FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2182

Date Filmed 11/14/86 Camera No. --- 2

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FEDERAL ELECTION COMMISSION

5 Routing Cards (5); 1 index of documents in file (5);
3 Routing slip a complainant + respondents addresses (5);
1 Memo to the Commission (5); 7 Copies of 12 day
report with comment sheets (5+2); 3 Objections sheets (5)

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

___	(1) Classified Information	___	(6) Personal privacy
X	(2) Internal rules and practices	___	(7) Investigatory files
___	(3) Exempted by other statute	___	(8) Banking Information
___	(4) Trade secrets and commercial or financial information	___	(9) Well Information (geographic or geophysical)
X	(5) Internal Documents		

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Signed Patty Reilly

date 11/7/86

FEC 9-21-77

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 24, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Myron Hilton Atkinson, Jr.
P.O. Box 1176
Bismark, N.D. 58502

Re: MUR 2182

Dear Mr. Atkinson:

The Federal Election Commission reviewed the allegations of your complaint dated June 27, 1986, and on October 21, 1986, determined that on the basis of the information provided in your complaint and information provided by the Respondent there is no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended ("the Act") has been committed. Accordingly, the Commission has decided to close the file in this matter. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Should additional information come to your attention which you believe establishes a violation of the Act, you may file a complaint pursuant to the requirements set forth in 2 U.S.C. § 437g(a)(1) and 11 C.F.R. § 111.4.

Sincerely,

Charles N. Steele
General Counsel

By Lawrence M. Noble
Deputy General Counsel

Enclosure
General Counsel's Report
Certification

86040520595

Plm

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 24, 1986

William C. Oldaker, Esquire
Epstein, Becker, Borsody & Green, P.C.
1140 19th Street N.W.
Washington, D.C. 20036

RE: MUR 2182
Dakota Resource Council

Dear Mr. Oldaker:

On June 11, 1986, the Commission notified your client of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on October 21, 1986, determined that on the basis of the information in the complaint, and information provided by your client, there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

Lawrence M. Noble

By Lawrence M. Noble
Deputy General Counsel

Enclosure
General Counsel's Report
Certification

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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Sincerely,

Charles N. Steele
General Counsel

PR 10/23/86

LL 10/23/86

By Lawrence M. Noble
Deputy General Counsel

Enclosure
General Counsel's Report
Certification

86040520697

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Myron Hilton Atkinson, Jr.
P.O. Box 1176
Bismark, N.D. 58502

Re: MUR 2182

85040520698

Dear Mr. Atkinson:

The Federal Election Commission reviewed the allegations of your complaint dated June 27, 1986, and on October 21, 1986, determined that on the basis of the information provided in your complaint and information provided by the Respondent there is no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended ("the Act") has been committed. Accordingly, the Commission has decided to close the file in this matter. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

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Sincerely,

Charles N. Steele
General Counsel

PR 10/23/86

LL 10/23/86

By Lawrence M. Noble
Deputy General Counsel

Enclosure
General Counsel's Report
Certification

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2182
Dakota Resources Council	)	

<u>CERTIFICATION</u>

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of October 21, 1986, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2182:

1. Reject the recommendations contained in the General Counsel's report dated October 1, 1986.
2. Find no reason to believe the Dakota Resources Council violated 2 U.S.C. § 441b(a).
3. Close the file.
4. Direct the Office of General Counsel to send appropriate letters.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

10-22-86
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

86040620699

SENSITIVE

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

86 OCT 1 P3:46

FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION ________

MUR #2182
DATE COMPLAINT RECEIVED
BY OGC: 6/4/86
DATE OF NOTIFICATION
TO RESPONDENTS: 6/11/86
STAFF MEMBER: Reilly

COMPLAINANT'S NAME: Myron Hilton Atkinson, Jr.

RESPONDENT'S NAME: Dakota Resource Council

RELEVANT STATUTES: 2 U.S.C. § 441b
11 C.F.R. § 100.8
11 C.F.R. § 114.3(a)(2)
11 C.F.R. § 114.4

INTERNAL REPORTS CHECKED: None

SUMMARY OF ALLEGATIONS

The Office of the General Counsel received a complaint on June 4, 1986 from Myron Hilton Atkinson, Jr. The complaint alleges that the Dakota Resource Council (the "Council"), an incorporated organization, violated 2 U.S.C. § 441b by making expenditures to influence a federal election.1/

FACTUAL AND LEGAL ANALYSIS

The complaint offers three examples of Council communications and activities said to violate the Act. First, the complaint notes an April, 1986 Council newsletter that discusses a particular vote of Senator Mark Andrews. Second,

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1/ Although the complainant alleges that section 441b was violated by respondent's making expenditures to influence a federal election, the proper standard to apply in a section 441b allegation is expenditures made in connection with a federal election.

the complaint cites a Council letter of April 1986 that states "You can also participate in selecting candidates, and in holding our elected officials accountable to their rural constituency." Third, an April 1986 newsletter is quoted as saying "We'll be setting up phone trees and planning candidates accountability sessions over the coming months. . . ." Complaint at 2. We discuss these purported violations in two sections. The first relates to Council communications, the second relates to Council activities.

A. The Law

The Act prohibits corporations from making expenditures in connection with a federal election. 2 U.S.C. § 441b(a). An incorporated membership organization may, however, make non-partisan registration and get-out-the vote communications to its members, executive or administrative personnel and their families (hereinafter, collectively "members"), as well as to the general public. 11 C.F.R. § 114.4(a) and (b). In addition, a corporation may communicate with its members on any subject. 11 C.F.R. § 114.3(a)(2). Moreover, such communications are not expenditures under the Act, so long as the membership corporation is not organized primarily for the purpose of influencing the nomination for election, or election, of any individual to Federal office. 11 C.F.R. § 100.8(a)(4). Costs incurred by a membership organization directly attributable to a communication to its members expressly advocating the election or defeat of a clearly identified candidate (other than a communication primarily devoted to subjects other than the express advocacy of the election or defeat of a clearly identified candidate) must be reported to the Commission if these costs exceed $2,000 per election. Id.

B. The Communications

Responding to the complaint, the Council admits being a corporation but denies using corporate funds in connection with a federal election. The Council asserts it is a grassroots organization concerned with farm issues and has "urged its rural members to participate in the political process and to make their voices heard on important issues facing family farm agriculture and farming resources in North Dakota." Response at 2. It is said to conduct a variety of activities in this area, including disseminating farm information, lobbying, community organizing and research. See Response at Exhibit B. Further, the Council denies it endorses, supports or opposes candidates. Rather, its concern is said to be in securing sound farm legislation. Response at 3. As discussed below, because the Council's communications are focused on farming issues and not on federal elections, these communications do not appear to have been made in connection with a federal election.

1. The Newsletter Excerpt

In support of its allegation of corporate contributions, the complaint offers an excerpt from a Council newsletter said to have influenced the reelection bid of Senator Mark Andrews. The excerpt discusses Senator Andrews' vote against the Whitten Amendment, a resolution favorable to farmers.

In response, the Council asserts that it seeks to involve its members in obtaining favorable resolutions from their respective political parties and other organizations within the state, and that the particular article in question sought to educate its members on the performance of office holders on farm legislation. In addition, Respondents provided their March and April 1986 newsletters and their April 1986 Council letter all containing references to the vote on the Whitten Amendment. See Response at Exhibit A and Supplemental Response.

A review of the article in the April 1986 Council letter specifically alleged to have influenced the election of Senator Andrews reveals it discusses the Senator only in the context of his vote on the Whitten Amendment. See Supplemental Response at p. 12. The article does not mention that the Senator is a candidate for reelection, and does not refer to any federal election. The article provides the Senator's explanation of this vote, and includes the Council's analysis of this explanation.

Additionally, the Council discussed the Whitten Amendment in its March 1986 newsletter. This article is an exact copy of the article noted above, except it does not include the Council's comments on the Senator's explanation of his vote. Response at p. 12. Finally, the Council's April 1986 newsletter contains a discussion of the Whitten Amendment, noting the Amendment was defeated in a straight party line vote. The article quotes a letter to the editor in which a Council member complained "We can not longer afford a party line 'no' vote like Senator Andrews gave." Supplemental Response at 2. Like the articles noted above, this article does not specifically mention either the Senator's candidacy for re-election or any federal election. Moreover, each of the newsletters contain numerous other articles on farm related issues such as the National Rural Action Campaign, the National Fair Credit Plan and the Farm Policy Reform Act, as well as articles on FMHA, exports, state legislation, air quality permits, banking, diary farmers, regulation of chemicals, mining rules, and general Council news. Thus, in light of the farm issue orientation of the newsletter and the texts of the articles, it appears the articles at issue were written with the purpose of educating members on farm legislation and do not appear to be expenditures in connection with a federal election.

2. A Council Letter Excerpt

In addition to the newsletter, the complaint also cites a Council letter telling members that "You can also participate in selecting candidates, and in holding our elected officials accountable to their rural constituency." Complaint at 2. The Council does not deny making this statement, but asserts it is free to encourage its members to participate in the electoral process by running for office on their chosen party's ticket or by supporting candidates of their choice. Moreover, the Council states it encourages such participation of its members on a non-partisan basis and notes a newspaper article quoting a Council member as saying "We have to align ourselves with the program and not with any political line." Response at 4 and Supplemental Response at 2. The communication at issue does not name or depict a particular candidate or political party and is limited to urging registration, voting and participation in the election process. Consequently, pursuant to 11 C.F.R. §§ 114.3(a)(2) and 114.4(b)(2), this communication does not appear to violate 2 U.S.C. §441b(a).

C. Council Activities

As an additional basis for the section 441b allegation, the complaint partially quotes a second Council letter that states "We'll be setting up phone trees and planning candidates accountability sessions over the coming months,. . . ." Complaint at 2. This quote continues, ". . . focusing on the need for positive legislation to save our farms and rural communities. We've been building support for the alternative farm bill and fair credit legislation, but we need to put on more pressure for change." 2/ Responding to this allegation, the Council admits setting up such a telephone system. The Council further asserts that this system is used only for non-political fundraising purposes and to notify members of meetings. Moreover, the Council denies this phone system has ever been used for the purpose of advocating the election or defeat of specific candidates. Because the phones apparently were not used in

---

2/ The complaint noted only the beginning of this quote. The Counsel's response included the entire text of the article. See Supplemental Response at 5.

connection with a federal election, there does not appear to be a violation of 2 U.S.C. § 441b with regard to them.

Additionally, the Council acknowledges conducting "candidates accountability sessions." These are said to involve "inviting both candidates and incumbents on a non-partisan basis to a [Council] meeting to present their positions via a recorded question-and-answer period." Response at 4-5.

The Commission's Regulations permit a candidate or a representative of a candidate to attend the meetings of a membership organization under certain circumstances. 11 C.F.R § 114.4(d). Specifically, such candidates or representatives may address or meet members and employees of the organization, and their families, on the organization's premises or at a meeting, convention or other function of the organization provided:

> 1) if a candidate or representative of a candidate for a House or Senate seat is permitted to attend, all candidates or representatives of candidates for that seat are afforded the same opportunity to appear, if requested;
>
> 2) If a presidential or vice presidential candidate is permitted to attend, all candidates for that office who are seeking the nomination of a major party or who are on the general election ballot in enough states to win a majority of the electoral votes and who request to appear must be given the same opportunity to appear;

3) if representatives of a political party appear, then representatives of all political parties with candidates on the ballot in the last general election or parties actively engaged in placing candidates on the ballot for the next general election, must be given the same opportunity, if requested;

4) the corporation and those associated with it do not attempt to solicit contributions at such meeting for the candidate or representative; and

5) the organization and those associated with it do not endorse, support or oppose a particular candidate or party.

See 11 C.F.R. § 114.4(a)(2)(i)-(v) and 114.4(d).

In response to this allegation, the Council admits holding these meetings and states they are open to "both candidates and incumbents". The Council asserts that candidates are invited on a non-partisan basis to Council meetings where their positions are recorded during question and answer periods. The stated objective of these sessions is "to create a record that may be be used at a later date to hold a candidate accountable for his or her earlier campaign promises." Response at 5.

This response, however, leaves a number of questions unanswered regarding these candidates accountability sessions. The Regulations stipulate that only members, employees and their families may be present at such gatherings. The Council's response does not mention whether these sessions are limited to members. Additionally, the response does not indicate whether solicitations occur or whether candidates are endorsed at these sessions. Moreover, although the Council notes the information obtained at these recorded sessions is utilized at a later date, it is unclear who receives this information and for what purposes this information is used. In order to obtain answers to these questions regarding the sessions, this Office recommends the Commission find reason to believe that the Council violated 2 U.S.C. § 441b(a) with regard to expenditures made in connection with the sessions. This Office has prepared the attached interrogatories to ascertain the necessary information.

RECOMMENDATIONS

1. Find reason to believe the Dakota Resources Council violated 2 U.S.C. § 441b(a).

2. Approve the attached letter and interrogatories.

Charles N. Steele
General Counsel

10/1/86
Date

BY: Lawrence M. Noble (EVP)
Lawrence M. Noble
Deputy General Counsel

Attachments
1. Council's Response
2. Council's Supplemental Response
3. Interrogatories and Request
4. Proposed Letter

EXHIBIT A

DAKOTA COUNSEL

(4)

NEWSLETTER OF THE DAKOTA RESOURCE COUNCIL
Volume 9 Number 2 March 1986

DRC Joins National Rural Action Campaign

"The lower farm prices sent by Congress in the 1985 Farm Bill have turned the farm crisis into a rural economic emergency, with record foreclosures, bankruptcies and business failures. These economic conditions are causing suicides, mental depressions, and unprecedented family violence. This emergency is accelerating the corporate takeover of our food production, setting the stage for skyrocketing food prices, environmental destruction, and the elimination of family owned and operated farms and ranches." - Problem Statement from the National Rural Crisis Action Campaign

On February 23rd & 24 of 1986 scores of various grassroots groups from throughout the Midwest and across the country will converge on Des Moines, Iowa. Their purpose will be to convene the first membership meeting of the National Save the Family Farm Committee (NSFFC), and to kick off the the National Rural Crisis Action Campaign (NRCAC). The key demands of this national campaign are: 1) Full parity farm prices and supply management; 2) Debt adjustment with moratorium on foreclosures and repossessions; 3) Emergency survival assistance for those who need food, clothing, shelter or health care.

The DRC Board of Directors has endorsed the three principles of the NRCAC. It has also appointed DRC members to represent DRC on the three committees of the national campaign. Marion Lefor will represent DRC on the National Save the Family Farm Committee; Randolph Nodland on the National Farm Bill Coordinating Committee; and Frank Kirschenheiter on the National Farmers' Fair Credit Committee.

The following articles summarize specific proposals of the NRCAC to achieve equitable debt adjustment and fair commodity prices for family farmers.

A Fair Price for Rural America

Members of the Dakota Resource Council voted at their 8th annual meeting to support action that will allow family farm operators to obtain a reasonable profit by raising market prices and lowering production costs. "My goal for this year is to see to it that DRC does everything possible to get a fair price for farmers, and to stop the farm failures that are happening around us," said Jerry Torstenson, DRC Chairman in his opening address at the annual meeting banquet.

Grassroots groups from around the country who have joined the National Rural Crisis Action Campaign are not satisfied to let the 1985 Farm Bill run its course, running farmers off the land, and rural communities into the ground. The DRC Board has decided to join this broad-based movement in an effort to reopen the farm bill debate, and has voted to support the passage of the Farm Policy Reform Act. This legislation gained a great deal of support during the debate on the 1985 Farm Bill but failed

The National Fair Credit Plan

Frank Kirschenheiter, a DRC member who is also a credit counselor, has been appointed to represent DRC on the National Farmers' Fair Credit Committee (NFFCC). The NFFCC has developed a working proposal on a Fair Credit Plan for both family farmers and rural lenders. This plan is consistent with a resolution passed at DRC's annual meeting which directs DRC to work to ensure that lenders and the U.S government share farmers' losses resulting from the current credit crisis. Various rural grassroots groups in the NRCAC have endorsed this proposal. It is in currently being drafted into bill language for introduction into Congress.

ATTACHMENT # 1(6)

The principles of the Fair Credit Plan are that:

* It be federally funded and locally administered;
* The program should be tied to the farmer's ability to pay back debts based on the prices received for farm commodities;

a fair price for farmers, and a future for rural America.

The Farm Policy Reform Act

This bill was drafted after two years of public hearings coordinated by Texas Ag Commissioner Jim Hightower and Minnesota Ag Commissioner Jim Nichols - hearings held at the grassroots, involving hundreds of farmers and rural people who wanted to see that farmers be paid a fair price in the market place for their products. The bill is based on the assumption that farmers do not want to receive government subsidies for their commodities in order to cover production costs but rather, that the grain merchants pay for the commodity.

The Farm Policy Reform Act, which would cover production years from 1986 - 1999, provides for three basic principles

1. A referendum with at least 50% of the producers from each commodity (at this time, corn, soybeans, wheat, grain sorghums, barley, oats, rye, upland cotton) voting in favor of including their commodities in the act before it becomes operational. A referendum would be held every four years, giving farmers the right to vote, and ensuring that they would have a voice in setting commodity prices.

2. Commodity Credit Corporation Loan rates on grain would be raised to 70% of parity, roughly the average cost of production. This would increase by two percent each year until 1996, at which point the loan rate would reach 90% of parity. The term of the loan would run for three years.

3. Supply management - Production quotas for each farm would be established with larger operators taking progressively larger cuts in production than family-sized operators.

Under the current farm program, the ASCS sets target prices for wheat at $4.30 a bushel. The difference between this and the loan rate of $2.47 (around which the market rate hovers) is called the deficiency payment. This is the amount that the government subsidizes farmers to be paid at less than the cost of production by the grain companies. Today's target prices are not even high enough to cover cost of production, estimated at $4.81 a bushel for wheat. With the Farm Policy Reform Act, there would be no target prices, no deficiency payments, and no payment to farmers for storage of surplus grain produced above the established quota.

The Farm Policy Reform Act requires that a quota be set for each farm with the past acreage history used as a base in calculating how many marketing certificates would be issued for how many bushels of grain. The quota would be in the form of bushels, pounds, tons or whatever unit of measurement applies to individual commodities. The Secretary of Agriculture would set the quota each year, based on domestic, export, feed and hunger program needs. Farmers would be able to sell their product only with the use of marketing certificates, issued after the quota for each farm were established.

(7)

The first years of the program would necessitate greater production controls or cutbacks to bring supply back in line with demand, because of our surplus situation today.

The Export Market Myth

Without exception, DRC members who have discussed the Farm Policy Reform Act ask "What will happen to our exports?" Today's farm program is based on a policy of lowered loan rates, therefore, lower market prices, so that the United States can compete in the world market, sell more grain and make up the difference in lost revenue to farmers through deficiency payments. This assumption appears to be misguided.

A report by the Food and Agricultural Policy Research Institute (FAPRI), a joint research program of the University of Missouri and Iowa State University, released on February 13, projects that we will be increasing our wheat export volume marginally over the next three years, though the value of that export is substantially less than what is projected to be paid out for all wheat deficiency payments.

The table below shows what American taxpayers are giving away to support the export market myth. These statistics, obtained from the FAPRI report, are for wheat, North Dakota's chief farm commodity.

CURRENT FARM PROGRAM PROJECTIONS CROP YEARS	1986	1987	1988
Wheat price per bushel	$2.47	$2.39	$2.27
Export Volume (billions of bushels)	1.061	1.165	1.266
Export Value (billion $) (price x export volume)	$2.621	$2.784	$2.874
Direct Government Costs for wheat (deficiency payments in billion $)	$3.93	$4.55	$4.676

We are projected to spend far more in deficiency payments to farmers in the next three years than we expect to earn in the export market. The taxpayers end up footing the bill for the export market myth so that the grain merchants can pay half of the cost of production in the market place.

If farmers were paid $5 a bushel for their wheat, we could export half as much wheat as we are projected to in 1986 and obtain more in export VALUE for wheat than under the current farm program displayed on the table above - at no cost to the government in deficiency payments.

FARM POLICY REFORM ACT PROJECTIONS	
CROP YEAR	1986
Wheat price per bushel	$5.00
Export volume	531 million bushels
Export value (price x volume)	$2.66 billion

Says the FAPRI report, "A substantial and sustained turnaround in world and domestic markets will have to occur if net farm income is to approve appreciably." Net farm income for all commodities is projected to drop from $26.9 billion in 1985 to $21.3 billion in 1989, despite the huge subsidies paid to farmers to alleviate the burden of low commodity prices.

The export market myth also fails to address the severe environmental consequences to U.S. farming resources that result when farmers are forced to produce more volume to make up for lower price. We are shipping out topsoil with every bushel of wheat that's sold at less than the cost of production.

History shows that no matter what price the U.S. has sold grain on the export market, other countries undercut us by about a nickel a bushel. This policy of low commodity prices also keeps peasant farmers poor in Third World countries which must compete to sell grain in order to pay off billions of dollars in foreign debt, often owed to U.S. banks.

Impacts on One North Dakota Farm

Some DRC members have taken figures from the current farm program and applied these to their operations, then compared the outcome to their income if they were to receive 70% of parity for their wheat. The description below is an actual Western North Dakota farm operation. At the time of this writing, we haven't done the same work-up on an eastern North Dakota operation.

1(8)

1986 FARM PROGRAM (APPLIED TO WESTERN NORTH DAKOTA WHEAT OPERATIONS)	
500 acre wheat base with 25% set aside	375
25 bushel yield x 375 acres	9,375
Loan rate at $2.40 a bushel	$22,500
Deficiency payment of $1.90 a bushel (based $4.30 bushel target price)	$17,812
Total Income	$40,312
Production Costs - SW ND Coop Extension NDSU	
$95.94/acre x 375 acres	$35,977
Net Income	$4,335
SAME FARM OPERATION - FARM POLICY REFORM ACT	
500 acre wheat base with 25% set aside	375
25 bushel yield x 375 acres	9,375
Loan rate at $5 a bushel 70% of parity	$46,875
Cost of production at $95.94/acre	$35,977
Net Income	$10,897
SAME FARM OPERATION - FARM POLICY REFORM ACT 50% CUT	
500 acre wheat base with 50% set aside	250
25 bushel to the acre yield	6,250
Loan rate at $5 a bushel 70% of parity	$31,250
Cost of $95.94/acre (x 250 acres)	$23,985
Net Income	$ 7,265

The current farm program requires the government to spend over $17,000 in deficiency payments because this farmer is unable to get a fair price for his wheat in the market place. The Farm Policy Reform Act not only results in higher net income, but it results in huge savings to the U.S. taxpayer. The grain merchant pays for the product at its cost of production rather than subsidization from the federal government.

The Cooperative Extension Service Cost of Production figures assume a 1/3 2/3 fallow operation. Factored into the 25% cut scenario under the current farm program and the Farm Policy Reform Act are the costs of managing the set aside land. This is factored into the 50% cut scenario only up to the costs of a 25% cut.

One DRC member commented "It is costing more to keep us poor!!"

