may go on, Mr. President: The current Economic Report of the President reports, "the growth in world cereals imports in the last decade has been fueled mainly by growth in per capita income, with growth in population being a significant but less important factor." Is the President's office being used in any way to urge other countries to increase their per capita income?

*The President.* Yes. We have a Secretary of Agriculture who's a world traveler by now. And we have made substantial gains with some of our trading partners in this field. And right now, he has been meeting with the Trade Minister of Canada on this very subject of the import of Canadian hogs. And we believe in free trade, but we believe it's got to be fair trade. And I don't know what progress they're making or how much progress.

Would you like to comment, Jack?

*Secretary Block.* Well, Mr. President, I talked with the new Minister of Agriculture yesterday in Canada. You know, he's only been aboard just this week. We needed to wait till he was there. And I asked him -- I told him of our problems with them and our trade questions and asked if I could have a meeting with him and we could work to resolve the differences. He agreed to a meeting, and we will be setting one up and moving on that subject as fast as we can. So, we're right on top of it.

*The President.* All right. And as to the answer to the other problem, as I say, we have been working on that. In fact, we recently -- several months ago, if I remember correctly, was the timing of it -- we did a certain thing with regard to some shipments of grain products to Egypt, which sort of was like hitting a mule with a club to get his attention. And it was to get the attention of our trading partners in the European Community. And I think we did get their attention on that. So, we're making progress there, too.

Q. Thank you, Mr. President, for your answer.

Q. Mr. President, you have stated your opposition to any grain embargo. Is it not true that the domestic content legislation is, in reality, an embargo? What is your position on this?

*The President.* We're opposed.

Q. Good.

*The President.* Strongly opposed. [Applause] Yes, wait, if I could just say this one thing about protectionism. In so many areas, so many times, we're able to prove that protectionism for one particular segment that might be construed as saving jobs in that one -- you can turn and prove that it'll lose three or four times as many jobs in other areas of our economy. And it's just a two-way street, and we're not going to go down that street.

Q. Mr. President, I would like to look at this problem in just a little bit different vein. I believe that a good business deal will make even stranger bedfellows than politics. I believe that mutually beneficial, reciprocal trade would probably do more for our national interests -- and can serve the cause of world peace -- than any other single thing that I can think of. I'm just wondering if you -- [inaudible] -- --

*The President.* Yes, we believe in that. As I say, we've got to play on a level field. We can't keep on playing this game where we're downhill and trying to go uphill to score, and they're up there rolling down. And I think we have made progress, and we're going to continue. In fact, at the summit meeting in London, that was the gist of my messages to our trading partners over there in that meeting. And I met with a great deal of agreement with them on the fact that we've got to oppose protectionism.

Now, all of us recognize you can come to some situation where there is some particular segment or something that has been unfairly hurt, or that simply needs some breathing room to get back on its feet, and you can temporarily give them a hand. But you must be very careful that that, also, does not penalize others in our economy. But believe me, we're dedicated to free but fair trade.

Q. Mr. President, we thank you very much for the contributions you've made this past week to agriculture with the \$660 million, and I -- --

*The President.* Six hundred and thirty. [Laughter] See, I'm always cutting. [Laughter]

Q. We have to have some concern, that the very large national deficit that is causing our high interest rates that we currently have. What can you, what can Congress, and what can we do to bring the national debt into line, so that we may all make a comfortable living?

*The President.* Let me just say with regard to the whole subject of the deficit: Actually, the only connection that anyone could make with our deficit and high interest rates would be if there was such a demand for lending capital that the Government shut out the private sector. That hasn't been true. Because of our tax cut across the board, because of the tax depreciation things that we put in for industry, and so forth, they have been investing at a faster rate -- business and industry in America -- than has been true for years and years, and without shutting off the supply.

For one reason -- because there's been a pretty healthy rate of savings by individual Americans, now, since the tax cut. The deficit is a result, not a cause. And the deficit is the result of the Government spending too great a share of the private sector's money. And what we've got to get is government down. Because what difference would it make in the deficit if you taxed and eliminated the deficit, simply by increasing the taxes, and the Government is still taking that same amount of money out of the private sector?

The problem with our economy is that reducing of the gross national product by government. So we do have plans, in spite of what you may have heard from some other sectors here. And we are specific. We think we've been very specific. Our economic program that we advocated in 1981, and are still going forward with, calls for sizable reductions. We never got all we wanted.