The Jamie Whitten Amendment

In December of 1985, as the Farm Bill debate grew more bleak for family farmers, Jamie Whitten, a Congressman from Mississippi who has been in office

DRC Denounces FmHA Regulations

The following is an exerpt from a press statement made by Marion Lefor at Press Conference held by DRC in Bismarck on January 22, 1986. The DRC press conference was held in conjunction with the hearing held that day in Bismarck Federal District Court. At that hearing James Massey, lead attorney in the landmark FmHA Coleman v. Block case, asked Judge Bruce Van Sickle to strike down several provisions of the newly promulgated FmHA regulations. (See January/February Dakota Counsel, p. 5)

The Dakota Resource Council is here today to express our solidarity with FmHA borrowers who will unnecessarily lose their farms if these new FmHA regulations are upheld. DRC calls on Judge Van Sickle to continue his positive oversight, and make FmHA live up to its responsibilities, mandated by Congress, to assist family farmers in their efforts to stay on the land.

DRC members, who are also FmHA borrowers, did not want to risk participating in this press conference today. They are up for loan renewals, and did not want to risk being denied FmHA funding. We are not in the Soviet Union, or the Philippines, yet American citizens cannot speak out freely about their own government's policies that are driving them to take desperate actions, such as killing their lenders, their families and themselves. They are turning to extremists groups which funnel farmer frustrations into hate and violence, thereby diverting them from positive responses that could keep them farming.

I am here today, as a farmer, to speak out against certain provisions of the new FmHA regulations. I believe, even though I am not an FmHA borrower, that my fate, and my children's fate, will be directly linked to whether or not Judge Van Sickle allows FmHA to implement these regulations as they are now written.

It appears that the Reagan Administration wrote these regulations as a part of their conscious policy to accelerate the "transition" away from smaller, family owned and operated farms and ranches, towards more corporate-owned and tenant-operated agribusinesses. These regulations are designed to humiliate, demoralize and starve farm families off the land. It is time for Rural America to say enough is enough.

DRC encourages FmHA borrowers to continue their struggle to stay on the land, even if it means challenging these new regulations every step of the way. You are the first line of defense for the American family farmer. DRC ... are non-FmHA borrowers to support their friends and neighbors who are. If you lose them, you may be next.

DRC calls on the vast majority of FmHA County Supervisors, who are trying to do their jobs, to use their maximum discretion in the implementation of these new regulations to help farmers stay on the land. FmHA county committee members also need to exercise their full authority to make FmHA programs available to qualified farmers in these times when they are needed the most.

Farmers need to work with credit counselors to come up with practical proposals to keep themselves farming. They then need to take these proposals to their county supervisors and negotiate. This will do much more to keep you on the farm, than arming yourselves to fight foreclosures with violence, or buying into dangerously espoused common law defenses to try to save your farm.

DRC in North Dakota, and other groups around the country, have received FmHA handbooks which explain borrower rights under the new regulations. DRC will hold meetings around the state using these handbooks to organize rural communities so that farm, and non-farm rural people alike, can help FmHA borrowers to exercise their rights under the law, and pressure the agency to once again live up to its primary purpose: keeping family farmers on the land.

-Dennis Olson

Marion Lefor, Chairperson, DRC Farm Preservation Committee
Photo by Jerry Kram

FmHA Handbooks Now Available

DRC has received its first shipment of the 3rd Editions "Farmers' Guide to FmHA," from Minnesota Legal Assistance. The handbook was released in January of 1986, and contains a complete chapter and updated sections that address farmers' rights under the new controversial regulations. It is available from the DRC office for $2.00 for members, and $4.00

No Reform in the Oil Patch

The DRC Oil and Gas Committee met on January 20, 1986, chaired by Dave Nelson, Keene. Though the price of oil is falling and drilling activity in the oil patch is also decreasing, the committee continues its battle with law makers and enforcement agencies to recognize and solve problems that face farmers and ranchers - and indirectly all North Dakotans - due to inadequately supervised energy development.

Since early last summer, the committee's attention has focused on the work of the Interim Legislative Oil and Gas Committee, whose purpose is to study problems relating to oil and gas production and recommend solutions to the 1987 state legislature. DRC members have presented testimony and comments to the legislative committee, including a three day field trip through the oil patch, at hearings in July, August, September, November, and January.

Interim Oil and Gas Committee: Meaningful Legislation or Playin Politics

The Interim Legislative Oil and Gas Committee's most recent meeting was held in Bismarck on January 15. An Oil and Gas Development Problems and Issues Survey, completed by 15 committee members, was presented for discussion at this meeting. Members were asked to prioritize (1-5) the 29 problem areas brought to the attention of the committee by previous testimony. H2S venting and flaring ranked 13th and reserve pit reclamation ranked 14th on this survey!

At this same hearing, the committee voted to have two bill drafts prepared by the next scheduled meeting, which is March 5. The first bill draft deals with the inadequate enforcement of oil and gas problems by the Industrial Commission. It was proposed by two citizen members; Dean Winkjer and Greg Schneider. This bill proposed to transfer regulatory control of the oil and gas industry from the Industrial Commission (composed of Governor Sinner, Attorney General Spaeth, and Ag Commissioner Jones) to an oil and gas commission composed of 3 members appointed by the governor and confirmed by the senate.

Many committee members feel the Industrial Commission's record "is nothing to be proud of", they lack expertise and/or time to deal with oil and gas related problems, and that "enforcement of existing laws, rather that the creation of new laws, could solve many of the problems brought before the committee." (from January 15 hearing transcript)

The second bill draft, developed by Senator Rick Maixner, will amend the Oil and Gas Production Damage Compensation Act's definition of surface owner so as not to preclude damages being paid to the actual surface owner for damage to the surface estate caused by drilling operations. The life of the Interim Legislative Oil and Gas Committee is short - it has been meeting since July 1985, and the study will conclude around September 1986. This may be the only meaningful piece of legislation that will come out of the magnitudes of testimony presented to the committee by concerned citizens and professionals.

DRC's Oil and Gas Committee's most recent dealing with the legislative committee members was in the form of a letter addressing the ranking system of the Oil and Gas Development Problems and Issues Survey. Concerns were raised as to a "top 5" ranking system versus a 1-29 ranking system used to decide which issues the legislative committee will concentrate their time and efforts on for the '87 legislature. The overwhelming majority of testimony on environmental problems compared with complaints on only royality issues was stressed. The legislative committee was also urged to review information from other states utilizing agency and industry expertize to resolve the problems.

A second letter to the Industrial Commission stressed that any new laws and regulation which may come out of the '87 legislature will have little or no impact - just as the current laws have - if there is no enforcement of these laws by the Oil and Gas Division of the Industrial Commission. Concerns were also raised as to whether a new, 3 person committee appointed by the governor will solve the problems at hand. To date, the Industrial Commission has not responded to this letter.

Other actions taken by the oil and gas committee are 1) to have staff coordinate a re-work and update of seismic guidelines used by affiliates and to develop generic guidelines for use by all counties, 2)monitor federal legislation on ground water and oil and gas, and 3) research DeCaulion, which is an experimental process which converts "sour gas" into a useable product.

-Julie Ruplinger

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These principles would require the government and lenders to assume partial responsibility for the current financial crisis in agriculture, rather than allowing farmers to suffer the entire burden like they are doing now.

In the Fair Credit Plan, lenders would be required to write off a portion of the debt owed them by the farmer. The lenders would lose some money, but not as much as if they were to continue to foreclose on farms and force land prices even lower. In exchange for writing off a portion of the farmer's debt, the lender would be guaranteed the remaining interest payments by the federal government.

A determination would be made each year by a state administered board such as North Dakota's Credit Review board, or perhaps a local democratic structure like county ASCS committees, as to how much income produced by a farm operation, above family living and operating expenses, was available for debt servicing. The farmer would then pay the amount that the local review board determined was available for debt servicing. If the determined amount was less than the remaining interest payment, which will first be reduced by the lender write-down, the government would make up the difference.

The amount of interest paid by the government for the farmer would be a loan. The farmer must eventually pay it back, but the farmer's operation must first be able to service the remaining debt against it. This would be comparable to the loan the government gave to the Chrysler corporation.

Interest payments would be the first priority for any income available for debt servicing. Therefore, if commodity prices rose to a level where the farmer could make all of his or her interest payment, then the government would no longer have to pay the lender on behalf of the farmer.

The farmer would then take over the entire interest payment, provided that his or her farm income allowed. This would provide the government with an incentive to raise commodity prices, because outlays for the program would be reduced as the farmer received more income from the market place.

The second priority for income available for debt servicing would be principle payments to the lender. Principle would be set aside until commodity prices rose to a level that allowed the farm operation to produce enough income to service both interest, and principle payments. This provision would give lenders incentive to work with farmers for higher commodity prices, so that the farmer could then begin to make principle payments to the lender.

The final priority for debt servicing, above and beyond interest and principle payments, will be for the farmer to begin paying the government back whatever the total subsidy amount was for the interest payments during the time when the farmer could not make the full interest payment. This would be the last incentive for the government to raise commodity prices to parity levels.

Work is presently being done to introduce this Fair Credit Plan into Congress. DRC, along with many other grassroots groups and rural organizations and institutions from around the country, offer this proposal as rallying point for local, state and national actions by churches, farm groups, rural bankers, local governments, business and other rural leaders to challenge the current policies of our government which are destroying Rural America.

DRC is calling on state legislatures and governors, especially in those states such as North Dakota who are so dependent on agriculture, to enact strict moratoria on foreclosures which would include all lenders, and would cover farm chattel and real estate, rural businesses, and residential homes. These moratoria should remain in affect until such time as Congress acts to provide debt restructuring on the principles consistent with those outlined above. Finally, Congress should also reopen the farm bill debate to secure parity prices for family farmers and all rural Americans.

-Dennis Olsen

Clearing the Air on Great Plains?

DRC and MCLA have put the pressure on, so now the Health Department is trying to cover its tracks over its mishandling of the enforcement of Great Plain's air quality permits. In the last Dakota Counsel, it was reported that DRC and MCLA had sent a letter Dr. Wentz, State Health Officer, pointing out the questionable legality of the Administrative Consent Agreements (ACA's) with Great Plains and the Health Department's granting Basin and Nokota's air quality permit extentions without following their ow guidelines for granting the extentions. DRC and MCL resolved to ask the Environmental Protection Agency to exercize its oversight responsiblity in North Dakota.

In response to this letter, the Health Department wrote to DRC and MCLA to tell them that they will be allowed to speak at a public meeting the conversion of the ACA's to judicial consent agreements. The difference between the two kinds agreements boils down to one key feature; in a judicial consent agreement a polluter is

Continued from Page 6
charged with a violation and is taken before a judge to determine penalties and remedies, with nothing being hidden; in an administrative consent agreement the polluter and the Health Department get together behind closed doors to negotiate what penalties and remedies will be required.

The Health Department has negotiated two ACA's with Great Plains. The first was negotiated to mitigate the odor problems with the plant and the second, in effect, delayed the date that Great Plains would have to come into compliance with its SO2 emissions permit by up to 13 months. The agreements were signed in late February of last year. The Health Department has maintained that there is nothing wrong with using ACA's ever since DRC discovered their use last summer.

"If there isn't anything wrong with the use of ACA's, why are they in such a stinking hurry to change them into Judicial Consent Agreements?" asked Leo Kallis, DRC Treasurer. The ACA's have been in effect for almost a full year now and DRC has been aware of them since June. The Health Department apparently feels that these agreements must be legitimized so they will not be challenged.

The meeting, described by the Health Department as an informational meeting, was tentatively scheduled for February 26 in Beulah. Although one of the major reasons for this public meeting is to allow the Health Department to address DRC's concerns, DRC had not received any formal notice of the meeting nor had any notice been published in any daily or weekly paper as of this writing (February 18). If the Department is truely seeking public comment on their actions, they should have the common courtesy to tell the public. After pointing out to Bill Delmore, SHD Chief Enforcement Officer, that the Department cannot have a public meeting without telling the public the Department rescheduled the meeting for mid March.

-Jerry Kram

Hi There!

There's a new kid on the block up at the DRC office. Her name is Julie Ruplinger, and she is DRC's new organizer on Oil and Gas issues. She will also be working on groundwater issues. She will work with the Billings County Surface Interest Association and the McKenzie County Energy and Taxation Association.

Julie grew up near Milwaukee, Wisconsin and graduated from the University of Wisconsin - Stevens Point with a BS in Wildlife Management and Biology, with a minor in Water Resources. She enjoys photography, crafts and tennis, and is looking for someplace she can ride horses.

Continued from Page 3
since the first days of the farm program in the '40's, attached a resolution on to the appropriations bill authorizing expenditures to keep the government going. He did so in an effort to restore equity to the farm program.

The Whitten Amendment called for raising the loan rate "at such levels as will reflect a fair return to the farm producer above the cost of production and to provide for payment by the purchaser, rather than by appropriation." Whitten's two page resolution incorporated the principles of the Farm Policy Reform Act, which would have guaranteed that farmers be paid for their commodities by the "purchaser" rather than by the government.

The Whitten amendment also would have required the Secretary of Agriculture to determine on a case-by-case basis which borrowers are not now able to make principal and interest payments on federal loans due to losses incurred because of grain embargoes and other foreign policy. Once this determination is made, a 12 month foreclosure moratorium would have been instituted on all farm loans owed to the Federal Government.

The Whitten Amendment passed committee and passed the House. When it reached the Senate Appropriations Committee, it was killed by a narrow 3 vote margin. Senator Mark Andrews voted against the Whitten Amendment by proxy. In doing so, Senator Andrews voted in favor of lower loan rates and lower market prices for our farm commodities, well below the cost of production. And he voted for deficiency payments that will cost farmers and taxpayers billions.

Senator Andrew's explanation for the vote is that he thought an amendment dealing with cost of production for farming didn't belong on an appropriations bill, even though the government has to appropriate billions in deficiency payments because farmers aren't getting cost of production. He also noted that he has a sound record on votes ensuring that farmers are paid cost of production, though the Farm Bill, which he supported, results in a great reduction in farm income.

-Therese Keaveny
-Randolph Nodland

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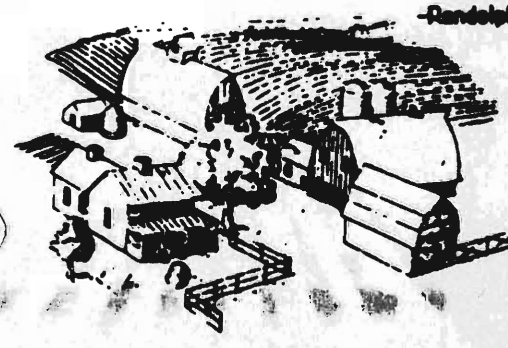

Calendar of Events

Saturday February 22 — National Farm Bill Coordinating Committee, Des Moines Iowa

February 23 & February 24 — Nation Save the Family Farm Committee, Des Moines, Iowa

Wednesday February 26 — Rural Action Meeting Kick-Off
1 PM Eagles Club, Jamestown

Wednesday February 26 — Rural Action Meeting
7:30 PM American Legion, Oakes

Friday February 28 — Rural Action Meeting
1 PM Stickney Hall, Dickinson State College

Tuesday March 4 — Rural Action Meetings
1 PM Chieftain Lodge, Carrington
7 PM Artos Motel, Harvey

Wednesday March 5 — Rural Action Meetings
1 PM Sun Lac Inn, Lakota
7 PM Coachman Inn, Cooperstown

March 10 & March 11 — ND Water Well Drillers Annual Meeting, Bismarck

Thursday March 13 — DRC Fundraising Training
Sacred Heart Priory, Richardton

Friday March 14 — Fundraiser training
DRC Office

Friday March 21 — Public Service Commission Reclamation Hearing 9:30 A.M. (CST) State Capitol

Calling All Photographers

Hello all you photographers! It's that time of year again - the DRC is now accepting entries for its eighth annual "Rural North Dakota Photo Show". There's plenty of time to get your favorite negatives and slides printed up. The entry deadline is April 17th, and the Judging will be on the 18th. The rules for entries are listed at the end of this article. Sorry, but no photos entered in previous DRC photo shows may be entered.

DRC is planning to display the Photo Show at DRC events in Grand Forks, Fargo, and Bismarck. The Dickinson Photo Show and Wine and Cheese Taster will be held on May 3. More details about the scheduling of other shows will be sent to this year's Photo Show entrants as soon as they are set.

The Fall, 1986 issue of North Dakota Horizons magazine will feature selected photos from this years show. The Photo Show is a major fundraiser for DRC so encourage all the photographers and photo lovers you know to enter or attend.

Heres how to enter:

1. Photos must be taken in North Dakota.
2. Color and Black & White Prints. NO SLIDES
3. Prints must be 5x7 or larger.
4. Prints must be matted or mounted. Photo mats and mounts must be 8x10 or larger. NO FRAMES
5. Only 5 prints per entrant; entry fee is 5$ per print.
6. Attach a card with name, address, category, and sale price(if for sale) for each print.
7. Send a stamped, addressed mailer for photos to be returned by mail. Photos delivered to the DRC office must be picked up after the Dickinson show.

I'D LIKE TO SUPPORT DRC. ENCLOSED PLEASE FIND:

_____ $200 - "200 CLUB" Member
_____ $100 - Patron Member
_____ $35 - Couple Member
_____ $20 - Single Member
_____ $10 - Student, Low Income

Mail to: Dakota Resource Council
29 7th Avenue West
Dickinson, ND 58601
(701) 227-1851

NAME ______________________________ PHONE ______________

ADDRESS ____

If you aren't able to pay a membership in one payment, installments are welcome.

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EXHIBIT R

JOIN DRC

As a member of DRC you will receive our newsletter, the Dakota Counsel, outlining DRC activities across North Dakota. You will have access to our full time staff as well as DRC's respected publications and research library. You can also help form and carry out DRC's policies on local, state, and national issues.

Fill out and return to:

Dakota Resource Council
29 7th Avenue West
Dickinson, ND 58601

For More Information Call:
(701) 227-1851

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__ Contributing Membership ($ 50/year)
__ Patron Membership ($100/year)
__ "200 Club" ($200/year)
__ Contribution

I would like more information on:

__Mining and Reclamation __Oil and Gas
__Groundwater Protection __Air Quality
__Other ____________ __Ag Policy

I Have Time To Volunteer. Call Me!

Name ______________________
Address ______________________
City ______________ Zip ________
Phone ______________________

Please Share this Brochure

DRC Works For:

* Family Farm Agriculture
* Local Control of Economic Growth
* Clean Air
* Groundwater Protection
* Soil Conservation
* Conservation and Renewable Energy
* Strong Mine Reclamation Standards and Enforcement
* Responsible Oil and Gas Development

DAKOTA RESOURCE COUNCIL

29 7th Avenue W., Dickinson, ND, 58601
Phone (701) 227-1851

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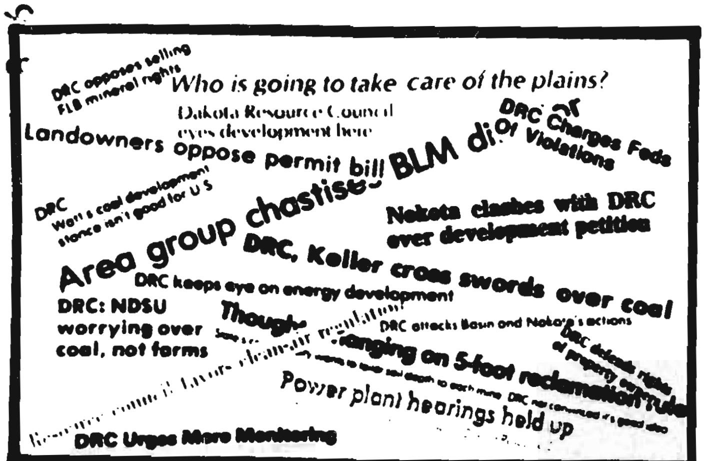
Working for Tomorrow

The Dakota Resource Council formed on January 28, 1978 to provide North Dakotans a means to influence decisions which affect their lives. DRC exists to protect North Dakota's land, air, water, and rural lifestyle; all of which contribute to North Dakota's Number 1 industry - agriculture.

The Dakota Resource Council works actively with its members, legislative bodies, and government agencies to ensure that North Dakota's interests are protected. The pressures on North Dakota's farms and rural communities must be met with an organized, informed constituency. To that end, DRC members and staff are involved in:

* **ORGANIZING** DRC offers organizational assistance to counties and communities who want to establish and maintain their own grassroots groups that work for change at the local level.

* **RESEARCH** DRC compiles and distributes information on mining and reclamation, air quality, oil and gas development, groundwater protection, farm credit and price, soil conservation, and the laws and regulations related to these issues.



The Dakota Resource Council has played a major role in the adoption and implementation of North Dakota's coal mining and reclamation standards, surface owner protection in oil development areas, air and groundwater protection, and proper federal coal leasing standards.

* **EDUCATION** DRC keeps its members informed on issues through the publication of a newsletter, fact sheets, and continual contact with state and national organizations, legislators, and regulatory agencies concerned with North Dakota agriculture and resources.

* **ADVOCACY** DRC members participate in the decisions that affect their lives in meetings, hearings, and by coordinating an effective lobbying effort at the North Dakota State legislature and United States Congress. DRC members also work to confront decision makers and make them accountable to the people of North Dakota for their actions.

Western Organization of Resource Councils

DRC is part of a regional movement to empower local people in the Great Plains and Rocky Mountains on public policies affecting their lives, economy, and communities. The Western Organization of Resource Councils (WORC) with member groups in Montana, Wyoming, and Colorado, as well as in North Dakota, brings its combined strength to influence national legislation and administrative policies affecting the region. Your dues help fund this effort and have an impact on at the regional and national level.

The Dakota Resource Council is working to ensure a better tomorrow for all North Dakotans. But strong, permanent solutions to our state's problems will not happen overnight. Your membership helps DRC continue to make North Dakota's future one we can be proud of. Your dues support:

- Research
- Community Organizing
- Research Library
- Public Education
- A Full Time, Professional Staff
- Fact Sheets
- Newsletters
- Advocacy
- Lobbying

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GCC 1552

MEMORANDUM FROM

LYNNE ROBERTSON

9/18/86

Patty -

I'm enclosing the April 1986 Council letter as well as the April 1986 newsletter as you requested for MUR 2182.

I hope this helps you.

Lynne

[redacted]

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ATTACHMENT #2

DAKOTA COUNSEL

NEWSLETTER OF THE DAKOTA RESOURCE COUNCIL
Volume 9 Number 3 April 1986

DRC Rams '85 Farm Bill

"The (1985) farm bill is a budget buster, a bin buster, and a farmer buster." - Henrik Voldal, Barnes County farmer and DRC member speaking at a recent "RAM" meeting.

"We were well received by people everywhere," said Randolph Nodland, a DRC member who has helped spearhead the new DRC organizing drive which has brought the National Rural Crisis Action Campaign (NRCAC) to communities across North Dakota. (See the March issue of the Dakota Counsel, p.1, for more details on the National Campaign.)

From his RAM experiences Nodland stated that he had, "no doubt," that there was a consensus among farmers and other rural people alike that the current farm program is a disaster, and that alternatives must be provided.

"I had people," continued Nodland, "who had given up all hope--- who were ready to get out of farming---come up to me after meetings and offer to work with DRC on our proposal [the Save the Family Farm Act]. They said that supply management had made the most sense to them of anything they had heard in a long, long time."

A DRC steering committee, working to establish new DRC affiliates in central and eastern North Dakota, initiated the RAM meetings as a means to build support for DRC's rural action campaign efforts at the state and local levels. February/March Meetings were held in Jamestown, Oakes, Lakota, Carrington, Harvey, Cooperstown, and Dickinson.

The success of the initial meetings encouraged existing DRC affiliates to hold their annual meetings in conjunction with a second series of RAMs held at the beginning of April. RAM Meetings were also held in Beach and Stanley.

Steering committees are currently working towards DRC affiliation in the Harvey, Carrington and Stanley areas.

Advice On FmHA Notices

North Dakota Assistant Attorney General Sarah Vogel, and state credit counselors provided farmers with advice on how to fill out the notorious, "Intent to Take Adverse Action," FmHA foreclosure forms. And while DRC offered handbooks on FmHA borrowers' rights (see adjoining article, p. 6), Ralph Leet, FmHA State Director for North Dakota, gave the agency's perspective on the current credit crunch.

At one meeting, Leet was asked about a provision in the law that authorizes

Photo by Julie Ruplinger

FmHA to write down debts to the current value of a farmer's land as one alternative to foreclosure. Leet denied that FmHA had any such authority, until Assistant Attorney General Vogel held up the law and pointed out the provision.

The intent of the law was to give a break to the farmer currently on the land, rather than have FmHA foreclose and sell the land at a loss to someone else.

Independent Rural Banks and Businesses In Trouble

Duane Anderson, President of Liberty National Bank & Trust in Dickinson and panelist at the Dickinson RAM meeting, gave a banker's perspective of the farm crisis. He told how the farm crisis affects not only farmers, but rural businesses as well.

John Guenther, DRC moderator for the Dickinson meeting, added that the FDIC documented the failure of 120 banks in 1985. "That's the highest number of bank failures since 1933," asserted Guenther, "and FDIC projects an even larger number of these banks to fail in 1986."

Local Control of FCS Urged

Luman Holman, Executive Director of "Grassroots", was a keynote speaker for the annual meetings of DRC affiliates in Grant, Billings and McKenzie counties. Grassroots is dedicated to maintaining local stockholder control of the Farm Credit System.

Holman asserted that the continued centralization of the FCS has been a primary cause of the cooperative's billion dollar losses over the last several years. "When decisions are made by bureaucrats who have no stake in the loan being repaid," said Holman, "and not by local people who understand local conditions, then you can never have meaningful accountability from those who are supposed to be your employees."

Several people attending RAM meetings in Belfield, Beach and Watford City signed up to work on committees to address crucial issues relating to local control of the FCS. For further information contact the DRC office.

Andrews Votes Against Cost of Production

A major provision of the Save the Family Farm Act (see the March Dakota Counsel, p.1, for details) would require the Secretary of Agriculture to set the CCC loan rate program commodities at 70% of parity, which is about or above the cost of production.

At every RAM meeting, people were consistently outraged to discover that North Dakota Senator Mark Andrews had recently voted against the Whitten Amendment, which also would have required the Secretary of Agriculture to set the loan rate above the cost of production.

"How any North Dakota political leader could oppose agriculture being paid the cost of production at the marketplace is beyond my comprehension," said DRC member Tom Asbridge in one of several letters to the editor resulting from the RAM Campaign.

After passing the House, the Whitten Amendment was defeated by three votes in the Senate Appropriations Committee on a straight party line vote. Senator Andrews joined two other farm state Republicans in supporting the Reagan Administration's efforts to kill the measure.

"If two Senators had chosen to vote for the amendment, we would now have $5 a bushel for our wheat," complained DRC member Don Peterson in another letter to the editor. "We can no longer afford a party line 'no' vote like Senator Andrews gave...."

Dairy Producers Join DRC Effort

One result of the RAM meetings was the much welcomed support of dairy producers. In expressing interest in DRC's work on the commodities section of Save the Family Farm Act, some Dairy producers learned of efforts by the National Save the Family Farm Coalition (NSFFC) to draft a dairy quota bill based on supply management principles.

From this, the North Dakota Dairy Producers' Association appointed a quota committee to examine the provisions of a dairy bill that has been sponsored by

Continue on Page 7

"We have to align ourselves with the program, and not any political line." - Harold Oderman, Billings County rancher & DRC member.

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Groundwater Protection Strategies

The following is a exerpt from the February, 1985 Center for Rural Affairs Newsletter, which shows how a groundwater protection strategy should work.

Agricultural practices pose a special problem for the protection of groundwater, because the pollutants are widely used and not confined to a particular source. Many policymakers believe that modern agriculture is impossible without the use of chemicals. Ag chemicals have played a major role in shaping policies which promote cheap food and heavy capital investment in agriculture. However, many ag chemicals migrate into groundwater, creating unforeseen problems.

The use of ag chemicals is tied to an emphasis on increased short-term production gains. This orientation does not foster longrange sustainable agriculture. Chemical fertilizers are often a substitute for healthy topsoil, which is depleted by intensive cropping practices. Pesticides circumvent biological pest control, while herbicides replace crop rotation systems. Chemicals have also replaced human labor, contributing to increased farm size and consolidation. The major groundwater protection proposals match these trends by increasing the regulation of ag chemicals.

It is important to remember that not all farmers are alike. Five percent of farmers run "superfarms" which account for over 50% of agricultural production. These farmers are politically powerful. Superfarms rely heavily on ag chemicals, and therefore regulations are likely to accommodate the latest technologies used by these farmers. Conservation tillage may reduce soil and chemical runoff, but on well drained soils the chances of chemical percolation into groundwater is increased.

One strategy proposed is the establishment of "Best Management Practices" (BMPs). Conservation tillage would probably be a BMP, on sandy soils. In addition, chemigation might be considered BMP, giving an advantage to those farmers who use it. Through chemigation, chemicals are applied to the soil by irrigation systems. Chemigation is touted as more efficient irrigation. The primary danger of chemigation is groundwater pollution, due to mechanical malfunctions, causing backflow of chemicals into the aquifer. No operators are present to monitor safety equipment and correct problems as they arise.

Who will benefit, and who will gain, by regulating agricultural chemicals? Regulation alone is not a viable groundwater protection strategy against chemical pollution. What is needed is a two-pronged approach: short and long-term strategies. A short-term strategy would recognize that the dependence on ag chemicals can't be turned around over night. Below are some components of a short-term groundwater strategy:

1. Prohibit dangerous activities such as chemigation, rather than try to regulate.

2. Immediately begin public education about the long-term hazards of agricultural chemicals.

3. Tax agricultural chemicals and establish a fund to cleanup those inevitable spills and accidents. Those benefitting from the use of ag chemicals should be made to pay their full cost.

A long-term strategy would recognize that present agricultural policies promote pollution of groundwater and policy reform is necessary to build sustainable farming systems. Policies that should be established, along with specific implementation steps, include:

1. Begin a concentrated research, information dissemination, and implementation effort into more resource sustainable farming practices.

2. Eliminate tax incentives that encourage speculative investment into land and water resources. Implement tax incentives for resource conservation, though care must be taken that benefits are targeted to moderate family-size operators.

3. Develop programs that will encourage and make it possible for young people to enter farming as a full-time occupation.

Groundwater protection strategies Continue on Page 6

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DRC Fights Rule Changes

"Much of our farm will be mined and we want to be able to turn over our productive farmland to our children so that they can turn it over to their children also. My family is here today because they are concerned about these changes and what they could mean to their livelihoods."

- Gwen Thompson testifying at the Reclamation Rule Change Hearing.

On March 21, 1986 the North Dakota Public Service Commission heard testimony on the proposed mining and reclamation rules. Industry defended the proposed changes, claiming that they were needed because the current rules were out of date and unnecessarily expensive. John Dwyer, head of the Lignite Council, stated that the primary goal of these rule changes was to reduce industry's costs. However, the industry could not show that the new rules were supported by long term, conclusive research or would save a significant amount of money.

Dr. Doll, director of the Land Reclamation Research Center and coauthor of the publication that the rule changes were based on, was on the stand for much of the day. Dr. Doll's testimony was full of inconsistencies. Experiments that Doll called short term a year or two ago are now suddenly long term. Large portions of Bulletin 514, that these rules are based on, are now obsolete. The commission asked Dr. Doll to submit a copy of Bulletin 514 showing which portions were no longer relevant. As of today (April 14) the PSC has not received this document. During his testimony, Dr. Doll also stated that for his recommendations to work, reclamation would have to be much more closely monitored by the mine operators and the PSC which would raise costs regulatory costs.

The most widely debated rule change was section 69-05.2-15-04 Subsection 4 weakening the soil respread regulations. The changes would replace the current requirement that all Suitable Plant Growth Material (SPGM, also known as top and subsoil) with two to four feet, depending on spoil characteristics. This table is based on Bulletin 514 published by the Land Reclamation Research Center. The Public Service Commission staff has characterized this research as "somewhat flawed". Some of the experiments outlined in the Bulletin 514 include experiments showed that 2 inches of topsoil is better than bare spoil and that chemical amendments are too expensive to make chemical reclamation practical. These experiments do not contribute any answers to the question of total soil depth. The experiments which do address total soil depth have the following flaws.

The proposed rule would base soil depth on spoil properties. Since the soil is removed before the overburden, the properties of the spoil will have to be determined before the soil is removed. Research has shown that is extremely difficult to predict the properties of the spoil before mining begins. Although the rules allow for testing of the graded spoils, that would like locking the stable after the horse has run off. DRC's expert witness, William Dancer, a reclamation scientist from Minnesota who has worked in Illinois and North Dakota, testified that research in North Dakota and Illinois showed that several of Dr. Doll's key assumptions about mine spoils were wrong.

Doll's recommendation assumes that only two spoil properties determine how land should be reclaimed. The spoil properties that the PSC proposes to adopt are related to the spoil's water holding properties. There are a number of other important properties of the spoil which could make it difficult to reclaim, but under the PSC's regulations would go under the lowest subsoil depth. Toxic minerals, acidic spoils, and certain type of saline spoils could be reclaimed with just 24 inches of soil.

Doll also assumes that even those few properties can be accurately predicted before mining. The number of samples needed to accurately determine spoil properties is subject to debate. Right now only on drill hole is needed on every 40 acres on a mine. Research by Project Reclamation which was associated with the University of North Dakota has shown that in North Dakota hard to reclaim spoils have been found right beside "good" spoils.

Continue on Page 7

Fargo Members Sponser Forum

DRC members from the Fargo area have schedtled a community action forum for Wednesday, April 23, 1986 at 7 P.M. (CST) in the Olivet Lutheran Church Fellowship Hall, Fargo. "We want to bring people from the university setting and the community together to discuss the effect of low farm income on Fargo jobs, the environment, and the reliability of a food supply," said John Lamb, DRC Assistant Secretary and one of the conference organizers.

With assistance from the League of Women Voters, and funding from the Lutheran Church of America, Red River Valley, the Fargo Diocese Catholic Rural Life Commission and the American Lutheran Church eastern district, the forum was pulled together through the efforts of John Lamb, Willie Hallford, Roger Schwinghammer, Mary Jenkins, Kathy Kadrmas and Greg Lewis. A social will follow the event, to give people a chance to meet DRC members and learn more about the Council's work.

"We're including a showing of DRC's 8th Annual Rural North Dakota Amateur Photography Contest at this event, to celebrate North Dakota's farming heritage and its abundant natural resources," said Lamb. The photos will be on display at the Fellowship Hall from 4 - 6 P.M. on April 23, and throughout the evening.

The Fargo group intends to follow up the forum by passing petitions urging our Congressional delegation to support passage of legislation to raise farm income and preserve rural communities. "We plan on expanding our base of support to include a greater number of Fargo people who have a vested interest in the preservation of the family farm," said Lamb.

A New DRC Affiliate

As a result of Rural Action Meetings held earlier this winter, a group of farmers and rural business people from Benson, Sheridan, Welles and Pierce counties have formed a steering committee to establish a four-county affiliate of the Dakota Resource Council. Headed by Blaine Mack, Harvey implement dealer, the committee has met over the last month to plan its organizing meeting, and to participate in DRC's farm preservation project.

April 17, 1986 is the date of Central Dakota Resource Council's organizing meeting, set for 8 P.M. (CST) in the Artos Inn, Harvey. Featured speakers on the program include Warren Stofferahn, Cogswell farmer, who will address the "Save the Family Farm Act"; Tom Dixon, Bismarck Attorney and Farm Law specialist, speaking on borrowers rights; Pete and Bob Barstad, First State Bank of Harvey; Jerry Torstenson, DRC Chairman, addressing affiliation with DRC, and Tom Erdman, Farm Credit Services, Carrington, who will discuss the recent debt restructuring plan negotiated between the Governor and FCS.

"We'll be setting up phone trees and planning candidate accountability sessions over the coming months, focusing on the need for positive legislation to save our farms and rural communities," said Mack. "We've been building support for the alternative farm bill and fair credit legislation, but we need to put on more pressure for change," he said. "This area is very hard hit by the farm crisis. As of Monday, April 7, we've heard estimates that over 50% of Welles county farmers haven't gotten operating money," Mack continued. "This has got to be turned around."

-Theresa Keaveny

"The Odds are Better Than in Las Vegas"

That's what more than one person said recently after being approached to buy DRC "Rural Crisis Raffle" tickets. Members and staff have been selling tickets since February; the goal was to have 200 sold by April 4. Money raised through this raffle will go toward our work on the rural crisis. A Grand Prize of $200, 8 First Prizes of $100, and 16 Second Prizes of $50 will be awarded. The ticket price is $20. Because only 200 tickets are being sold, and all tickets drawn are returned to the barrel, every ticket has a 1 in 8 chance to win! All winners will be listed in the next issue of the Dakota Counsel.

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Farmers Gain Rights in Coleman V. Block

[Editor's note: the following is reprinted excerpts from the "North American Farmer," a publication of the North American Farm Alliance.]

Federal Judge Bruce Van Sickle of North Dakota issued two orders on March 3 in Coleman v. Block, the national class action suit filed on behalf of farmers against the Farmers Home Administration (FmHA). In these decisions farmers won substantial new rights concerning requests for releases of farm income to pay necessary living and operating expenses.

Judge Van Sickle amended his February 17, 1984 Final Injunction by adding a paragraph that orders FmHA to send all farmer borrowers a written notice when FmHA refuses any request to release farm income to pay necessary living and operating expenses, whether or not the borrower has a "current" Farm and Home Plan approved by FmHA.

The written notice FmHA is required to send must include reasons for refusing to release a description of what the borrower must show to be eligible for a loan deferral, notice of the right to a hearing within 20 days, and the name of the official to preside at the appeal hearing.

The second order signed by the judge March 3 involves the farmers' motion for a Preliminary Injunction which challenged the new FmHA regulations published November 1, 1985. The judge did not stop FmHA from sending out the "Notice of Intent to Take Adverse Action," the first step FmHA must take before commencing foreclosure or liquidation. However, after the farmers filed their motion, FmHA changed its policy on who would be sent notices.

Now FmHA will send the notice only to those borrowers who have made no payment for the past 3 years on one or more of their loans, or to borrowers in non-monetary default.

For example, notices will be sent to those FmHA believes have sold secured property without obtaining FmHA's permission or without properly reporting to FmHA, [or those who FmHA believes have] abandoned their farms or have stopped farming.

Supplement to FmHA Guide Available

DRC recently received a strategy memo from Minnesota Legal Assistance explaining farmers' new rights secured by Judge Van Sickle's March 3rd court order in the Coleman case. (See above article.) The strategy memo is now available from DRC for a copying cost of $2.00, plus $1.00 postage.

The memo includes form letters that farmers should use when requesting information, or appealing decisions of FmHA. "Broad use of the strategy memo and the...Form Letters will present a unified response from farmers to FmHA," said

Attorney James Massey in his letter to DRC and other farm advocacy groups around the country. "The unified response," he continued, "should help to force FmHA to change its policies so that its farmer borrowers will be treated consistently and fairly."

This memo should be used as an update to the Minnesota Legal Services handbook, "Farmers' Guide to FmHA," which is also available from DRC.

-Dennis Olson

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Continued from Page 3

should serve the goals of resource conservation and a committment to moderate-scale sustainable farming. What we don't need are policies that rationalize currently harmful practices, under the guise of "regulation."

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Many others expressed doubts about whether or not the research findings were sound enough to base a decision of this magnitude upon. Among those expressing doubts were Governor Art Link, PSC Candidate Jim Kusler, State Senator Rick Maixner, USDA State Conservationist August Dornbusch, and the Public Service Commission's own staff.

The Public Service Commission Staff, dissatisfied with the Public Service Commission's proposal added two minor changes. One was to add a simple test that would shore up the inadequate testing the new rules would require. The other change would have made the proposed soil respread depths minimum requirements rather than average requirements. Under the proposed rule the companies were allowed a six inch variance in the amount of soil they had to replace. That means that some areas could have as little as 18 inches of soil replaced. The coal companies reacted vehemently to these PSC Staff suggestions, stating that the current rules were would be preferable to the PSC Staff's recommendations. "... It is very difficult for members of the Lignite Council to believe that the PSC would even consider a proposal that has a possibility of increasing our regulatory costs." said John Dwyer.

Stan Pollestad, DRC Vice Chair, testified about the economic benefits the rule changes to electricity consumers. Using information from mine permits DRC calculated that the maximum saving for electrical consumers would be 73 cents a month on a $70 electricity bill. During the course of the hearing a representative from Knife River Coal Company said that the actual savings would be about $500 per acre. Using this figure it was calculated that the true savings to the consumer, making the generous assumption that the entire savings would be passed on, would be a whopping four cents a month.

Industry stated that 1500 acres a year enter reclamation in North Dakota, and estimated the total saving for all mines in the state would be about $750,000. The Industry would not document where these savings would come from, and how much of the savings would come from cutting reclamation jobs in the mines. Any cuts in reclamation staff would add to the economic hard ships faced in the coal fields. Sparky Witmaier, of Knife River Coal, testified that savings at the South Beulah Mine could come from a reduction in overtime hours. Industry spokespeople could not show any contracts that had been lost that would not have been lost if rule changes would have been in place.

"Lignite is just not the best fuel for most applications." said Pollestad, "There is only so much the state can do to make lignite more attractive. Reducing our reclamation standards will not make a silk purse out of a sow's ear."

Coal Committee Chairman Gene Wirtz testified on the validity of the research findings as well as other rule change. These changes included weakening of erosion control, waiver of reclamation for small disturbances, and disposal of toxic and combustible mine wastes. Wirtz also commented on the Lignite Council's insistance that costs must be reduced. "We are told by the Lignite Industry that less expensive reclamation will save us money," Wirtz said, "but we would like to remind the Commission, you get what you pay for."

"One final observation. It is disquieting to hear public comment that it cost more to reclaim land than the land is worth. We are telling future generations that after we have removed and used the mineral resource, we could not restore it for their use because it was too expensive.

This is the decision the Commission will make."

-Governor Art Link, from written testimony.

The Public Service Commission will be making their decision next month.

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Continued from Page 2

Representative Kastenmeier, D-Wisconsin. Two dairymen represented the North Dakota quota committee at a "Dairy Summit," sponsored by the NSFFC in Wisconsin to provide grassroots input to the Kastenmeier bill. The revised language of this dairy bill will also be included as part of the Save the Family Farm Act.

-Dennis Olson

Calendar of Events

Thursday April 17	Central Dakota Resource Council's Organizing Meeting, 8 pm CT, Artos Inn, Harvey
April 17 - 18	"Holding on to Life", Rural Economic Distress Lecture & Workshop, sponsored by NDSU Campus Ministry, at the 4-H Auditorium, NDSU
April 20 -22	"Faith & Resistance Retreat" Mount St. Benedict in Crookston, MN
Monday April 21	Grant County Resource Council meeting, 8 pm at the Community Hall in Carson
Wednesday April 23	"The Farm Crisis" Community Forum, 7 pm CT at the Olivet Lutheran Church in Fargo.
Wednesday April 23	DRC's Rural North Dakota Amateur Photo Show, 4 - 6 pm CT, Olivet Lutheran Church in Fargo
Monday April 28	DRC Board of Director's meeting, 7 pm in Bismarck
Saturday May 3	DRC's Rural North Dakota Amateur Photo Show, 5 - 9 pm Interstate Inn, Dickinson
May 5 - 6	WORC Staff training
June 12 - 14	WORC Staff Retreat & Board of Director's Meeting in Montrose, CO

Photo Show

DRC's social event of the season has finally arrived! The "Rural North Dakota" Amateur Photography Contest will be judged on April 18 by Tim Kjos, formerly writer/photographer for the Beulah Beacon, and Mike LaLonde, Bismarck Camera Club and professor of photography, Bismarck Junior College.

According to Bea Peterson, Photo Contest Chairperson, "This year's entries are lovely, as usual. It's so nice to see such a collection of talent. This contest is really an expression of our North Dakota heritage, natural resources and beauty."

Photographers and other interested people will have two chances to view this fine display in 1986. The first photo showing will be on Wednesday, April 23, at the Olivet Lutheran Church, Fargo. Viewing will be from 4:00 - 6:00 p.m.(CST) and 7:30 to 10:00 p.m.

The traditional Dickinson photo showing will be held in conjunction with a wine and cheese taster on Saturday, May 3, at the Interstate Inn from 5:00 - 9:00 p.m. (MST). Wines from Assumption Abbey and North Dakota Cheeses will be featured. The tickets are really a good buy - $4 to view the photos and sample wine and cheese, and only $2 if you wish not to sample the cheese and wines.

-Julie Ruplinger

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SAVE THE FAMILY FARM ACT VERSUS THE FARM LIQUIDATION ACT

April, 1986

Grassroots groups from around the country who have joined the National Rural Crisis Action Coalition are not satisfied to let the 1985 Farm Bill run its course, running farmers off the land, and rural communities into the ground. The Dakota Resource Council Board has decided to join this broad-based movement in an effort to reopen the farm bill debate, and has voted to support the passage of the Farm Policy Reform Act. This legislation gained a great deal of support during the debate on the 1985 Farm Bill but failed to pass. Dakota Resource Council, along with 170 other groups, are now redrafting this legislation, called the Save the Family Farm Act. It offers a fair price for farmers, and a future for rural America.

THE FARM POLICY REFORM ACT

This bill was drafted after two years of public hearings coordinated by Texas Ag Commissioner Jim Hightower and Minnesota Ag Commissioner Jim Nichols - hearings held at the grassroots, involving hundreds of farmers and rural people who wanted to see that farmers be paid a fair price in the market place for their products. The bill is based on the assumption that farmers do not want to receive government subsidies for their commodities in order to cover production costs but rather, that the grain merchants pay for the commodity.