If we had gotten what we asked for from the Congress, the deficit would be \$50 billion less than it is right now. But the two things that we have to do -- we've cut the rate of increase in government spending more than in half, bringing that line down. Now, as we do things, such as the tax cut -- and they may point to that and say, "Well, that's what did away with government's revenues and increased the deficit." No, it increased the growth in the economy and brought about the recovery to the point that the revenue line is now coming up more steeply, not because your taxes have been raised, but because as a result of the incentive from that tax program, there is recovery.

And so, what we're working toward, continuing to try and get -- we've got 2,478 specific recommendations for better management of government that was brought to us by the Grace commission. Now, this was a private sector group -- leaders from all over the country -- that, under Peter Grace, at my request, formed themselves into a group to go and take a look at all of government and find out where it was doing things that business gave up doing a long time ago and to modernize and so forth. And we have a team studying those recommendations. Now, we don't know how many of those we'll find practical to -- and some will take legislation. We've already implemented 17 percent of them that we could do administratively to further decrease government costs.

But when we can get those two lines -- the increase in government spending and the increase in revenues by way of the recovery -- to come to a point together, we've eliminated the deficit. And we, in addition to that, have what we call the downpayment, where we got a compromise thing of some tax reforms, plus some further savings that we got bipartisan agreement on, to put into effect, that will further do it.

And we do have the deficits now in a declining line. This year's deficit at \$174 billion is \$21 billion less than we ourselves projected that it would be this year. And that's a mistake we like to make. So, we're determined.

*Secretary Block.* Mr. President, your time is short.

And the President can only take one more question. Remember, the President has asked for a constitutional amendment requiring a balanced budget. And that'll get us this. And your President asked for it. The Senate Republicans and the Senate have supported it. But Tip O'Neill and the Democrats in the House have blocked it.

*The President.* They had it buried in the committee for 2 years. And there's one other -- thank you for reminding me. That's what I should have added. I rambled on and forgot that. The other thing that I want is something that I had as Governor and that 43 Governors have -- line-item veto. This thing of sneaking an extravagant, not-worth-it measure into a bill that you have to sign when it comes to your desk because you need the rest of the bill -- but if you had, as I had then, that you could pick out that one part and say, "I sign the bill with the exception of clause such-and-such."

As Governor, I vetoed more than 900 such things in the 8 years that I was there, and never had a veto overridden on one of those things. So, it's a tool that I think will help us.

I was going to call on him if that's the last question. I'm sorry about the rest.

Yes?

Q. Mr. President, it's rather evident that much of the future welfare of our industry depends on exports. And many of the developing countries have been former recipients of our Food for Peace Program. And I was wondering -- and they have become viable trading partners with us now -- is there anything being done under Public Law 480 that can be done?

*The President.* I think so. And with regard to exports, that is also a priority of ours. And that's why he's a traveling salesman and has been going around the world so much on this, to develop and encourage more exports, because we know that -- good Lord, you have progressed. They talk about high-tech revolutions, the American farmer is high tech himself. You can not only feed all of America, you can feed an awful lot of a hungry world. And we're going to do everything we can to see that those markets are open to you.

Now, I know I've got to go. Did you want to add something?

*Secretary Block.* Just to say that between now and the first of October, there will be \$2 billion of GSM 102 credits announced for countries that need our grain and need our agricultural crops. And we're going to start moving them. We're going to move them fast during the harvest period.

*The President.* I made a general statement, and he made it specific.

Well, I know I have to go and move on here, but I just want to tell you one thing. I can't resist. When Jack

introduced me as knowing something about farming, and I think I do, I do have to tell you how I learned some of those lessons. Maybe it'll ring true with some of you.

I had a ranch -- well, I have a ranch -- but I was running grazer cattle at the time. And then it just dawned on me, with all that space out there and everything, why didn't I put in a battery of chickens and raise our own eggs and have eggs at home. And I did. And it worked just fine. It was wonderful to sit down, our own eggs there at the breakfast in the morning, until I found out that they were costing me \$1.65 an egg. [Laughter] So, I gave up poultry. [Laughter]

Well, thank you all very much. Thank you.

*Note: The President spoke at 11:03 a.m. in the barnyard area of the the Brockschink farm. He then traveled to Fairfax, IA.*

Date

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## RONALD REAGAN

Presidential Library & Museum

40 Presidential Drive

Simi Valley, CA 93065

800-410-8354

[reagan.library@nara.gov](mailto:reagan.library@nara.gov)



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