The Farm Policy Reform Act, which would cover production years from 1986 - 1999, provides for three basic principles

1. A referendum with at least 50% of the producers from each commodity (at this time, corn, soybeans, wheat, grain sorghums, barley, oats, rye, upland cotton) voting in favor of including their commodities in the act before it becomes operational. If over 50% of the producers voted in favor of this program, full participation of all producers would required. A referendum would be held every four years, giving farmers the right to vote,and ensuring that they would have a voice in setting commodity prices.

2. Commodity Credit Corporation loan rates on grain would be raised to 70% of parity, which is slightly above the average cost of production. This would increase by two percent of parity each year until 1996, at which point the loan rate would reach 90% of parity. If cost of production would increase or decrease, the CCC loan rate would reflect these flucuations in production costs. A recent study by North Dakota State University economists found that the average cost of production in North Dakota is $4.81 cents a bushel for wheat.

3. Supply management - Production quotas for each farm would be established with larger operators taking progressively larger cuts in production than family-sized operators. Grain marketing certificates would be issued to producers based on the quota established for their operations, and these certificates would be required for any sale of commodities covered by the program.

The bill requires that a quota be set for each farm with the past acreage history used as a base in calculating how many marketing certificates would be issued for how many bushels of grain. The quota would be in the form of bushels, pounds, tons or whatever unit of measurement applies to individual commodities. The Secretary of Agriculture would set the quota each year, based on domestic, export, feed and hunger program needs. Farmers would be able to sell their product only with the use of marketing certificates, issued after the quota for each farm were established.

The first years of the program would necessitate greater production controls or cutbacks to bring supply back in line with demand, because of our surplus situation today. As the Save the Family Farm Act is currently drafted, acreage set asides would start at 5% of a producer's eligible crop acreage for small producers, and go no further than a 35% cut for producers of 100,000 bushels or more of wheat; 150,000 bushels of barley; 130,000 bushels of corn; 55,555 bushels of soybeans.

The dairy producers who have joined the Save the Family Farm Coalition have worked on a bill draft for dairy commodities which is based on these three principles. Organized dairy producers in North Dakota have joined DRC in the national campaign and have formed a "Quota Committee" whose job it is to participate in bill drafting, lobbying and public education. At this time, dairy language is slated for inclusion in the Save the Family Farm Act, and is the basis for HR 4148, a bill sponsored by Rep. Kastenmeier of Wisconsin.

DEFICIENCY PAYMENTS - SO YOU THINK YOU'RE GOING TO GET $4.38 FOR YOUR WHEAT

Many farmers have become dependent upon deficiency payments as a supplemental source of income to offset low commodity prices. Deficiency payments have been instituted over the last several years to compensate a farmer, in the form of cash (and sometimes commodities) for the low market price which hovers near the CCC loan rate. The loan rate sets a price floor on commodities that are included in the farm program. Since the loan rate is set by Congress, it ha not approximated anything close to actual cost of production figures.

Target prices are set above the loan rate, and are supposed to approximate an amount that a producer should be pai to cover cost of production. The difference between the loan rate and the target price is called the deficiency payment. This is the amount that taxpayers subsidize farmers so that grain companies can continue to pay less than the cost of production in the market place. Like loan rates, target prices are set by Congress, and do not reflect the realities of current farm production costs, as this year's farm program bears out.

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The 1986 target price for wheat will not yield $4.38 a bushel as many farmers are being led to believe by proponents of the Farm Liquidation Act. The loan rate for wheat is set by Congress this year at $2.40 a bushel. With a average reduction of $.08 a bushel in western North Dakota due to a freight differential, the loan rate will actually b $2.32 a bushel. Gramm-Rudman cuts will apply to the loan rate and target prices for this year's farm program, accordin to a local ASCS office. Applying this 4.3% reduction to the loan rate, we arrive at a loan rate of $2.22 a bushel for wheat. We can expect that the market price will hover around this low price for this year's harvest.

The Secretary of Agriculture has announced that deficiency payments are set at $1.83 a bushel. The maximum price that can be paid out for deficiency payments under this year's program is $1.98 a bushel (the difference between the loan rate of $2.40 and the target price of $4.38 a bushel). Of the $1.98 a bushel in deficiency payments, no more than 40% can be paid out in advance, and 25% of this is supposed to be paid in PIK (payment in kind) bushels. With Gramm Rudman cuts on the cash portion of the deficiency payment, the total deficiency payment, including PIK, will amount to $1.92 a bushel.

Taking the post-Gramm-Rudman cut loan rate of $2.22 a bushel for wheat, and adding the post-Gramm-Rudman cut deficiency payment of $1.92 a bushel gives us $4.14 a bushel for wheat - the most that any farmer can expect to receive for their production, even with the "help" of deficiency payments. Today's target prices are not even close to the cos of production, estimated by NDSU at $4.81 a bushel. The only exception to these figures would be premiums paid for hig protein wheat.

The Secretary of Agriculture has discretionary power to make further cuts to the loan rate and target prices in th next years of the current farm program. Secretary Block exercised this discretion in his last days with the Department of Agriculture. We can only speculate on what Mr. Lyng will do. Farmers who think that this program is going to bail them out of low market prices should look at what today's farm program has in store come harvest this year, and, if the are still in business, come harvest 1987, 1988 and 1989.

THE EXPORT MARKET MYTH - PAYING MORE TO KEEP US POOR

Without exception, DRC members who have discussed the Farm Policy Reform Act ask "What will happen to our exports?" Today's farm program is based on a policy of lowered loan rates, therefore, lower market prices, so that the United States can compete in the world market, sell more grain and make up the difference in lost revenue to farmers through deficiency payments. This assumption is misguided. Unfortunately, it is the assumption that many Congressiona leaders are using to justify their votes on the disastrous 1985 farm bill.

A report by the Food and Agricultural Policy Research Institute (FAPRI), a joint research program of the Universit of Missouri and Iowa State University, released on February 13, projects that we will be increasing our wheat export volume marginally over the next three years, though the VALUE of that export is substantially less than what is projected to be paid out for all wheat deficiency payments. FAPRI reports are often commissioned by Congress to analyz the effect of farm policy on farm income and taxpayer costs. The table below shows what American taxpayers are giving away to support the export market myth. These statistics, obtained from the FAPRI report, are for wheat and corn, and are based on pre-Gramm-Rudman cut figures which were projected before former Secretary Block used his full discretionar power in slashing loan rates.

CURRENT FARM PROGRAM PROJECTIONS

CROP YEARS	1986	1987	1988		1986	1987	1988
Wheat price per bushel	$2.47	$2.39	$2.27	Corn	$1.99	$1.94	$1.96
Export Volume - wheat (billions of bushels)	1.061	1.165	1.26	Corn	1.732	1.794	1.869
Export Value (billion $) (price x export volume)	$2.621	$2.784	$2.87	Corn	$3.44	$3.48	$3.66
Direct Government Costs for wheat (deficiency payments in billion $)	$3.93	$4.55	$4.67	Corn	$5.932	$6.325	$6.307

We are projected to spend far more in deficiency payments to farmers in the next three years than we expect to earn in the export market. The taxpayers end up footing the bill for the export market myth so that the grain merchants can p half of the cost of production in the market place.

Many farmers and organizations contend that the public is being misled into believing that we are losing our expo markets and that this is a large cause of the farm problem. Many point to the loss of the U.S. share of the world export market. USDA figures show that this is unfounded, suggesting that the use of U.S. wheat and coarse grains in t last 25 years actually EXCEEDED U.S. production. North Dakota Wheat Commission figures from January 13, 1986 show tha U.S. wheat exports for all wheats have increased 123% from 1959 - 1984.

History shows that no matter what price the U.S. has sold grain on the export market, other countries undercut us

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by about a nickel a bushel. This policy of low commodity prices also keeps peasant farmers poor in Third World countries which must compete to sell grain in order to pay off billions of dollars in foreign debt, often owed to U.S. banks. At a recent food and peace conference involving U.S. and Canadian farmers and organizers, Canadians made it abundantly clear that they suffer dramatically from low prices every time that U.S. grain prices are pushed lower in th world market.

The export market myth also fails to address the severe environmental consequences to U.S. farming resources that result when farmers are forced to produce more volume to make up for lower price. We are shipping out topsoil with every bushel of wheat that's sold at less than the cost of production. Recently Senator Mark Andrews has said that wit the high loan rates proposed in the Save the Family Farm Act, we would not be able to compete in the world market, and that we would have to take huge cutbacks in production, up to two thirds. He is clearly misinformed on the size of cutbacks proposed, which are actually less to family farmers than the current program. He is totally neglecting the very low VALUE of these low-priced export commodities, which simply is not offset by the miniscule increase in volume that we are projected to sell in the world market.

The Save the Family Farm Act also requires that the Secretary of Agriculture establish policies to maintain the United State's share of the world export market by issuing bonus export bushels, payment-in-kind, credit, cash, etc. Though projections indicate that export markets are not threatened by fair grain prices, this provision is included to ensure that embargoes and other foreign policy decisions do not threaten exports.

TODAY'S FARM PROGRAM - A BUDGET BUSTER, A BIN BUSTER AND A FARMER BUSTER

According to FAPRI's analysis of the 1985 farm bill, net farm income for all commodities under today's farm progr is projected to drop from $26.9 billion in 1985 to $21.8 billion in 1989, despite the huge subsidies paid to farmers to alleviate the burden of low commodity prices. The North Dakota Wheat Producers, Inc. recently published a poll of sta wheat farmers showing that 60% of those surveyed didn't expect to be in business in the next five years because of low commodity prices. Countless other findings, including a recent Office of Technology Assessment study show that today's farm program will result in increased farm failures, higher government spending on deficiency payments and on programs tailored to ease the farmer off the land in a "smooth transition", and countless rural business failures.

Some DRC members have taken figures from the current farm program and applied these to their operations, then compared the outcome to their income if they were to receive 70% of parity for their wheat. The description below is a actual western North Dakota farm operation.

1986 FARM PROGRAM (APPLIED TO WESTERN NORTH DAKOTA WHEAT OPERATIONS)

500 acre wheat base with 25% set aside	375
25 bushel yield x 375 acres	9,375
Loan rate at $2.22 a bushel	$20,812
Deficiency payment of $1.92 a bushel	$18,000
Total Income	$38,812

Production Costs - SW ND Coop Extension NDSU

$95.94/acre x 375 acres	$35,977
Net Income	$2,835

SAME FARM OPERATION - FARM POLICY REFORM ACT

500 acre wheat base with 25% set aside	375
25 bushel yield x 375 acres	9,375
Loan rate at $5 a bushel 70% of parity	$46,875
Cost of production at $95.94/acre	$35,977
Net Income	$10,897

The current farm program requires the government to spend over $18,000 in deficiency payments because this farmer is unable to get a fair price for his wheat in the market place. The Farm Policy Reform Act not only results in higher ne income, but it results in huge savings to the U.S. taxpayer. The grain merchant pays for the product at its cost of production rather the farmer receiving subsidies from the federal government.

The Cooperative Extension Service Cost of Production figures assume a 1/3 2/3 fallow operation. Factored into the 25% cut scenario above under the current farm program and the Farm Policy Reform Act are the costs of managing the set aside land.

One DPC member commented "It is costing more to keep us poor!!"

EFFECTS ON CONSUMERS AND RURAL COMMUNITIES

A common tactic, divide and conquer has been used for years to pit one powerless group against another powerless group so that the powerful can reign. Such is the case with the consumer and the farmer, and the farmer and labor. Unemployed farmers moving off of the land are now competing in an already-tight employment market with laborers, many whom have been laid off because of the poor farm economy. The Steiger plant in Fargo provides just such an example.

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Consumers would face a possible 4 % increase in food costs in the first year of the Farm Policy Reform Act and about a 1/2 % per year increase thereafter until commodity prices rose to 90% of parity. This increase in food costs would be offset by the reduction in payments to farmers that are now being made by the federal government, contributing to our nation's burgeoning deficit which is being cut by eliminating vital social programs.

The effect of fair grain prices on the livestock industry has been a point of controversy among DRC members and others. Some ranchers have expressed concern that high grain prices will adversely affect cattle producers. "If cheap grain prices and voluntary commodity programs are beneficial to the livestock industry then cattlemen should be enjoyir a bonanza," said a Texas Department of Agriculture "Perspectives on Agriculture" piece.

"It's a historical fact that high grain prices mean high cattle prices," said a DRC rancher. "The reason for this is that the price of protein is established by the price of vegetable or grain protein. Anytime grain protein is cheap it puts the cattle producer in an unfavorable position." Drafters of the Save the Family Farm Act have been working with livestock producers over the last several months to ensure that family-sized livestock operations aren't harmed as a result of legislation to raise grain prices to the cost of production.

Most important to North Dakotans is the effect that the Farm Policy Reform Act would have on rural income. If farmers received a fair price for their wheat, their net income increase would in turn benefit mainstreet businesses, lending institutions, and would provide greater assurances of local, not corporate, control of farming resources. The Texas Agriculture Department argues that if farm producers had been paid a fair wage each year since 1973, we could hav reduced the budget deficit to zero because the additional earned income from rural America would have generated sufficient taxes to place us in a balance budget position.

It is important to keep in mind that the farm crisis is not the result of inexplicable forces. It is the result c policies made by people - policies which do not provide basic economic security to rural Americans. Here's an example c how the policies are made.

THE JAMIE WHITTEN AMENDMENT

In December of 1985, as the Farm Bill debate grew more bleak for family farmers, Jamie Whitten, a Congressman from Mississippi who has been in office since the first days of the farm program in the '40's, attached a resolution on to the appropriations bill authorizing expenditures to keep the government going. He did so in an effort to restore equit to the farm program.

The Whitten Amendment called for raising the loan rate "at such levels as will reflect a fair return to the farm producer above the cost of production and to provide for payment by the purchaser, rather than by appropriation." Whitten's two page resolution incorporated the principles of the Farm Policy Reform Act, which would have guaranteed that farmers be paid for their commodities by the "purchaser" rather than by the government.

The Whitten amendment also would have required the Secretary of Agriculture to determine on a case-by-case basis which borrowers are not now able to make principal and interest payments on federal loans due to losses incurred becaus of grain embargoes and other foreign policy. Once this determination is made, a 12 month foreclosure moratorium would have been instituted on all farm loans owed to the Federal Government.

The Whitten Amendment passed committee and passed the House. When it reached the Senate Appropriations Committee, it was killed by a narrow 3 vote margin. Senator Mark Andrews voted against the Whitten Amendment by proxy. In doing so, Senator Andrews voted in favor of lower loan rates and lower market prices for our farm commodities, well below the cost of production. And he voted for deficiency payments that will cost farmers and taxpayers billions.

Senator Andrew's explanation for his vote is that he thought an amendment dealing with cost of production for farming didn't belong on an appropriations bill, even though the government has to appropriate billions in deficiency payments because farmers aren't getting cost of production. He also noted that he has a sound record on votes ensuring that farmers are paid cost of production, though the Farm Bill, which he supported, results in a great reduction in far income.

Since he has been confronted on his anti-farmer vote, Senator Andrews has made public statements and sent letters to the editor which distort the intent of the Whitten amendment, and the extent of the farm problem. His most recent radio statements incorrectly note that the Farm Policy Reform Act would result in farmers taking upwards of a 50% cut i production, and that the National Farmers Union and National Farmers Organization supported lowering the loan rate and market price of commodities during the 1985 Farm Bill Debate.

IT'S TIME TO CHANGE THESE POLICIES AND TO BRING A FAIR PRICE BACK TO AGRICULTURE

You have an opportunity to do something about the current farm program. You can join with the Dakota Resource Council in urging a reopening of the farm bill debate. You can join in a direct action campaign coordinated by DRC anc other groups supporting the goals of the Save the Family Farm Coalition.

You can also participate in selecting candidates, and in holding our elected officials accountable to their rural constituency. You can inform friends and neighbors of the difference between the Farm Policy Reform Act and the currer farm program. And you can talk to many different groups which have a vested interest in the preservation of family far agriculture.

Join the Dakota Resource Council. Membership dues are $35 family; $20 single; $10 student/low income; $50 contributing; $100 patron; $200 "200 CLUB".

NAME______________________________ ADDRESS______________________
PHONE______________________ AMOUNT ENCLOSED________________
Mail to the Dakota Resource Council 29 7th Avenue West Dickinson, ND 58601
phone (701)227-1851.

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INTERROGATORIES AND REQUEST FOR DOCUMENTS

TO: The Dakota Resource Council

As used herein the terms listed below are defined as follows:

a. "Council" shall mean the Dakota Resource Council.

b. "Identify" with respect to a person shall mean the name, address, and occupation of such person. "Identify" with respect to any other entity shall mean the name and address of such entity.

c. The term "documents" or "records" shall mean, unless otherwise indicated, writings of any kind, including, but not limited to, correspondence, memoranda, reports, transcripts, minutes, pamphlets, leaflets, notes, letters, lists, telexes, telegrams, messages (including reports, notes, memoranda, and any other documentation of telephone conversations and conferences), calendar and diary entries, contracts, data, agendas, printouts, account statements, ledgers, billing forms, receipts, checks and other negotiable paper, and compilations in the possession or control of the Council.

d. The terms "and" and "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of this request any documents which may be otherwise construed to be out of its scope.

e. "Candidates Accountability Publication" shall mean any documents or materials assembled or recorded from the "candidates

ATTACHMENT #3(1)

accountability sessions" noted in the Dakota Resource Council's Response to the complaint in MUR 2182 at pages 4-5.

Please respond to the following questions:

1. For each candidates accountability session conducted from 1978 to the present, state:

   a) The date of the session.

   b) Whether attendance was limited to members and employees of the Dakota Resource Council and their families. If the answer is no, state to whom the meeting was open.

   c) The identity of each candidate, including the office sought, or party representative who appeared at the session.

   d) How it was determined which candidates and party representatives would appear.

   e) Whether all candidates and party representatives who requested to appear were permitted to do so, and if not, identify which candidates and parties were denied such request, and when they were denied.

   f) Whether contributions were solicited at the session. If so, identify who made the solicitation and the manner in which it was made.

2. In the Council's response to the complaint filed in MUR 2182, the Council stated the candidates accountability sessions are recorded and may be used to hold a candidate accountable for his or her earlier campaign promises at a later date. For each

Candidates Accountability Publication assembled from information gathered at these sessions;

a State the form of the Candidates Accountability Publication (e.g. video, mailer, newsletter, flyer etc.).

b State the number of copies made of the Candidates Accountability Publication.

c. Identify the persons who received or had access to the Candidate Accountability Publications, and include whether such persons are members or employees of Dakota Resource Council and/or families of members or employees.

d. The manner in which the Candidates Accountability Publication was distributed.

e. Identify the candidate(s) whose record(s) were included in the Candidate Accountability Publication.

The Commission further requests you to provide copies of all Candidates Accountability Publications.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

William C. Oldaker
Epstein, Becker, Borsody & Green, P.C.
1140 19th Street N.W.
Washington, D.C. 20036

RE: MUR 2182
Dakota Resource Council

Dear Mr. Oldaker:

The Federal Election Commission notified your client on June 27, 1986 of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your client, the Commission, on , 1986, determined that there is reason to believe that your client has violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that your client made expenditures for "candidates accountability sessions" which may have been open to non-members. Additionally, the record created from these sessions may have been used in connection with a federal election.

Your client's response to the Commission's initial notification of this complaint did not provide complete information regarding the matters in question. Please submit responses to the enclosed questions and the documents requested within fifteen days of receipt of this letter. Statements should be submitted under oath.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further,

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ATTACHMENT # 4(1)

requests for pre-probable cause conciliation will not be entertained after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of General Counsel is not authorized to give extensions beyond 20 days.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Patty Reilly, attorney assigned to this matter, at 376-8200.

Sincerely,

Joan D. Aikens
Chairman

Enclosures
  Procedures
  Questions and Request

4(2)

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

SENSITIVE

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 2, 1986

MEMORANDUM

TO: THE COMMISSION

FROM: CHARLES N. STEELE
GENERAL COUNSEL

BY: LAWRENCE M. NOBLE
DEPUTY GENERAL COUNSEL

RE: ATTACHMENTS IN MUR 2182

Attached is the writen response of the Dakota Resource Council. The General Counsel's Report referred to this document, but did not include a copy of it. The First General Counsel's Report was circulated on October 1, 1986, on 48 hour tally vote.

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GCC

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JUN 27 P5:25

June 27, 1986

Charles N. Steele, Esquire
General Counsel
Federal Election Commission
999 E Street, N.W., Suite 657
Washington, D.C. 20463

Re: MUR 2182

Dear Mr. Steele:

This letter constitutes the response of the Dakota Resource Council ("DRC" or the "Council") to a complaint, MUR 2182, filed with the Commission by Myron Hilton Atkinson, Jr., a long-standing opponent of the DRC. Mr. Atkinson's complaint falsely alleges that the Dakota Resource Council has misused corporate funds to influence a federal election. Accordingly, the complaint inaccurately alleges that the Dakota Resource Council has violated 2 U.S.C. § 441(b) by engaging in partisan activities and attempting to influence a federal election, in particular the reelection bid of Senator Mark Andrews.

While the Council has and will continue to disseminate information (via newsletters, counsel meetings, fact sheets, etc.) to its members on issues pertaining to the current farm crisis and the various positions of elected officials on farm legislation, the Council has not participated in the electoral process and espouses no position regarding voting choices.

Therefore, as we demonstrate herein, the complaint is meritless as it is replete with baseless allegations, misinterpretations and flawed legal conclusions. The Complainant fails to provide the FEC with even a scintilla of evidence that the Council is using corporate funds to influence a federal election under the purview of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq. (the "Act). Significantly there is no evidence of any wrongdoing to provide.

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ATTACHMENT #1 (1)

Charles N. Steele, Esquire
June 27, 1986
Page Two

Excerpts from Council newsletters submitted to the Commission by the Complainant only help to demonstrate the efforts of the Council not to engage in partisan politics. Accordingly, this meritless complaint, filed as part of the ongoing animosity by supporters of Senator Andrews against the DRC for criticizing the Senator's anti-farm legislation support, should be dismissed.

FACTS

The Dakota Resource Council, established in 1978, is a non-profit membership organization exempt from federal income taxation under 26 U.S.C. $ 501(c)(4). The Council's five major functions include: (1) organization; (2) research; (3) communication; (4) education; and (5) advocacy. Throughout its history, the grassroots organization has urged its rural members to participate in the political process and to make their voices heard on important issues facing family farm agriculture and farming resources in North Dakota.

The Council's membership is comprised, inter alia, of (1) farmers dedicated vocationally to food production; (2) farmers, business and community people who believe the long-range economic wellbeing and stability of North Dakota rests on its agricultural prosperity; (3) people who value the quality of life in rural North Dakota; and (4) people whose livelihood or lifestyles are threatened by the arbitrary acts of corporations and/or government entities. Accordingly, the Council works actively with its members, legislative bodies and government agencies via newsletters, fact sheets and continual contact with state and national organizations to ensure that North Dakota's agricultural and rural interests are protected. (For a more in-depth discussion of DRC's activities, see documents attached as Exhibits A and B).

The DRC has not, and will not, endorse, support or oppose candidates or elected officials for party or political office. Rather, by virtue of its grassroots nature, the Council seeks to elicit participation of its members in the political process, and in so doing, to inform them of various public officials' positions on the issues. Thus, DRC espouses no position regarding the election or defeat of candidates or elected officials.

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Charles N. Steele, Esquire
June 27, 1986
Page Three

By exposing those individuals who renege on their campaign promises and by encouraging officeholders to support pro-farm legislation, DRC is engaging in a clearly permissible activity of a § 501(c)(4) organization. Sound farm legislation, ensuring that farmers be paid a fair price for their commodity in the marketplace with responsible supply management, is not a partisan issue, but rather a very grave issue of importance to all North Dakotans. See Federal Election Commission v. Massachusetts Citizens for Life, Inc., 769 F.2d 13 (1st Cir. 1985) (prohibition of expenditures for special newsletters would unduly infringe on corporation's First Amendment rights); Federal Election Commission v. National Conservative Political Action Committee, __ U.S. __ 105 S. Ct. 1459, 1468 (1985) (corporation's expenditures to propagate its views on issues of general public interest are of a different constitutional stature than corporate contributions to candidates). In fact, this issue is presently being debated among North Dakotans as a result of unified work by the DRC, Farmers Union and the National Farmers Organization as they encourage people to participate in an upcoming USDA wheat poll. Accordingly, the Council's activities in no way contravene the Act, as amended, or the regulations thereunder.

THE ALLEGATIONS SET FORTH IN THE COMPLAINT ARE MERITLESS

The Complainant alleges in MUR 2182 that DRC has misused corporate funds by engaging in partisan activities and attempting to influence a federal election. However, he offers no evidence to support his claim. Although the Complainant provides the Commission with several excerpts taken out of context from DRC letters, he fails to present any evidence that DRC actively engaged in promoting the election or defeat of any candidate or officeholder. The Complainant erroneously believes that a corporation is precluded from ever mentioning a Senator's name in any context. This is clearly not true.

A. Excerpt Concerning Senator Andrews (Complaint at paragraph 7)

The Complainant submits an excerpt from a Council letter that portrays the Council's disillusionment over a Senator's lack of support on a farm issue of significant impact. In order to involve its members in getting favorable resolutions before their respective political parties and other organizations in the state, the DRC clearly has a right to attempt to educate its members on what an officeholder has or has not done.

B. Excerpt Concerning Candidate Selection (Complaint at paragraph 10)

Although the DRC is precluded from participating in the candidate selection process, the DRC is free to encourage the participation of its members in such a process by either encouraging its own members to run for office in either political party or by encouraging them to support other candidates of their choice. Nowhere has Complainant shown that the Council itself has engaged in any activities to select candidates. To the contrary, DRC goes to great lengths to ensure that it encourages participation on a strictly non-partisan basis. For example, according to one DRC member, in all of DRC's efforts, "we're taking a bipartisan approach. We need the help of everyone because indirectly everyone is going to be touched by [the farm crisis]. Farm organizations have politically aligned themselves, so they've killed their effectiveness. We have to align ourselves with the program and not with any political line." Dickinson Press, March 30, 1986 (emphasis added).

C. Excerpt Concerning Phone Trees and Candidates Accountability Sessions

By providing this third excerpt, Complainant accuses the DRC of engaging in political activities. Once again Complainant fails to provide any evidence of DRC's intent to influence an election. Although the Council has set up phone trees, it has done so strictly for non-political fund-raising purposes and for notifying members of meetings. At no time has DRC ever contemplated using the phone trees for the purpose of advocating the election or defeat of specific candidates. Similarly, the DRC's proposal to conduct candidates accountability sessions (such sessions having been conducted in prior election years) entails inviting both candidates and incumbents on a non-partisan basis to a DRC meeting to present their

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positions via a recorded question-and-answer period. As the name of the session suggests, DRC's only objective is to create a record that later may be used to hold a candidate accountable for his or her earlier campaign promises.

CONCLUSION

Based on the reasons discussed above, the complaint should be dismissed forthwith.

Sincerely,

William C. Oldaker

William C. Oldaker
Counsel for Dakota Resources Council

Attachments

WCO:LCR:cb

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DAKOTA COUNSEL

NEWSLETTER OF THE DAKOTA RESOURCE COUNCIL

Volume 9 Number 3 April 1986

DRC Rams '85 Farm Bill

"The (1985) farm bill is a budget buster, a bin buster, and a farmer buster."- Henrik Voldal, Barnes County farmer and DRC member speaking at a recent "RAM" meeting.

"We were well received by people everywhere," said Randolph Nodland, a DRC member who has helped spearhead the new DRC organizing drive which has brought the National Rural Crisis Action Campaign (NRCAC) to communities across North Dakota. (See the March issue of the Dakota Counsel, p.1, for more details on the National Campaign.)

From his RAM experiences Nodland stated that he had, "no doubt," that there was a consensus among farmers and other rural people alike that the current farm program is a disaster, and that alternatives must be provided.

"I had people," continued Nodland, "who had given up all hope--- who were ready to get out of farming---come up to me after meetings and offer to work with DRC on our proposal [the Save the Family Farm Act]. They said that supply management had made the most sense to them of anything they had heard in a long, long time."

A DRC steering committee, working to establish new DRC affiliates in central and eastern North Dakota, initiated the RAM meetings as a means to build support for DRC's rural action campaign efforts at the state and local levels. February/March Meetings were held in Jamestown, Oakes, Lakota, Carrington, Harvey, Cooperstown, and Dickinson.

The success of the initial meetings encouraged existing DRC affiliates to hold their annual meetings in conjunction with a second series of RAMs held at the beginning of April. RAM Meetings were also held in Beach and Stanley.

Steering committees are currently working towards DRC affiliation in the Harvey, Carrington and Stanley areas.

Advice On FmHA Notices

North Dakota Assistant Attorney General Sarah Vogel, and state credit counselors provided farmers with advice on how to fill out the notorious, "Intent to Take Adverse Action," FmHA foreclosure forms. And while DRC offered handbooks on FmHA borrowers' rights (see adjoining article, p. 6), Ralph Leet, FmHA State Director for North Dakota, gave the agency's perspective on the current credit crunch.

At one meeting, Leet was asked about a provision in the law that authorizes

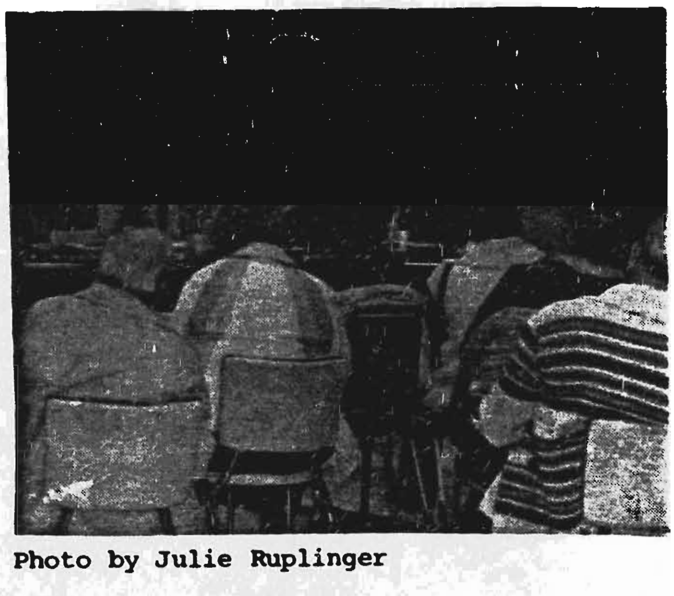

Photo by Julie Ruplinger

FmHA to write down debts to the current value of a farmer's land as one alternative to foreclosure. Leet denied that FmHA had any such authority, until Assistant Attorney General Vogel held up the law and pointed out the provision.

The intent of the law was to give a break to the farmer currently on the land, rather than have FmHA foreclose and sell the land at a loss to someone else.

Independent Rural Banks and Businesses In Trouble

Duane Anderson, President of Liberty National Bank & Trust in Dickinson and panelist at the Dickinson RAM meeting, gave a banker's perspective of the farm crisis. He told how the farm crisis affects not only farmers, but rural businesses as well.

John Guenther, DRC moderator for the Dickinson meeting, added that the FDIC documented the failure of 120 banks in 1985. "That's the highest number of bank failures since 1933," asserted Guenther, "and FDIC projects an even larger number of these banks to fail in 1986."

Local Control of FCS Urged

Luman Holman, Executive Director of "Grassroots", was a keynote speaker for the annual meetings of DRC affiliates in Grant, Billings and McKenzie counties. Grassroots is dedicated to maintaining local stockholder control of the Farm Credit System.

Holman asserted that the continued centralization of the FCS has been a primary cause of the cooperative's billion dollar losses over the last several years. "When decisions are made by bureaucrats who have no stake in the loan being repaid," said Holman, "and not by local people who understand local conditions, then you can never have meaningful accountability from those who are supposed to be your employees."

Several people attending RAM meetings in Belfield, Beach and Watford City signed up to work on committees to address crucial issues relating to local control of the FCS. For further information contact the DRC office.

Andrews Votes Against Cost of Production

A major provision of the Save the Family Farm Act (see the March Dakota Counsel, p.1, for details) would require the Secretary of Agriculture to set the CCC loan rate program commodities at 70% of parity, which is about or above the cost of production.

At every RAM meeting, people were consistently outraged to discover that North Dakota Senator Mark Andrews had recently voted against the Whitten Amendment, which also would have required the Secretary of Agriculture to set the loan rate above the cost of production.

"How any North Dakota political leader could oppose agriculture being paid the cost of production at the marketplace is beyond my comprehension," said DRC member Tom Asbridge in one of several letters to the editor resulting from the RAM Campaign.

After passing the House, the Whitten Amendment was defeated by three votes in the Senate Appropriations Committee on a straight party line vote. Senator Andrews joined two other farm state Republicans in supporting the Reagan Administration's efforts to kill the measure.

"If two Senators had chosen to vote for the amendment, we would now have $5 a bushel for our wheat," complained DRC member Don Peterson in another letter to the editor. "We can no longer afford a party line 'no' vote like Senator Andrews gave...."

Dairy Producers Join DRC Effort

One result of the RAM meetings was the much welcomed support of dairy producers. In expressing interest in DRC's work on the commodities section of Save the Family Farm Act, some Dairy producers learned of efforts by the National Save the Family Farm Coalition (NSFFC) to draft a dairy quota bill based on supply management principles.

From this, the North Dakota Dairy Producers' Association appointed a quota committee to examine the provisions of a dairy bill that has been sponsored by

Continue on Page 7

"We have to align ourselves with the program, and not any political line." - Harold Oderman, Billings County rancher & DRC member.

Groundwater Protection Strategies

The following is a exerpt from the February, 1985 Center for Rural Affairs Newsletter, which shows how a groundwater protection strategy should work.

Agricultural practices pose a special problem for the protection of groundwater, because the pollutants are widely used and not confined to a particular source. Many policymakers believe that modern agriculture is impossible without the use of chemicals. Ag chemicals have played a major role in shaping policies which promote cheap food and heavy capital investment in agriculture. However, many ag chemicals migrate into groundwater, creating unforeseen problems.

The use of ag chemicals is tied to an emphasis on increased short-term production gains. This orientation does not foster longrange sustainable agriculture. Chemical fertilizers are often a substitute for healthy topsoil, which is depleted by intensive cropping practices. Pesticides circumvent biological pest control, while herbicides replace crop rotation systems. Chemicals have also replaced human labor, contributing to increased farm size and consolidation. The major groundwater protection proposals match these trends by increasing the regulation of ag chemicals.

It is important to remember that not all farmers are alike. Five percent of farmers run "superfarms" which account for over 50% of agricultural production. These farmers are politically powerful. Superfarms rely heavily on ag chemicals, and therefore regulations are likely to accommodate the latest technologies used by these farmers. Conservation tillage may reduce soil and chemical runoff, but on well drained soils the chances of chemical percolation into groundwater is increased.

One strategy proposed is the establishment of "Best Management Practices" (BMPs). Conservation tillage would probably be a BMP, on sandy soils. In addition, chemigation might be considered BMP, giving an advantage to those farmers who use it. Through chemigation, chemicals are applied to the soil by irrigation systems. Chemigation is touted as more efficient irrigation. The primary danger of chemigation is groundwater pollution, due to mechanical malfunctions, causing backflow of chemicals into the aquifer. No operators are present to monitor safety equipment and correct problems as they arise.

Who will benefit, and who will gain, by regulating agricultural chemicals? Regulation alone is not a viable groundwater protection strategy against chemical pollution. What is needed is a two-pronged approach: short and long-term strategies. A short-term strategy would recognize that the dependence on ag chemicals can't be turned around over night. Below are some components of a short-term groundwater strategy:

1. Prohibit dangerous activities such as chemigation, rather than try to regulate.

2. Immediately begin public education about the long-term hazards of agricultural chemicals.

3. Tax agricultural chemicals and establish a fund to cleanup those inevitable spills and accidents. Those benefitting from the use of ag chemicals should be made to pay their full cost.

A long-term strategy would recognize that present agricultural policies promote pollution of groundwater and policy reform is necessary to build sustainable farming systems. Policies that should be established, along with specific implementation steps, include:

1. Begin a concentrated research, information dissemination, and implementation effort into more resource sustainable farming practices.

2. Eliminate tax incentives that encourage speculative investment into land and water resources. Implement tax incentives for resource conservation, though care must be taken that benefits are targeted to moderate family-size operators.

3. Develop programs that will encourage and make it possible for young people to enter farming as a full-time occupation.

Groundwater protection strategies
Continue on Page 6

DRC Fights Rule Changes

"Much of our farm will be mined and we want to be able to turn over our productive farmland to our children so that they can turn it over to their children also. My family is here today because they are concerned about these changes and what they could mean to their livelihoods."

- Gwen Thompson testifying at the Reclamation Rule Change Hearing.

On March 21, 1986 the North Dakota Public Service Commission heard testimony on the proposed mining and reclamation rules. Industry defended the proposed changes, claiming that they were needed because the current rules were out of date and unnecessarily expensive. John Dwyer, head of the Lignite Council, stated that the primary goal of these rule changes was to reduce industry's costs. However, the industry could not show that the new rules were supported by long term, conclusive research or would save a significant amount of money.

Dr. Doll, director of the Land Reclamation Research Center and coauthor of the publication that the rule changes were based on, was on the stand for much of the day. Dr. Doll's testimony was full of inconsistencies. Experiments that Doll called short term a year or two ago are now suddenly long term. Large portions of Bulletin 514, that these rules are based on, are now obsolete. The commission asked Dr. Doll to submit a copy of Bulletin 514 showing which portions were no longer relevant. As of today (April 14) the PSC has not received this document. During his testimony, Dr. Doll also stated that for his recommendations to work, reclamation would have to be much more closely monitored by the mine operators and the PSC which would raise costs regulatory costs.

The most widely debated rule change was section 69-05.2-15-04 Subsection 4 weakening the soil respread regulations. The changes would replace the current requirement that all Suitable Plant Growth Material (SPGM, also known as top and subsoil) with two to four feet, depending on spoil characteristics. This table is based on Bulletin 514 published by the Land Reclamation Research Center. The Public Service Commission staff has characterized this research as "somewhat flawed". Some of the experiments outlined in the Bulletin 514 include experiments showed that 2 inches of topsoil is better than bare spoil and that chemical amendments are too expensive to make chemical reclamation practical. These experiments do not contribute any answers to the question of total soil depth. The experiments which do address total soil depth have the following flaws.

The proposed rule would base soil depth on spoil properties. Since the soil is removed before the overburden, the properties of the spoil will have to be determined before the soil is removed. Research has shown that is extremely difficult to predict the properties of the spoil before mining begins. Although the rules allow for testing of the graded spoils, that would like locking the stable after the horse has run off. DRC's expert witness, William Dancer, a reclamation scientist from Minnesota who has worked in Illinois and North Dakota, testified that research in North Dakota and Illinois showed that several of Dr. Doll's key assumptions about mine spoils were wrong.

Doll's recommendation assumes that only two spoil properties determine how land should be reclaimed. The spoil properties that the PSC proposes to adopt are related to the spoil's water holding properties. There are a number of other important properties of the spoil which could make it difficult to reclaim, but under the PSC's regulations would go under the lowest subsoil depth. Toxic minerals, acidic spoils, and certain type of saline spoils could be reclaimed with just 24 inches of soil.

Doll also assumes that even those few properties can be accurately predicted before mining. The number of samples needed to accurately determine spoil properties is subject to debate. Right now only on drill hole is needed on every 40 acres on a mine. Research by Project Reclamation which was associated with the University of North Dakota has shown that in North Dakota hard to reclaim spoils have been found right beside "good" spoils.

Continue on Page 7

Fargo Members Sponser Forum

DRC members from the Fargo area have scheduled a community action forum for Wednesday, April 23, 1986 at 7 P.M. (CST) in the Olivet Lutheran Church Fellowship Hall, Fargo. "We want to bring people from the university setting and the community together to discuss the effect of low farm income on Fargo jobs, the environment, and the reliability of a food supply," said John Lamb, DRC Assistant Secretary and one of the conference organizers.

With assistance from the League of Women Voters, and funding from the Lutheran Church of America, Red River Valley, the Fargo Diocese Catholic Rural Life Commission and the American Lutheran Church eastern district, the forum was pulled together through the efforts of John Lamb, Willie Hallford, Roger Schwinghammer, Mary Jenkins, Kathy Kadrmas and Greg Lewis. A social will follow the event, to give people a chance to meet DRC members and learn more about the Council's work.

"We're including a showing of DRC's 8th Annual Rural North Dakota Amateur Photography Contest at this event, to celebrate North Dakota's farming heritage and its abundant natural resources," said Lamb. The photos will be on display at the Fellowship Hall from 4 - 6 P.M. on April 23, and throughout the evening.

The Fargo group intends to follow up the forum by passing petitions urging our Congressional delegation to support passage of legislation to raise farm income and preserve rural communities. "We plan on expanding our base of support to include a greater number of Fargo people who have a vested interest in the preservation of the family farm," said Lamb.

A New DRC Affiliate

As a result of Rural Action Meetings held earlier this winter, a group of farmers and rural business people from Benson, Sheridan, Welles and Pierce counties have formed a steering committee to establish a four-county affiliate of the Dakota Resource Council. Headed by Blaine Mack, Harvey implement dealer, the committee has met over the last month to plan its organizing meeting, and to participate in DRC's farm preservation project.

April 17, 1986 is the date of Central Dakota Resource Council's organizing meeting, set for 8 P.M. (CST) in the Artos Inn, Harvey. Featured speakers on the program include Warren Stofferahn, Cogswell farmer, who will address the "Save the Family Farm Act"; Tom Dixon, Bismarck Attorney and Farm Law specialist, speaking on borrowers rights; Pete and Bob Barstad, First State Bank of Harvey; Jerry Torstenson, DRC Chairman, addressing affiliation with DRC, and Tom Erdman, Farm Credit Services, Carrington, who will discuss the recent debt restructuring plan negotiated between the Governor and FCS.

"We'll be setting up phone trees and planning candidate accountability sessions over the coming months, focusing on the need for positive legislation to save our farms and rural communities," said Mack. "We've been building support for the alternative farm bill and fair credit legislation, but we need to put on more pressure for change," he said. "This area is very hard hit by the farm crisis. As of Monday, April 7, we've heard estimates that over 50% of Welles county farmers haven't gotten operating money," Mack continued. "This has got to be turned around."

-Theresa Keaveny

"The Odds are Better Than in Las Vegas"

That's what more than one person said recently after being approached to buy DRC "Rural Crisis Raffle" tickets. Members and staff have been selling tickets since February; the goal was to have 200 sold by April 4. Money raised through this raffle will go toward our work on the rural crisis. A Grand Prize of $200, 8 First Prizes of $100, and 16 Second Prizes of $50 will be awarded. The ticket price is $20. Because only 200 tickets are being sold, and all tickets drawn are returned to the barrel, every ticket has a 1 in 8 chance to win! All winners will be listed in the next issue of the Dakota Counsel.

Farmers Gain Rights in Coleman V. Block

[Editor's note: the following is reprinted excerpts from the "North American Farmer," a publication of the North American Farm Alliance.]

Federal Judge Bruce Van Sickle of North Dakota issued two orders on March 3 in Coleman v. Block, the national class action suit filed on behalf of farmers against the Farmers Home Administration (FmHA). In these decisions farmers won substantial new rights concerning requests for releases of farm income to pay necessary living and operating expenses.

Judge Van Sickle amended his February 17, 1984 Final Injunction by adding a paragraph that orders FmHA to send all farmer borrowers a written notice when FmHA refuses any request to release farm income to pay necessary living and operating expenses, whether or not the borrower has a "current" Farm and Home Plan approved by FmHA.

The written notice FmHA is required to send must include reasons for refusing to release a description of what the borrower must show to be eligible for a loan deferral, notice of the right to a hearing within 20 days, and the name of the official to preside at the appeal hearing.

The second order signed by the judge March 3 involves the farmers' motion for a Preliminary Injunction which challenged the new FmHA regulations published November 1, 1985. The judge did not stop FmHA from sending out the "Notice of Intent to Take Adverse Action," the first step FmHA must take before commencing foreclosure or liquidation. However, after the farmers filed their motion, FmHA changed its policy on who would be sent notices.

Now FmHA will send the notice only to those borrowers who have made no payment for the past 3 years on one or more of their loans, or to borrowers in non-monetary default.

For example, notices will be sent to those FmHA believes have sold secured property without obtaining FmHA's permission or without properly reporting to FmHA, [or those who FmHA believes have] abandoned their farms or have stopped farming.

Supplement to FmHA Guide Available

DRC recently received a strategy memo from Minnesota Legal Assistance explaining farmers' new rights secured by Judge Van Sickle's March 3rd court order in the Coleman case. (See above article.) The strategy memo is now available from DRC for a copying cost of $2.00, plus $1.00 postage.

The memo includes form letters that farmers should use when requesting information, or appealing decisions of FmHA. "Broad use of the strategy memo and the...Form Letters will present a unified response from farmers to FmHA," said

KNOW YOUR RIGHTS

The new "Farmers Guide to FmHA" will tell you how to deal with the new FmHA regulations plus other important rights and skills.

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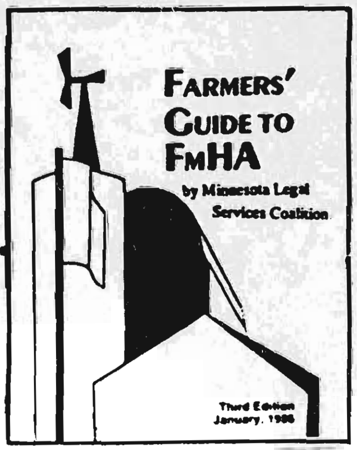

Attorney James Massey in his letter to DRC and other farm advocacy groups around the country. "The unified response," he continued, "should help to force FmHA to change its policies so that its farmer borrowers will be treated consistently and fairly."

This memo should be used as an update to the Minnesota Legal Services handbook, "Farmers' Guide to FmHA," which is **also** available from DRC.

-Dennis Olson

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Continued from Page 3
should serve the goals of resource conservation and a committment to moderate-scale sustainable farming. What we don't need are policies that rationalize currently harmful practices, under the guise of "regulation."

Continued from Page 4

Many others expressed doubts about whether or not the research findings were sound enough to base a decision of this magnitude upon. Among those expressing doubts were Governor Art Link, PSC Candidate Jim Kusler, State Senator Rick Maixner, USDA State Conservationist August Dornbusch, and the Public Service Commission's own staff.

The Public Service Commission Staff, dissatisfied with the Public Service Commission's proposal added two minor changes. One was to add a simple test that would shore up the inadequate testing the new rules would require. The other change would have made the proposed soil respread depths minimum requirements rather than average requirements. Under the proposed rule the companies were allowed a six inch variance in the amount of soil they had to replace. That means that some areas could have as little as 18 inches of soil replaced. The coal companies reacted vehemently to these PSC Staff suggestions, stating that the current rules were would be preferable to the PSC Staff's recommendations. "... It is very difficult for members of the Lignite Council to believe that the PSC would even consider a proposal that has a possibility of increasing our regulatory costs." said John Dwyer.

Stan Pollestad, DRC Vice Chair, testified about the economic benefits the rule changes to electricity consumers. Using information from mine permits DRC calculated that the maximum saving for electrical consumers would be 73 cents a month on a $70 electricity bill. During the course of the hearing a representative from Knife River Coal Company said that the actual savings would be about $500 per acre. Using this figure it was calculated that the true savings to the consumer, making the generous assumption that the entire savings would be passed on, would be a whopping four cents a month.

Industry stated that 1500 acres a year enter reclamation in North Dakota, and estimated the total saving for all mines in the state would be about $750,000. The Industry would not document where these savings would come from, and how much of the savings would come from cutting reclamation jobs in the mines. Any cuts in reclamation staff would add to the economic hard ships faced in the coal fields. Sparky Witmaier, of Knife River Coal, testified that savings at the South Beulah Mine could come from a reduction in overtime hours. Industry spokespeople could not show any contracts that had been lost that would not have been lost if rule changes would have been in place.

"Lignite is just not the best fuel for most applications." said Pollestad, "There is only so much the state can do to make lignite more attractive. Reducing our reclamation standards will not make a silk purse out of a sow's ear."

Coal Committee Chairman Gene Wirtz testified on the validity of the research findings as well as other rule change. These changes included weakening of erosion control, waiver of reclamation for small disturbances, and disposal of toxic and combustible mine wastes. Wirtz also commented on the Lignite Council's insistance that costs must be reduced. "We are told by the Lignite Industry that less expensive reclamation will save us money," Wirtz said, "but we would like to remind the Commission, you get what you pay for."

"One final observation. It is disquieting to hear public comment that it cost more to reclaim land than the land is worth. We are telling future generations that after we have removed and used the mineral resource, we could not restore it for their use because it was too expensive.

This is the decision the Commission will make."

-Governor Art Link, from written testimony.

The Public Service Commission will be making their decision next month.

★ ★ ★ ★ ★ ★ -Jerry Kram

Continued from Page 2

Representative Kastenmeier, D-Wisconsin. Two dairymen represented the North Dakota quota committee at a "Dairy Summit," sponsored by the NSFFC in Wisconsin to provide grassroots input to the Kastenmeier bill. The revised language of this dairy bill will also be included as part of the Save the Family Farm Act.

-Dennis Olson

Calendar of Events

Thursday April 17	Central Dakota Resource Council's Organizing Meeting, 8 pm CT, Artos Inn, Harvey
April 17 - 18	"Holding on to Life", Rural Economic Distress Lecture & Workshop, sponsored by NDSU Campus Ministry, at the 4-H Auditorium, NDSU
April 20 -22	"Faith & Resistance Retreat" Mount St. Benedict in Crookston, MN
Monday April 21	Grant County Resource Council meeting, 8 pm at the Community Hall in Carson
Wednesday April 23	"The Farm Crisis" Community Forum, 7 pm CT at the Olivet Lutheran Church in Fargo.
Wednesday April 23	DRC's Rural North Dakota Amateur Photo Show, 4 - 6 pm CT, Olivet Lutheran Church in Fargo
Monday April 28	DRC Board of Director's meeting, 7 pm in Bismarck
Saturday May 3	DRC's Rural North Dakota Amateur Photo Show, 5 - 9 pm Interstate Inn, Dickinson
May 5 - 6	WORC Staff training
June 12 - 14	WORC Staff Retreat & Board of Director's Meeting in Montrose, CO

Photo Show

DRC's social event of the season has finally arrived! The "Rural North Dakota" Amateur Photography Contest will be judged on April 18 by Tim Kjos, formerly writer/photographer for the Beulah Beacon, and Mike LaLonde, Bismarck Camera Club and professor of photography, Bismarck Junior College.

According to Bea Peterson, Photo Contest Chairperson, "This year's entries are lovely, as usual. It's so nice to see such a collection of talent. This contest is really an expression of our North Dakota heritage, natural resources and beauty."

Photographers and other interested people will have two chances to view this fine display in 1986. The first photo showing will be on Wednesday, April 23, at the Olivet Lutheran Church, Fargo. Viewing will be from 4:00 - 6:00 p.m.(CST) and 7:30 to 10:00 p.m.

The traditional Dickinson photo showing will be held in conjunction with a wine and cheese taster on Saturday, May 3, at the Interstate Inn from 5:00 - 9:00 p.m. (MST). Wines from Assumption Abbey and North Dakota Cheeses will be featured. The tickets are really a good buy - $4 to view the photos and sample wine and cheese, and only $2 if you wish not to sample the cheese and wines.

-Julie Ruplinger

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SAVE THE FAMILY FARM ACT VERSUS THE FARM LIQUIDATION ACT

April, 1986

Grassroots groups from around the country who have joined the National Rural Crisis Action Coalition are not satisfied to let the 1985 Farm Bill run its course, running farmers off the land, and rural communities into the ground. The Dakota Resource Council Board has decided to join this broad-based movement in an effort to reopen the farm bill debate, and has voted to support the passage of the Farm Policy Reform Act. This legislation gained a great deal of support during the debate on the 1985 Farm Bill but failed to pass. Dakota Resource Council, along with 170 other groups, are now redrafting this legislation, called the Save the Family Farm Act. It offers a fair price for farmers, and a future for rural America.

THE FARM POLICY REFORM ACT

This bill was drafted after two years of public hearings coordinated by Texas Ag Commissioner Jim Hightower and Minnesota Ag Commissioner Jim Nichols - hearings held at the grassroots, involving hundreds of farmers and rural people who wanted to see that farmers be paid a fair price in the market place for their products. The bill is based on the assumption that farmers do not want to receive government subsidies for their commodities in order to cover production costs but rather, that the grain merchants pay for the commodity.

The Farm Policy Reform Act, which would cover production years from 1986 - 1999, provides for three basic principles

1. A referendum with at least 50% of the producers from each commodity (at this time, corn, soybeans, wheat, grain sorghums, barley, oats, rye, upland cotton) voting in favor of including their commodities in the act before it becomes operational. If over 50% of the producers voted in favor of this program, full participation of all producers would required. A referendum would be held every four years, giving farmers the right to vote,and ensuring that they would have a voice in setting commodity prices.

2. Commodity Credit Corporation loan rates on grain would be raised to 70% of parity, which is slightly above the average cost of production. This would increase by two percent of parity each year until 1996, at which point the loan rate would reach 90% of parity. If cost of production would increase or decrease, the CCC loan rate would reflect these flucuations in production costs. A recent study by North Dakota State University economists found that the average cost of production in North Dakota is $4.81 cents a bushel for wheat.

3. Supply management - Production quotas for each farm would be established with larger operators taking progressively larger cuts in production than family-sized operators. Grain marketing certificates would be issued to producers based on the quota established for their operations, and these certificates would be required for any sale of commodities covered by the program.

The bill requires that a quota be set for each farm with the past acreage history used as a base in calculating how many marketing certificates would be issued for how many bushels of grain. The quota would be in the form of bushels, pounds, tons or whatever unit of measurement applies to individual commodities. The Secretary of Agriculture would set the quota each year, based on domestic, export, feed and hunger program needs. Farmers would be able to sell their product only with the use of marketing certificates, issued after the quota for each farm were established.

The first years of the program would necessitate greater production controls or cutbacks to bring supply back in line with demand, because of our surplus situation today. As the Save the Family Farm Act is currently drafted, acreage set asides would start at 5% of a producer's eligible crop acreage for small producers, and go no further than a 35% cut for producers of 100,000 bushels or more of wheat; 150,000 bushels of barley; 130,000 bushels of corn; 55,555 bushels of soybeans.

The dairy producers who have joined the Save the Family Farm Coalition have worked on a bill draft for dairy commodities which is based on these three principles. Organized dairy producers in North Dakota have joined DRC in the national campaign and have formed a "Quota Committee" whose job it is to participate in bill drafting, lobbying and public education. At this time, dairy language is slated for inclusion in the Save the Family Farm Act, and is the basis for HR 4148, a bill sponsored by Rep. Kastenmeier of Wisconsin.

DEFICIENCY PAYMENTS - SO YOU THINK YOU'RE GOING TO GET $4.38 FOR YOUR WHEAT

Many farmers have become dependent upon deficiency payments as a supplemental source of income to offset low commodity prices. Deficiency payments have been instituted over the last several years to compensate a farmer, in the form of cash (and sometimes commodities) for the low market price which hovers near the CCC loan rate. The loan rate sets a price floor on commodities that are included in the farm program. Since the loan rate is set by Congress, it has not approximated anything close to actual cost of production figures.

Target prices are set above the loan rate, and are supposed to approximate an amount that a producer should be paid to cover cost of production. The difference between the loan rate and the target price is called the deficiency payment. This is the amount that taxpayers subsidize farmers so that grain companies can continue to pay less than the cost of production in the market place. Like loan rates, target prices are set by Congress, and do not reflect the realities of current farm production costs, as this year's farm program bears out.

The 1986 target price for wheat will not yield $4.38 a bushel as many farmers are being led to believe by proponents of the Farm Liquidation Act. The loan rate for wheat is set by Congress this year at $2.40 a bushel. With an average reduction of $.08 a bushel in western North Dakota due to a freight differential, the loan rate will actually be $2.32 a bushel. Gramm-Rudman cuts will apply to the loan rate and target prices for this year's farm program, according to a local ASCS office. Applying this 4.3% reduction to the loan rate, we arrive at a loan rate of $2.22 a bushel for wheat. We can expect that the market price will hover around this low price for this year's harvest.

The Secretary of Agriculture has announced that deficiency payments are set at $1.83 a bushel. The maximum price that can be paid out for deficiency payments under this year's program is $1.98 a bushel (the difference between the loan rate of $2.40 and the target price of $4.38 a bushel). Of the $1.98 a bushel in deficiency payments, no more than 40% can be paid out in advance, and 25% of this is supposed to be paid in PIK (payment in kind) bushels. With Gramm Rudman cuts on the cash portion of the deficiency payment, the total deficiency payment, including PIK, will amount to $1.92 a bushel.

Taking the post-Gramm-Rudman cut loan rate of $2.22 a bushel for wheat, and adding the post-Gramm-Rudman cut deficiency payment of $1.92 a bushel gives us $4.14 a bushel for wheat - the most that any farmer can expect to receive for their production, even with the "help" of deficiency payments. Today's target prices are not even close to the cost of production, estimated by NDSU at $4.81 a bushel. The only exception to these figures would be premiums paid for high protein wheat.

The Secretary of Agriculture has discretionary power to make further cuts to the loan rate and target prices in the next years of the current farm program. Secretary Block exercised this discretion in his last days with the Department of Agriculture. We can only speculate on what Mr. Lyng will do. Farmers who think that this program is going to bail them out of low market prices should look at what today's farm program has in store come harvest this year, and, if they are still in business, come harvest 1987, 1988 and 1989.

THE EXPORT MARKET MYTH - PAYING MORE TO KEEP US POOR

Without exception, DRC members who have discussed the Farm Policy Reform Act ask "What will happen to our exports?" Today's farm program is based on a policy of lowered loan rates, therefore, lower market prices, so that the United States can compete in the world market, sell more grain and make up the difference in lost revenue to farmers through deficiency payments. This assumption is misguided. Unfortunately, it is the assumption that many Congressional leaders are using to justify their votes on the disastrous 1985 farm bill.

A report by the Food and Agricultural Policy Research Institute (FAPRI), a joint research program of the University of Missouri and Iowa State University, released on February 13, projects that we will be increasing our wheat export volume marginally over the next three years, though the VALUE of that export is substantially less than what is projected to be paid out for all wheat deficiency payments. FAPRI reports are often commissioned by Congress to analyze the effect of farm policy on farm income and taxpayer costs. The table below shows what American taxpayers are giving away to support the export market myth. These statistics, obtained from the FAPRI report, are for wheat and corn, and are based on pre-Gramm-Rudman cut figures which were projected before former Secretary Block used his full discretionary power in slashing loan rates.

CURRENT FARM PROGRAM PROJECTIONS

CROP YEARS	1986	1987	1988		1986	1987	1988
Wheat price per bushel	$2.47	$2.39	$2.27	Corn	$1.99	$1.94	$1.96
Export Volume - wheat (billions of bushels)	1.061	1.165	1.26	Corn	1.732	1.794	1.869
Export Value (billion $) (price x export volume)	$2.621	$2.784	$2.87	Corn	$3.44	$3.48	$3.66
Direct Government Costs for wheat (deficiency payments in billion $)	$3.93	$4.55	$4.67	Corn	$5.932	$6.325	$6.307

We are projected to spend far more in deficiency payments to farmers in the next three years than we expect to earn in the export market. The taxpayers end up footing the bill for the export market myth so that the grain merchants can pay half of the cost of production in the market place.

Many farmers and organizations contend that the public is being misled into believing that we are losing our export markets and that this is a large cause of the farm problem. Many point to the loss of the U.S. share of the world export market. USDA figures show that this is unfounded, suggesting that the use of U.S. wheat and coarse grains in the last 25 years actually EXCEEDED U.S. production. North Dakota Wheat Commission figures from January 13, 1986 show that U.S. wheat exports for all wheats have increased 123% from 1959 - 1984.

History shows that no matter what price the U.S. has sold grain on the export market, other countries undercut us by about a nickel a bushel. This policy of low commodity prices also keeps peasant farmers poor in Third World countries which must compete to sell grain in order to pay off billions of dollars in foreign debt, often owed to U.S. banks. At a recent food and peace conference involving U.S. and Canadian farmers and organizers, Canadians made it abundantly clear that they suffer dramatically from low prices every time that U.S. grain prices are pushed lower in the world market.

The export market myth also fails to address the severe environmental consequences to U.S. farming resources that result when farmers are forced to produce more volume to make up for lower price. We are shipping out topsoil with every bushel of wheat that's sold at less than the cost of production. Recently Senator Mark Andrews has said that with the high loan rates proposed in the Save the Family Farm Act, we would not be able to compete in the world market, and that we would have to take huge cutbacks in production, up to two thirds. He is clearly misinformed on the size of cutbacks proposed, which are actually less to family farmers than the current program. He is totally neglecting the very low VALUE of these low-priced export commodities, which simply is not offset by the miniscule increase in volume that we are projected to sell in the world market.

The Save the Family Farm Act also requires that the Secretary of Agriculture establish policies to maintain the United State's share of the world export market by issuing bonus export bushels, payment-in-kind, credit, cash, etc. Though projections indicate that export markets are not threatened by fair grain prices, this provision is included to ensure that embargoes and other foreign policy decisions do not threaten exports.

TODAY'S FARM PROGRAM - A BUDGET BUSTER, A BIN BUSTER AND A FARMER BUSTER

According to FAPRI's analysis of the 1985 farm bill, net farm income for all commodities under today's farm program is projected to drop from $26.9 billion in 1985 to $21.8 billion in 1989, despite the huge subsidies paid to farmers to alleviate the burden of low commodity prices. The North Dakota Wheat Producers, Inc. recently published a poll of state wheat farmers showing that 60% of those surveyed didn't expect to be in business in the next five years because of low commodity prices. Countless other findings, including a recent Office of Technology Assessment study show that today's farm program will result in increased farm failures, higher government spending on deficiency payments and on programs tailored to ease the farmer off the land in a "smooth transition", and countless rural business failures.

Some DRC members have taken figures from the current farm program and applied these to their operations, then compared the outcome to their income if they were to receive 70% of parity for their wheat. The description below is an actual western North Dakota farm operation.

1986 FARM PROGRAM (APPLIED TO WESTERN NORTH DAKOTA WHEAT OPERATIONS)

500 acre wheat base with 25% set aside	375
25 bushel yield x 375 acres	9,375
Loan rate at $2.22 a bushel	$20,812
Deficiency payment of $1.92 a bushel	$18,000
Total Income	$38,812

Production Costs - SW ND Coop Extension NDSU

$95.94/acre x 375 acres	$35,977
Net Income	$2,835

SAME FARM OPERATION - FARM POLICY REFORM ACT

500 acre wheat base with 25% set aside	375
25 bushel yield x 375 acres	9,375
Loan rate at $5 a bushel 70% of parity	$46,875
Cost of production at $95.94/acre	$35,977
Net Income	$10,897

The current farm program requires the government to spend over $18,000 in deficiency payments because this farmer is unable to get a fair price for his wheat in the market place. The Farm Policy Reform Act not only results in higher net income, but it results in huge savings to the U.S. taxpayer. The grain merchant pays for the product at its cost of production rather the farmer receiving subsidies from the federal government.

The Cooperative Extension Service Cost of Production figures assume a 1/3 2/3 fallow operation. Factored into the 25% cut scenario above under the current farm program and the Farm Policy Reform Act are the costs of managing the set aside land.

One DRC member commented "It is costing more to keep us poor!!"

EFFECTS ON CONSUMERS AND RURAL COMMUNITIES

A common tactic, divide and conquer has been used for years to pit one powerless group against another powerless group so that the powerful can reign. Such is the case with the consumer and the farmer, and the farmer and labor. Unemployed farmers moving off of the land are now competing in an already-tight employment market with laborers, many of whom have been laid off because of the poor farm economy. The Steiger plant in Fargo provides just such an example.

Consumers would face a possible 4 % increase in food costs in the first year of the Farm Policy Reform Act and about a 1/2 % per year increase thereafter until commodity prices rose to 90% of parity. This increase in food costs would be offset by the reduction in payments to farmers that are now being made by the federal government, contributing to our nation's burgeoning deficit which is being cut by eliminating vital social programs.

The effect of fair grain prices on the livestock industry has been a point of controversy among DRC members and others. Some ranchers have expressed concern that high grain prices will adversely affect cattle producers. "If cheap grain prices and voluntary commodity programs are beneficial to the livestock industry then cattlemen should be enjoying a bonanza," said a Texas Department of Agriculture "Perspectives on Agriculture" piece.

"It's a historical fact that high grain prices mean high cattle prices," said a DRC rancher. "The reason for this is that the price of protein is established by the price of vegetable or grain protein. Anytime grain protein is cheap, it puts the cattle producer in an unfavorable position." Drafters of the Save the Family Farm Act have been working with livestock producers over the last several months to ensure that family-sized livestock operations aren't harmed as a result of legislation to raise grain prices to the cost of production.

Most important to North Dakotans is the effect that the Farm Policy Reform Act would have on rural income. If farmers received a fair price for their wheat, their net income increase would in turn benefit mainstreet businesses, lending institutions, and would provide greater assurances of local, not corporate, control of farming resources. The Texas Agriculture Department argues that if farm producers had been paid a fair wage each year since 1973, we could have reduced the budget deficit to zero because the additional earned income from rural America would have generated sufficient taxes to place us in a balance budget position.

It is important to keep in mind that the farm crisis is not the result of inexplicable forces. It is the result of policies made by people - policies which do not provide basic economic security to rural Americans. Here's an example of how the policies are made.

THE JAMIE WHITTEN AMENDMENT

In December of 1985, as the Farm Bill debate grew more bleak for family farmers, Jamie Whitten, a Congressman from Mississippi who has been in office since the first days of the farm program in the '40's, attached a resolution on to the appropriations bill authorizing expenditures to keep the government going. He did so in an effort to restore equity to the farm program.

The Whitten Amendment called for raising the loan rate "at such levels as will reflect a fair return to the farm producer above the cost of production and to provide for payment by the purchaser, rather than by appropriation." Whitten's two page resolution incorporated the principles of the Farm Policy Reform Act, which would have guaranteed that farmers be paid for their commodities by the "purchaser" rather than by the government.

The Whitten amendment also would have required the Secretary of Agriculture to determine on a case-by-case basis which borrowers are not now able to make principal and interest payments on federal loans due to losses incurred because of grain embargoes and other foreign policy. Once this determination is made, a 12 month foreclosure moratorium would have been instituted on all farm loans owed to the Federal Government.

The Whitten Amendment passed committee and passed the House. When it reached the Senate Appropriations Committee, it was killed by a narrow 3 vote margin. Senator Mark Andrews voted against the Whitten Amendment by proxy. In doing so, Senator Andrews voted in favor of lower loan rates and lower market prices for our farm commodities, well below the cost of production. And he voted for deficiency payments that will cost farmers and taxpayers billions.

Senator Andrew's explanation for his vote is that he thought an amendment dealing with cost of production for farming didn't belong on an appropriations bill, even though the government has to appropriate billions in deficiency payments because farmers aren't getting cost of production. He also noted that he has a sound record on votes ensuring that farmers are paid cost of production, though the Farm Bill, which he supported, results in a great reduction in farm income.

Since he has been confronted on his anti-farmer vote, Senator Andrews has made public statements and sent letters to the editor which distort the intent of the Whitten amendment, and the extent of the farm problem. His most recent radio statements incorrectly note that the Farm Policy Reform Act would result in farmers taking upwards of a 50% cut in production, and that the National Farmers Union and National Farmers Organization supported lowering the loan rate and market price of commodities during the 1985 Farm Bill Debate.

IT'S TIME TO CHANGE THESE POLICIES AND TO BRING A FAIR PRICE BACK TO AGRICULTURE

You have an opportunity to do something about the current farm program. You can join with the Dakota Resource Council in urging a reopening of the farm bill debate. You can join in a direct action campaign coordinated by DRC and other groups supporting the goals of the Save the Family Farm Coalition.

You can also participate in selecting candidates, and in holding our elected officials accountable to their rural constituency. You can inform friends and neighbors of the difference between the Farm Policy Reform Act and the current farm program. And you can talk to many different groups which have a vested interest in the preservation of family farm agriculture.

Join the Dakota Resource Council. Membership dues are $35 family; $20 single; $10 student/low income; $50 contributing; $100 patron; $200 "200 CLUB".

NAME ____________________ ADDRESS ____________________

PHONE ____________________ AMOUNT ENCLOSED ____________________

Mail to the Dakota Resource Council 29 7th Avenue West Dickinson, ND 58601 phone (701)227-1851.

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GENERAL COUNSEL
JUN 27 P5: 25

June 27, 1986

Charles N. Steele, Esquire
General Counsel
Federal Election Commission
999 E Street, N.W., Suite 657
Washington, D.C. 20463

Re: MUR 2182

Dear Mr. Steele:

This letter constitutes the response of the Dakota Resource Council ("DRC" or the "Council") to a complaint, MUR 2182, filed with the Commission by Myron Hilton Atkinson, Jr., a long-standing opponent of the DRC. Mr. Atkinson's complaint falsely alleges that the Dakota Resource Council has misused corporate funds to influence a federal election. Accordingly, the complaint inaccurately alleges that the Dakota Resource Council has violated 2 U.S.C. § 441(b) by engaging in partisan activities and attempting to influence a federal election, in particular the reelection bid of Senator Mark Andrews.

While the Council has and will continue to disseminate information (via newsletters, counsel meetings, fact sheets, etc.) to its members on issues pertaining to the current farm crisis and the various positions of elected officials on farm legislation, the Council has not participated in the electoral process and espouses no position regarding voting choices.

Therefore, as we demonstrate herein, the complaint is meritless as it is replete with baseless allegations, misinterpretations and flawed legal conclusions. The Complainant fails to provide the FEC with even a scintilla of evidence that the Council is using corporate funds to influence a federal election under the purview of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq. (the "Act). Significantly there is no evidence of any wrongdoing to provide.

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Excerpts from Council newsletters submitted to the Commission by the Complainant only help to demonstrate the efforts of the Council not to engage in partisan politics. Accordingly, this meritless complaint, filed as part of the ongoing animosity by supporters of Senator Andrews against the DRC for criticizing the Senator's anti-farm legislation support, should be dismissed.

FACTS

The Dakota Resource Council, established in 1978, is a non-profit membership organization exempt from federal income taxation under 26 U.S.C. § 501(c)(4). The Council's five major functions include: (1) organization; (2) research; (3) communication; (4) education; and (5) advocacy. Throughout its history, the grassroots organization has urged its rural members to participate in the political process and to make their voices heard on important issues facing family farm agriculture and farming resources in North Dakota.

The Council's membership is comprised, *inter alia*, of (1) farmers dedicated vocationally to food production; (2) farmers, business and community people who believe the long-range economic wellbeing and stability of North Dakota rests on its agricultural prosperity; (3) people who value the quality of life in rural North Dakota; and (4) people whose livelihood or lifestyles are threatened by the arbitrary acts of corporations and/or government entities. Accordingly, the Council works actively with its members, legislative bodies and government agencies via newsletters, fact sheets and continual contact with state and national organizations to ensure that North Dakota's agricultural and rural interests are protected. (For a more in-depth discussion of DRC's activities, *see* documents attached as Exhibits A and B).

The DRC has not, and will not, endorse, support or oppose candidates or elected officials for party or political office. Rather, by virtue of its grassroots nature, the Council seeks to elicit participation of its members in the political process, and in so doing, to inform them of various public officials' positions on the issues. Thus, DRC espouses no position regarding the election or defeat of candidates or elected officials.

By exposing those individuals who renege on their campaign promises and by encouraging officeholders to support pro-farm legislation, DRC is engaging in a clearly permissible activity of a § 501(c)(4) organization. Sound farm legislation, ensuring that farmers be paid a fair price for their commodity in the marketplace with responsible supply management, is not a partisan issue, but rather a very grave issue of importance to all North Dakotans. See Federal Election Commission v. Massachusetts Citizens for Life, Inc., 769 F.2d 13 (1st Cir. 1985) (prohibition of expenditures for special newsletters would unduly infringe on corporation's First Amendment rights); Federal Election Commission v. National Conservative Political Action Committee, __ U.S. __ 105 S. Ct. 1459, 1468 (1985) (corporation's expenditures to propagate its views on issues of general public interest are of a different constitutional stature than corporate contributions to candidates). In fact, this issue is presently being debated among North Dakotans as a result of unified work by the DRC, Farmers Union and the National Farmers Organization as they encourage people to participate in an upcoming USDA wheat poll. Accordingly, the Council's activities in no way contravene the Act, as amended, or the regulations thereunder.

THE ALLEGATIONS SET FORTH IN THE COMPLAINT ARE MERITLESS

The Complainant alleges in MUR 2182 that DRC has misused corporate funds by engaging in partisan activities and attempting to influence a federal election. However, he offers no evidence to support his claim. Although the Complainant provides the Commission with several excerpts taken out of context from DRC letters, he fails to present any evidence that DRC actively engaged in promoting the election or defeat of any candidate or officeholder. The Complainant erroneously believes that a corporation is precluded from ever mentioning a Senator's name in any context. This is clearly not true.

A. Excerpt Concerning Senator Andrews (Complaint at paragraph 7)

The Complainant submits an excerpt from a Council letter that portrays the Council's disillusionment over a Senator's lack of support on a farm issue of significant impact. In order to involve its members in getting favorable resolutions before their respective political parties and other organizations in the state, the DRC clearly has a right to attempt to educate its members on what an officeholder has or has not done.

B. Excerpt Concerning Candidate Selection (Complaint at paragraph 10)

Although the DRC is precluded from participating in the candidate selection process, the DRC is free to encourage the participation of its members in such a process by either encouraging its own members to run for office in either political party or by encouraging them to support other candidates of their choice. Nowhere has Complainant shown that the Council itself has engaged in any activities to select candidates. To the contrary, DRC goes to great lengths to ensure that it encourages participation on a strictly non-partisan basis. For example, according to one DRC member, in all of DRC's efforts, "we're taking a bipartisan approach. We need the help of everyone because indirectly everyone is going to be touched by [the farm crisis]. Farm organizations have politically aligned themselves, so they've killed their effectiveness. We have to align ourselves with the program and not with any political line." Dickinson Press, March 30, 1986 (emphasis added).

C. Excerpt Concerning Phone Trees and Candidates Accountability Sessions

By providing this third excerpt, Complainant accuses the DRC of engaging in political activities. Once again Complainant fails to provide any evidence of DRC's intent to influence an election. Although the Council has set up phone trees, it has done so strictly for non-political fund-raising purposes and for notifying members of meetings. At no time has DRC ever contemplated using the phone trees for the purpose of advocating the election or defeat of specific candidates. Similarly, the DRC's proposal to conduct candidates accountability sessions (such sessions having been conducted in prior election years) entails inviting both candidates and incumbents on a non-partisan basis to a DRC meeting to present their positions via a recorded question-and-answer period. As the name of the session suggests, DRC's only objective is to create a record that later may be used to hold a candidate accountable for his or her earlier campaign promises.

CONCLUSION

Based on the reasons discussed above, the complaint should be dismissed forthwith.

Sincerely,

William C. Oldaker

William C. Oldaker
Counsel for Dakota Resources
Council

Attachments

WCO:LCR:cb

EXHIBIT A

(4)

DAKOTA COUNSEL

NEWSLETTER OF THE DAKOTA RESOURCE COUNCIL
Volume 9 Number 2 March 1986

DRC Joins National Rural Action Campaign

"The lower farm prices sent by Congress in the 1985 Farm Bill have turned the farm crisis into a rural economic emergency, with record foreclosures, bankruptcies and business failures. These economic conditions are causing suicides, mental depressions, and unprecedented family violence. This emergency is accelerating the corporate takeover of our food production, setting the stage for skyrocketing food prices, environmental destruction, and the elimination of family owned and operated farms and ranches." - Problem Statement from the National Rural Crisis Action Campaign

On February 23rd & 24 of 1986 scores of various grassroots groups from throughout the Midwest and across the country will converge on Des Moines, Iowa. Their purpose will be to convene the first membership meeting of the National Save the Family Farm Committee (NSFFC), and to kick off the the National Rural Crisis Action Campaign (NRCAC). The key demands of this national campaign are: 1) Full parity farm prices and supply management; 2) Debt adjustment with moratorium on foreclosures and repossessions; 3) Emergency survival assistance for those who need food, clothing, shelter or health care.

The DRC Board of Directors has endorsed the three principles of the NRCAC. It has also appointed DRC members to represent DRC on the three committees of the national campaign. Marion Lefor will represent DRC on the National Save the Family Farm Committee; Randolph Nodland on the National Farm Bill Coordinating Committee; and Frank Kirschenheiter on the National Farmers' Fair Credit Committee.

The following articles summarize specific proposals of the NRCAC to achieve equitable debt adjustment and fair commodity prices for family farmers.

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A Fair Price for Rural America

Members of the Dakota Resource Council voted at their 8th annual meeting to support action that will allow family farm operators to obtain a reasonable profit by raising market prices and lowering production costs. "My goal for this year is to see to it that DRC does everything possible to get a fair price for farmers, and to stop the farm failures that are happening around us," said Jerry Torstenson, DRC Chairman in his opening address at the annual meeting banquet.

Grassroots groups from around the country who have joined the National Rural Crisis Action Campaign are not satisfied to let the 1985 Farm Bill run its course, running farmers off the land, and rural communities into the ground. The DRC Board has decided to join this broad-based movement in an effort to reopen the farm bill debate, and has voted to support the passage of the Farm Policy Reform Act. This legislation gained a great deal of support during the debate on the 1985 Farm Bill but failed to pass. While it doesn't solve all problems, it offers

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The National Fair Credit Plan

Frank Kirschenheiter, a DRC member who is also a credit counselor, has been appointed to represent DRC on the National Farmers' Fair Credit Committee (NFFCC). The NFFCC has developed a working proposal on a Fair Credit Plan for both family farmers and rural lenders. This plan is consistent with a resolution passed at DRC's annual meeting which directs DRC to work to ensure that lenders and the U.S government share farmers' losses resulting from the current credit crisis. Various rural grassroots groups in the NRCAC have endorsed this proposal. It is in currently being drafted into bill language for introduction into Congress.

The principles of the Fair Credit Plan are that:

* It be federally funded and locally administered;
* The program should be tied to the farmer's ability to pay back debts based on the prices received for farm commodities;
* The program should provide for debt adjustment;
* The program should be targetted to family farmers.

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a fair price for farmers, and a future for rural America.

The Farm Policy Reform Act

This bill was drafted after two years of public hearings coordinated by Texas Ag Commissioner Jim Hightower and Minnesota Ag Commissioner Jim Nichols - hearings held at the grassroots, involving hundreds of farmers and rural people who wanted to see that farmers be paid a fair price in the market place for their products. The bill is based on the assumption that farmers do not want to receive government subsidies for their commodities in order to cover production costs but rather, that the grain merchants pay for the commodity.

The Farm Policy Reform Act, which would cover production years from 1986 - 1999, provides for three basic principles

1. A referendum with at least 50% of the producers from each commodity (at this time, corn, soybeans, wheat, grain sorghums, barley, oats, rye, upland cotton) voting in favor of including their commodities in the act before it becomes operational. A referendum would be held every four years, giving farmers the right to vote, and ensuring that they would have a voice in setting commodity prices.

2. Commodity Credit Corporation Loan rates on grain would be raised to 70% of parity, roughly the average cost of production. This would increase by two percent each year until 1996, at which point the loan rate would reach 90% of parity. The term of the loan would run for three years.

3. Supply management - Production quotas for each farm would be established with larger operators taking progressively larger cuts in production than family-sized operators.

Under the current farm program, the ASCS sets target prices for wheat at $4.30 a bushel. The difference between this and the loan rate of $2.47 (around which the market rate hovers) is called the deficiency payment. This is the amount that the government subsidizes farmers to be paid at less than the cost of production by the grain companies. Today's target prices are not even high enough to cover cost of production, estimated at $4.81 a bushel for wheat. With the Farm Policy Reform Act, there would be no target prices, no deficiency payments, and no payment to farmers for storage of surplus grain produced above the established quota.

The Farm Policy Reform Act requires that a quota be set for each farm with the past acreage history used as a base in calculating how many marketing certificates would be issued for how many bushels of grain. The quota would be in the form of bushels, pounds, tons or whatever unit of measurement applies to individual commodities. The Secretary of Agriculture would set the quota each year, based on domestic, export, feed and hunger program needs. Farmers would be able to sell their product only with the use of marketing certificates, issued after the quota for each farm were established.

The first years of the program would necessitate greater production controls or cutbacks to bring supply back in line with demand, because of our surplus situation today.

The Export Market Myth

Without exception, DRC members who have discussed the Farm Policy Reform Act ask "What will happen to our exports?" Today's farm program is based on a policy of lowered loan rates, therefore, lower market prices, so that the United States can compete in the world market, sell more grain and make up the difference in lost revenue to farmers through deficiency payments. This assumption appears to be misguided.

A report by the Food and Agricultural Policy Research Institute (FAPRI), a joint research program of the University of Missouri and Iowa State University, released on February 13, projects that we will be increasing our wheat export volume marginally over the next three years, though the value of that export is substantially less than what is projected to be paid out for all wheat deficiency payments.

The table below shows what American taxpayers are giving away to support the export market myth. These statistics, obtained from the FAPRI report, are for wheat, North Dakota's chief farm commodity.

CURRENT FARM PROGRAM PROJECTIONS CROP YEARS	1986	1987	1988
Wheat price per bushel	$2.47	$2.39	$2.27
Export Volume (billions of bushels)	1.061	1.165	1.266
Export Value (billion $) (price x export volume)	$2.621	$2.784	$2.874
Direct Government Costs for wheat (deficiency payments in billion $)	$3.93	$4.55	$4.676

We are projected to spend far more in deficiency payments to farmers in the next three years than we expect to earn in the export market. The taxpayers end up footing the bill for the export market myth so that the grain merchants can pay half of the cost of production in the market place.

If farmers were paid $5 a bushel for their wheat, we could export half as much wheat as we are projected to in 1986 and obtain more in export VALUE for wheat than under the current farm program displayed on the table above - at no cost to the government in deficiency payments.

FARM POLICY REFORM ACT PROJECTIONS	
CROP YEAR	1986
Wheat price per bushel	$5.00
Export volume	531 million bushels
Export value (price x volume)	$2.66 billion

Says the FAPRI report, "A substantial and sustained turnaround in world and domestic markets will have to occur if net farm income is to approve appreciably." Net farm income for all commodities is projected to drop from $26.9 billion in 1985 to $21.8 billion in 1989, despite the huge subsidies paid to farmers to alleviate the burden of low commodity prices.

The export market myth also fails to address the severe environmental consequences to U.S. farming resources that result when farmers are forced to produce more volume to make up for lower price. We are shipping out topsoil with every bushel of wheat that's sold at less than the cost of production.

History shows that no matter what price the U.S. has sold grain on the export market, other countries undercut us by about a nickel a bushel. This policy of low commodity prices also keeps peasant farmers poor in Third World countries which must compete to sell grain in order to pay off billions of dollars in foreign debt, often owed to U.S. banks.

Impacts on One North Dakota Farm

Some DRC members have taken figures from the current farm program and applied these to their operations, then compared the outcome to their income if they were to receive 70% of parity for their wheat. The description below is an actual Western North Dakota farm operation. At the time of this writing, we haven't done the same work-up on an eastern North Dakota operation.

1986 FARM PROGRAM (APPLIED TO WESTERN NORTH DAKOTA WHEAT OPERATIONS)	
500 acre wheat base with 25% set aside	375
25 bushel yield x 375 acres	9,375
Loan rate at $2.40 a bushel	$22,500
Deficiency payment of $1.90 a bushel	$17,812
(based $4.30 bushel target price)	
Total Income	$40,312
Production Costs - SW ND Coop Extension NDSU	
$95.94/acre x 375 acres	$35,977
Net Income	$4,335
SAME FARM OPERATION - FARM POLICY REFORM ACT	
500 acre wheat base with 25% set aside	375
25 bushel yield x 375 acres	9,375
Loan rate at $5 a bushel 70% of parity	$46,875
Cost of production at $95.94/acre	$35,977
Net Income	$10,897
SAME FARM OPERATION - FARM POLICY REFORM ACT 50% CUT	
500 acre wheat base with 50% set aside	250
25 bushel to the acre yield	6,250
Loan rate at $5 a bushel 70% of parity	$31,250
Cost of $95.94/acre (x 250 acres)	$23,985
Net Income	$ 7,265

The current farm program requires the government to spend over $17,000 in deficiency payments because this farmer is unable to get a fair price for his wheat in the market place. The Farm Policy Reform Act not only results in higher net income, but it results in huge savings to the U.S. taxpayer. The grain merchant pays for the product at its cost of production rather than subsidization from the federal government.

The Cooperative Extension Service Cost of Production figures assume a 1/3 2/3 fallow operation. Factored into the 25% cut scenario under the current farm program and the Farm Policy Reform Act are the costs of managing the set aside land. This is factored into the 50% cut scenario only up to the costs of a 25% cut.

One DRC member commented "It is costing more to keep us poor!!"

The Jamie Whitten Amendment

In December of 1985, as the Farm Bill debate grew more bleak for family farmers, Jamie Whitten, a Congressman from Mississippi who has been in office

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DRC Denounces FmHA Regulations

The following is an exerpt from a press statement made by Marion Lefor at Press Conference held by DRC in Bismarck on January 22, 1986. The DRC press conference was held in conjunction with the hearing held that day in Bismarck Federal District Court. At that hearing James Massey, lead attorney in the landmark FmHA Coleman v. Block case, asked Judge Bruce Van Sickle to strike down several provisions of the newly promulgated FmHA regulations. (See January/February Dakota Counsel, p. 5)

The Dakota Resource Council is here today to express our solidarity with FmHA borrowers who will unnecessarily lose their farms if these new FmHA regulations are upheld. DRC calls on Judge Van Sickle to continue his positive oversight, and make FmHA live up to its responsibilities, mandated by Congress, to assist family farmers in their efforts to stay on the land.

DRC members, who are also FmHA borrowers, did not want to risk participating in this press conference today. They are up for loan renewals, and did not want to risk being denied FmHA funding. We are not in the Soviet Union, or the Philippines, yet American citizens cannot speak out freely about their own government's policies that are driving them to take desperate actions, such as killing their lenders, their families and themselves. They are turning to extremists groups which funnel farmer frustrations into hate and violence, thereby diverting them from positive responses that could keep them farming.

I am here today, as a farmer, to speak out against certain provisions of the new FmHA regulations. I believe, even though I am not an FmHA borrower, that my fate, and my children's fate, will be directly linked to whether or not Judge Van Sickle allows FmHA to implement these regulations as they are now written.

It appears that the Reagan Administration wrote these regulations as a part of their conscious policy to accelerate the "transition" away from smaller, family owned and operated farms and ranches, towards more corporate-owned and tenant-operated agribusinesses. These regulations are designed to humiliate, demoralize and starve farm families off the land. It is time for Rural America to say enough is enough.

DRC encourages FmHA borrowers to continue their struggle to stay on the land, even if it means challenging these new regulations every step of the way. You are the first line of defense for the American family farm. DRC also calls on farmers who are non-FmHA borrowers to support their friends and neighbors who are. If you lose them, you may be next.

DRC calls on the vast majority of FmHA County Supervisors, who are trying to do their jobs, to use their maximum discretion in the implementation of these new regulations to help farmers stay on the land. FmHA county committee members also need to exercise their full authority to make FmHA programs available to qualified farmers in these times when they are needed the most.

Farmers need to work with credit counselors to come up with practical proposals to keep themselves farming. They then need to take these proposals to their county supervisors and negotiate. This will do much more to keep you on the farm, than arming yourselves to fight foreclosures with violence, or buying into dangerously espoused common law defenses to try to save your farm.

DRC in North Dakota, and other groups around the country, have received FmHA handbooks which explain borrower rights under the new regulations. DRC will hold meetings around the state using these handbooks to organize rural communities so that farm, and non-farm rural people alike, can help FmHA borrowers to exercise their rights under the law, and pressure the agency to once again live up to its primary purpose: keeping family farmers on the land.

-Dennis Olson

Marion Lefor, Chairperson, DRC Farm Preservation Committee
Photo by Jerry Kram

FmHA Handbooks Now Available

DRC has received its first shipment of the 3rd Editions "Farmers' Guide to FmHA," from Minnesota Legal Assistance. The handbook was released in January of 1986, and contains a complete chapter and updated sections that address farmers' rights under the new controversial regulations. It is available from the DRC office for $2.00 for members, and $4.00 for non-members, plus postage.

No Reform in the Oil Patch

The DRC Oil and Gas Committee met on January 20, 1986, chaired by Dave Nelson, Keene. Though the price of oil is falling and drilling activity in the oil patch is also decreasing, the committee continues its battle with law makers and enforcement agencies to recognize and solve problems that face farmers and ranchers - and indirectly all North Dakotans - due to inadequately supervised energy development.

Since early last summer, the committee's attention has focused on the work of the Interim Legislative Oil and Gas Committee, whose purpose is to study problems relating to oil and gas production and recommend solutions to the 1987 state legislature. DRC members have presented testimony and comments to the legislative committee, including a three day field trip through the oil patch, at hearings in July, August, September, November, and January.

Interim Oil and Gas Committee: Meaningful Legislation or Playin Politics

The Interim Legislative Oil and Gas Committee's most recent meeting was held in Bismarck on January 15. An Oil and Gas Development Problems and Issues Survey, completed by 15 committee members, was presented for discussion at this meeting. Members were asked to prioritize (1-5) the 29 problem areas brought to the attention of the committee by previous testimony. H2S venting and flaring ranked 13th and reserve pit reclamation ranked 14th on this survey!

At this same hearing, the committee voted to have two bill drafts prepared by the next scheduled meeting, which is March 5. The first bill draft deals with the inadequate enforcement of oil and gas problems by the Industrial Commission. It was proposed by two citizen members; Dean Winkjer and Greg Schneider. This bill proposed to transfer regulatory control of the oil and gas industry from the Industrial Commission (composed of Governor Sinner, Attorney General Spaeth, and Ag Commissioner Jones) to an oil and gas commission composed of 3 members appointed by the governor and confirmed by the senate.

Many committee members feel the Industrial Commission's record "is nothing to be proud of", they lack expertise and/or time to deal with oil and gas related problems, and that "enforcement of existing laws, rather that the creation of new laws, could solve many of the problems brought before the committee." (from January 15 hearing transcript)

The second bill draft, developed by Senator Rick Maixner, will amend the Oil and Gas Production Damage Compensation Act's definition of surface owner so as not to preclude damages being paid to the actual surface owner for damage to the surface estate caused by drilling operations. The life of the Interim Legislative Oil and Gas Committee is short - it has been meeting since July 1985, and the study will conclude around September 1986. This may be the only meaningful piece of legislation that will come out of the magnitudes of testimony presented to the committee by concerned citizens and professionals.

DRC's Oil and Gas Committee's most recent dealing with the legislative committee members was in the form of a letter addressing the ranking system of the Oil and Gas Development Problems and Issues Survey. Concerns were raised as to a "top 5" ranking system versus a 1-29 ranking system used to decide which issues the legislative committee will concentrate their time and efforts on for the '87 legislature. The overwhelming majority of testimony on environmental problems compared with complaints on only royality issues was stressed. The legislative committee was also urged to review information from other states utilizing agency and industry expertize to resolve the problems.

A second letter to the Industrial Commission stressed that any new laws and regulation which may come out of the '87 legislature will have little or no impact - just as the current laws have - if there is no enforcement of these laws by the Oil and Gas Division of the Industrial Commission. Concerns were also raised as to whether a new, 3 person committee appointed by the governor will solve the problems at hand. To date, the Industrial Commission has not responded to this letter.

Other actions taken by the oil and gas committee are 1) to have staff coordinate a re-work and update of seismic guidelines used by affiliates and to develop generic guidelines for use by all counties, 2)monitor federal legislation on ground water and oil and gas, and 3) research DeCaulion, which is an experimental process which converts "sour gas" into a useable product.

-Julie Ruplinger

These principles would require the government and lenders to assume partial responsibility for the current financial crisis in agriculture, rather than allowing farmers to suffer the entire burden like they are doing now.

In the Fair Credit Plan, lenders would be required to write off a portion of the debt owed them by the farmer. The lenders would lose some money, but not as much as if they were to continue to foreclose on farms and force land prices even lower. In exchange for writing off a portion of the farmer's debt, the lender would be guaranteed the remaining interest payments by the federal government.

A determination would be made each year by a state administered board such as North Dakota's Credit Review board, or perhaps a local democratic structure like county ASCS committees, as to how much income produced by a farm operation, above family living and operating expenses, was available for debt servicing. The farmer would then pay the amount that the local review board determined was available for debt servicing. If the determined amount was less than the remaining interest payment, which will first be reduced by the lender write-down, the government would make up the difference.

The amount of interest paid by the government for the farmer would be a loan. The farmer must eventually pay it back, but the farmer's operation must first be able to service the remaining debt against it. This would be comparable to the loan the government gave to the Chrysler corporation.

Interest payments would be the first priority for any income available for debt servicing. Therefore, if commodity prices rose to a level where the farmer could make all of his or her interest payment, then the government would no longer have to pay the lender on behalf of the farmer.

The farmer would then take over the entire interest payment, provided that his or her farm income allowed. This would provide the government with an incentive to raise commodity prices, because outlays for the program would be reduced as the farmer received more income from the market place.

The second priority for income available for debt servicing would be principle payments to the lender. Principle would be set aside until commodity prices rose to a level that allowed the farm operation to produce enough income to service both interest, and principle payments. This provision would give lenders incentive to work with farmers for higher commodity prices, so that the farmer could again begin to make principle payments to the lender.

The final priority for debt servicing, above and beyond interest and principle payments, will be for the farmer to begin paying the government back whatever the total subsidy amount was for the interest payments during the time when the farmer could not make the full interest payment. This would be the last incentive for the government to raise commodity prices to parity levels.

Work is presently being done to introduce this Fair Credit Plan into Congress. DRC, along with many other grassroots groups and rural organizations and institutions from around the country, offer this proposal as rallying point for local, state and national actions by churches, farm groups, rural bankers, local governments, business and other rural leaders to challenge the current policies of our government which are destroying Rural America.

DRC is calling on state legislatures and governors, especially in those states such as North Dakota who are so dependent on agriculture, to enact strict moratoria on foreclosures which would include all lenders, and would cover farm chattel and real estate, rural businesses, and residential homes. These moratoria should remain in affect until such time as Congress acts to provide debt restructuring on the principles consistent with those outlined above. Finally, Congress should also reopen the farm bill debate to secure parity prices for family farmers and all rural Americans.

-Dennis Olson

Clearing the Air on Great Plains?

DRC and MCLA have put the pressure on, so now the Health Department is trying to cover its tracks over its mishandling of the enforcement of Great Plain's air quality permits. In the last Dakota Counsel, it was reported that DRC and MCLA had sent a letter Dr. Wentz, State Health Officer, pointing out the questionable legality of the Administrative Consent Agreements (ACA's) with Great Plains and the Health Department's granting Basin and Nokota's air quality permit extentions without following their own guidelines for granting the extentions. DRC and MCLA resolved to ask the Environmental Protection Agency to exercize its oversight responsiblity in North Dakota.

In response to this letter, the Health Department wrote to DRC and MCLA to tell them that they will be allowed to speak at a public meeting on the conversion of the ACA's to judicial consent agreements. The difference between the two kinds of agreements boils down to one key feature; in a judicial consent agreement a polluter is publicly

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charged with a violation and is taken before a judge to determine penalties and remedies, with nothing being hidden; in an administrative consent agreement the polluter and the Health Department get together behind closed doors to negotiate what penalties and remedies will be required.

The Health Department has negotiated two ACA's with Great Plains. The first was negotiated to mitigate the odor problems with the plant and the second, in effect, delayed the date that Great Plains would have to come into compliance with its SO2 emissions permit by up to 13 months. The agreements were signed in late February of last year. The Health Department has maintained that there is nothing wrong with using ACA's ever since DRC discovered their use last summer.

"If there isn't anything wrong with the use of ACA's, why are they in such a stinking hurry to change them into Judicial Consent Agreements?" asked Leo Kallis, DRC Treasurer. The ACA's have been in effect for almost a full year now and DRC has been aware of them since June. The Health Department apparently feels that these agreements must be legitimized so they will not be challenged.

The meeting, described by the Health Department as an informational meeting, was tentatively scheduled for February 26 in Beulah. Although one of the major reasons for this public meeting is to allow the Health Department to address DRC's concerns, DRC had not received any formal notice of the meeting nor had any notice been published in any daily or weekly paper as of this writing (February 18). If the Department is truely seeking public comment on their actions, they should have the common courtesy to tell the public. After pointing out to Bill Delmore, SHD Chief Enforcement Officer, that the Department cannot have a public meeting without telling the public the Department rescheduled the meeting for mid March.

-Jerry Kram

Hi There!

There's a new kid on the block up at the DRC office. Her name is Julie Ruplinger, and she is DRC's new organizer on Oil and Gas issues. She will also be working on groundwater issues. She will work with the Billings County Surface Interest Association and the McKenzie County Energy and Taxation Association.

Julie grew up near Milwaukee, Wisconsin and graduated from the University of Wisconsin - Stevens Point with a BS in Wildlife Management and Biology, with a minor in Water Resources. She enjoys photography, crafts and tennis, and is looking for someplace she can ride horses.

Continued from Page 3

since the first days of the farm program in the '40's, attached a resolution on to the appropriations bill authorizing expenditures to keep the government going. He did so in an effort to restore equity to the farm program.

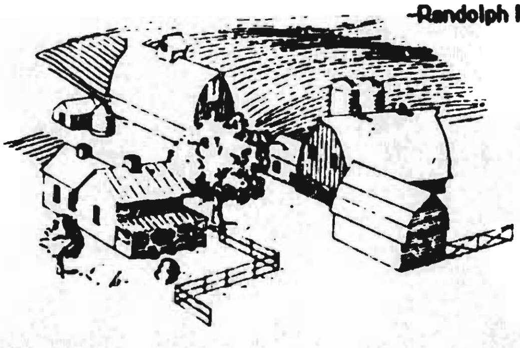
The Whitten Amendment called for raising the loan rate "at such levels as will reflect a fair return to the farm producer above the cost of production and to provide for payment by the purchaser, rather than by appropriation." Whitten's two page resolution incorporated the principles of the Farm Policy Reform Act, which would have guaranteed that farmers be paid for their commodities by the "purchaser" rather than by the government.

The Whitten amendment also would have required the Secretary of Agriculture to determine on a case-by-case basis which borrowers are not now able to make principal and interest payments on federal loans due to losses incurred because of grain embargoes and other foreign policy. Once this determination is made, a 12 month foreclosure moratorium would have been instituted on all farm loans owed to the Federal Government.

The Whitten Amendment passed committee and passed the House. When it reached the Senate Appropriations Committee, it was killed by a narrow 3 vote margin. Senator Mark Andrews voted against the Whitten Amendment by proxy. In doing so, Senator Andrews voted in favor of lower loan rates and lower market prices for our farm commodities, well below the cost of production. And he voted for deficiency payments that will cost farmers and taxpayers billions.

Senator Andrew's explanation for the vote is that he thought an amendment dealing with cost of production for farming didn't belong on an appropriations bill, even though the government has to appropriate billions in deficiency payments because farmers aren't getting cost of production. He also noted that he has a sound record on votes ensuring that farmers are paid cost of production, though the Farm Bill, which he supported, results in a great reduction in farm income.

-Theresa Keaveny
-Randolph Nodland



Calendar of Events

Saturday February 22	National Farm Bill Coordinating Committee, Des Moines Iowa
February 23 & February 24	Nation Save the Family Farm Committee, Des Moines, Iowa
Wednesday February 26	Rural Action Meeting Kick-Off 1 PM Eagles Club, Jamestown
Wednesday February 26	Rural Action Meeting 7:30 PM American Legion, Oakes
Friday February 28	Rural Action Meeting 1 PM Stickney Hall, Dickinson State College
Tuesday March 4	Rural Action Meetings 1 PM Chieftain Lodge, Carrington 7 PM Artos Motel, Harvey
Wednesday March 5	Rural Action Meetings 1 PM Sun Lac Inn, Lakota 7 PM Coachman Inn, Cooperstown
March 10 & March 11	ND Water Well Drillers Annual Meeting, Bismarck
Thursday March 13	DRC Fundraising Training Sacred Heart Priory, Richardton
Friday March 14	Fundraiser training DRC Office
Friday March 21	Public Service Commission Reclamation Hearing 9:30 A.M. (CST) State Capitol

Calling All Photographers

Hello all you photographers! It's that time of year again - the DRC is now accepting entries for its eighth annual "Rural North Dakota Photo Show". There's plenty of time to get your favorite negatives and slides printed up. The entry deadline is April 17th, and the judging will be on the 18th. The rules for entries are listed at the end of this article. Sorry, but no photos entered in previous DRC photo shows may be entered.

DRC is planning to display the Photo Show at DRC events in Grand Forks, Fargo, and Bismarck. The Dickinson Photo Show and Wine and Cheese Taster will be held on May 3. More details about the scheduling of other shows will be sent to this year's Photo Show entrants as soon as they are set.

The Fall, 1986 issue of North Dakota Horizons magazine will feature selected photos from this years show. The Photo Show is a major fundraiser for DRC so encourage all the photographers and photo lovers you know to enter or attend.

Heres how to enter:

1. Photos must be taken in North Dakota.
2. Color and Black & White Prints. NO SLIDES
3. Prints must be 5x7 or larger.
4. Prints must be matted or mounted. Photo mats and mounts must be 8x10 or larger. NO FRAMES
5. Only 5 prints per entrant; entry fee is 5$ per print.
6. Attach a card with name, address, category, and sale price(if for sale) for each print.
7. Send a stamped, addressed mailer for photos to be returned by mail. Photos delivered to the DRC office must be picked up after the Dickinson show.

I'D LIKE TO SUPPORT DRC. ENCLOSED PLEASE FIND:

_____$200 - "200 CLUB" Member
_____$100 - Patron Member
_____$35 - Couple Member
_____$20 - Single Member
_____$10 - Student, Low Income

Mail to: Dakota Resource Council
29 7th Avenue West
Dickinson, ND 58601
(701) 227-1851

NAME________________________ PHONE____________

ADDRESS________________________

If you aren't able to pay a membership in one payment, installments are welcome.

DAKOTA RESOURCE COUNCIL
29 7th AVENUE WEST
DICKINSON, ND 58601
(701) 227-1851

Third Class Mail
U.S. Postage Paid
Dickinson, ND 58601
Permit #43

JOIN DRC

As a member of DRC you will receive our newsletter, the Dakota Counsel, outlining DRC activities across North Dakota. You will have access to our full time staff as well as DRC's respected publications and research library. You can also help form and carry out DRC's policies on local, state, and national issues.

Fill out and return to:

Dakota Resource Council
29 7th Avenue West
Dickinson, ND 58601

For More Information Call:
(701) 227-1851

EXHIBIT B

—
—
— Contributing Membership ($ 50/year)
— Patron Membership ($100/year)
— "200 Club" ($200/year)
— Contribution

I would like more information on:

__Mining and Reclamation __Oil and Gas
__Groundwater Protection __Air Quality
__Other ____________ __Ag Policy

I Have Time To Volunteer. Call Me!

Name ______________________
Address ______________________
City ______________ Zip ________
Phone ______________________

Please Share this Brochure

DRC Works For:

* Family Farm Agriculture
* Local Control of Economic Growth

* Clean Air
* Groundwater Protection
* Soil Conservation
* Conservation and Renewable Energy
* Strong Mine Reclamation Standards and Enforcement
* Responsible Oil and Gas Development

Dakota Resource Council

29 7th Avenue W., Dickinson, ND, 58601
Phone (701) 227-1851

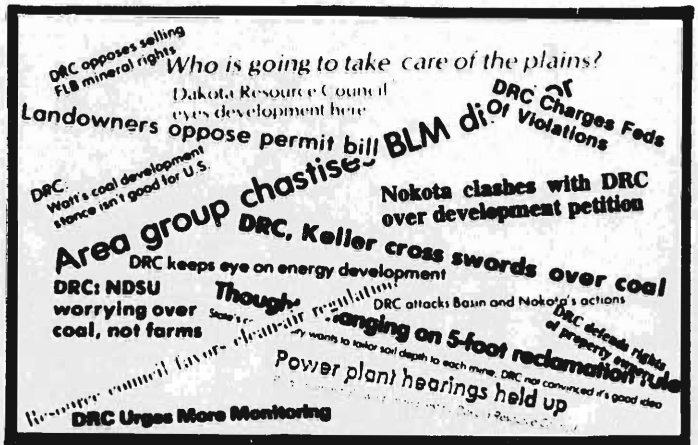
Working for Tomorrow

The Dakota Resource Council formed on January 28, 1978 to provide North Dakotans a means to influence decisions which affect their lives. DRC exists to protect North Dakota's land, air, water, and rural lifestyle; all of which contribute to North Dakota's Number 1 industry - agriculture.

The Dakota Resource Council works actively with its members, legislative bodies, and government agencies to ensure that North Dakota's interests are protected. The pressures on North Dakota's farms and rural communities must be met with an organized, informed constituency. To that end, DRC members and staff are involved in:

* **ORGANIZING** DRC offers organizational assistance to counties and communities who want to establish and maintain their own grassroots groups that work for change at the local level.

* **RESEARCH** DRC compiles and distributes information on mining and reclamation, air quality, oil and gas development, groundwater protection, farm credit and price, soil conservation, and the laws and regulations related to these issues.



The Dakota Resource Council has played a major role in the adoption and implementation of North Dakota's coal mining and reclamation standards, surface owner protection in oil development areas, air and groundwater protection, and proper federal coal leasing standards.

* **EDUCATION** DRC keeps its members informed on issues through the publication of a newsletter, fact sheets, and continual contact with state and national organizations, legislators, and regulatory agencies concerned with North Dakota agriculture and resources.

* **ADVOCACY** DRC members participate in the decisions that affect their lives in meetings, hearings, and by coordinating an effective **lobbying** effort at the North Dakota State legislature and United States Congress. DRC members also work to confront decision makers and make them accountable to the people of North Dakota for their actions.

Western Organization of Resource Councils

DRC is part of a regional movement to empower local people in the Great Plains and Rocky Mountains on public policies affecting their lives, economy, and communities. The Western Organization of Resource Councils (WORC) with member groups in Montana, Wyoming, and Colorado, as well as in North Dakota, brings its combined strength to influence national legislation and administrative policies affecting the region. Your dues help fund this effort and have an impact on at the regional and national level.

The Dakota Resource Council is working to ensure a better tomorrow for all North Dakotans. But strong, permanent solutions to our state's problems will not happen overnight. Your membership helps DRC continue to make North Dakota's future one we can be proud of. Your dues support:

- Research
- Community Organizing
- Research Library
- Public Education
- A Full Time, Professional Staff
- Fact Sheets
- Newsletters
- Advocacy
- Lobbying

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 11, 1986

Myron Hilton Atkinson, Jr.
P.O. Box 1176
Bismark, N.D. 58502

Dear Mr. Atkinson:

This letter will acknowledge receipt of a complaint filed by you which we received on June 4, 1986, which alleges possible violations of the Federal Election Campaign Act of 1971, as amended, (the "Act"), by the Dakota Resource Council. The respondent will be notified of this complaint within five days.

You will be notified as soon as the Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to this office. We suggest that this information be sworn to in the same manner as your original complaint. For your information, we have attached a brief description of the Commission's procedures for handling complaints. We have numbered this matter under review MUR 2182. Please refer to this number in all future correspondence. If you have any questions, please contact Lorraine F. Ramos at (202) 376-3110.

Sincerely,

Charles N. Steele
General Counsel

By: Lawrence M. Noble
Deputy General Counsel

Enclosure

86040520771

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 11, 1986

Dakota Resource Council
c/o Theresa M. Keavery
Box 254
113 West First Street
Dickenson, North Dakota 58601

Re: MUR 2182

Dear Ms. Keavery:

This letter is to notify you that the Federal Election Commission received a complaint which alleges that the Dakota Resource Council may have violated certain sections of the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2182. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you and your organization in this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(4)(B) and §437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Patty Reilly, the attorney assigned to this matter, at (202) 376-8200. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Charles N. Steele
General Counsel

By: Lawrence M. Noble
Deputy General Counsel

Enclosures
Complaint
Procedures
Designation of Counsel Statement

8 6 0 4 0 5 2 0 7 7 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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c/o Theresa M. Keavery
Box 254
113 West First Street
Dickenson, North Dakota 58601

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Sincerely,

Charles N. Steele
General Counsel

PR 6/16/86

By: Lawrence M. Noble
Deputy General Counsel

Enclosures
- Complaint
- Procedures
- Designation of Counsel Statement

86040520775

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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P.O. Box 1176
Bismark, N.D. 58502

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Sincerely,

Charles N. Steele
General Counsel

PA
6/6/86

By: Lawrence M. Noble
Deputy General Counsel

Enclosure

GCC# 708

Reilly

86 JUN 12 P 3:27

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2182

NAME OF COUNSEL: William C. Oldaker, Esq.

ADDRESS: EPSTEIN BECKER BORSODY & GREEN, P.C.
1140 19th Street, N.W., Suite 900
Washington, D.C. 20036

TELEPHONE: (202) 861-0900

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

June 10, 1986
Date

Signature

Staff Director
Title

RESPONDENT'S NAME: DAKOTA RESOURCE COUNCIL

ADDRESS: 29 7th Avenue West
Dickinson, North Dakota 58601

HOME PHONE:

BUSINESS PHONE: (701) 227-1851

8 6 0 4 0 4 2 0 7 7 7

MUR 2182

MYRON H. ATKINSON, JR.
ATTORNEY-AT-LAW
P.O. BOX 1176
BISMARCK, NORTH DAKOTA 58502

PHONE (701) 258-2580

SUITE 410
DAKOTA NORTHWESTERN BLDG.

SENSITIVE

86 JUN 5

May 27, 1986

Mr. Charles N. Steele
General Counsel
Federal Election Commission
999 E Street, NW
Washington, D. C. 20463

Dear Mr. Steele:

This formal complaint is filed pursuant to 2 USC 437g(a)(1) and 11 CFR 111.4. The facts and allegations set forth are true to the best of my knowledge, belief and information.

The Dakota Resource Council (the Council) is incorporated under the laws of the State of North Dakota. The registered agent of the Dakota Resource Council according to the records of the Secretary of State of North Dakota is Theresa M. Keaveny, Box 254, 113 West First Street, Dickinson, North Dakota 58601.

The Council is a self-styled grassroots organization with its initial purposes concerned with natural resources and environmental issues. More recently the organization has become involved in assisting farmers through the current farm crisis.

While some of the goals of the Council may be desirable both its actions and organizers show a partisan bent inappropriate for a corporation. Not only does the Council utilize its membership funds but it also has received grants from various church groups. The Council, by seeking the protection of incorporation, has done a disservice to the people of North Dakota and their right to know who is spending what on their federal elections.

As you are aware, it has been long standing law and public policy that corporations should not be able to use corporate funds to influence federal elections. Employees of corporations may, of course, legitimately participate in elections by establishing a separate segregated fund and publically disclosing the source of funds and to whom those funds are contributed. However, corporate funds may only be used to establish and maintain these separate segregated funds. A corporation that spends corporate funds directly to influence a federal election goes against both the law at 2 USC 441b and the clear public policy of public disclosure.

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The following excerpts from Council publications clearly indicate an intention to influence federal elections, in particular the reelection bid of Senatòr Mark Andrews:

... "The Whitten Amendment passed committee and passed the House. When it reached the Senate Appropriations Committee, it was killed by a narrow 3 vote margin. Senator Mark Andrews voted against the Whitten Amendment by proxy. In doing so, Senator Andrews voted in favor of lower loan rates and lower market prices for our farm commodities, well below the cost of production. And he voted for deficiency payments that will cost farmers and taxpayer billions.

"Senator Andrew's explanation for his vote is that he thought an amendment dealing with cost of production for farming didn't belong on an appropriations bill, even though the government has to appropriate billions in deficiency payments because farmers aren't getting cost of production. He also noted that he has a sound record on votes ensuring that farmers are paid cost of production, though the Farm Bill, which he supported, results in a great reduction in farm income.

"Since he has been confronted on his anti-farmer vote, Senator Andrews has made public statements and sent letters to the editor which distort the intent of the Whitten amendment, and the extent of the farm problem. His most recent radio statements incorrectly note that the Farm Policy Reform Act would result in farmers taking upwards of a 50% cut in production, and that the National Farmers Union and National Farmers Organization supported lowering the loan rate and market price of commodities during the 1985 Farm Bill Debate." (Council letter dated April 1986).

... "You can also participate in selecting candidates, and in holding our elected officials accountable to their rural constituency." (Council letter dated April 1986).

... "We'll be setting up phone trees and planning candidates accountability sessions over the coming months..." (Blaine Mack in April 1986 newsletter).

Based on the foregoing information, I believe the Council has violated the provisions of 2 USC 441(b). I urge the Commission to conduct a full and complete investigation of the Council's apparent use of corporate funds to influence a federal election.

Mr. Charles N. Steele
May 27, 1986
Page -3-

I am, of course, willing to provide the Commission with any additional information or assistance it may require.

Sincerely,

Myron Hilton Atkinson, Jr.
P. O. Box 1176
Bismarck, ND 58502
Work phone: 701-255-2586
Home phone: 701-223-5257

Sworn to before me this 27th day of May, 1986.

My Commission expires:

BETTY LOVGREN
NOTARY PUBLIC, BURLEIGH CO., ND
MY COMMISSION EXPIRES JAN. 19, 1987

Betty Lovgren
Notary Public, Burleigh County, North Dakota

8504020780

OGC Docket

SENSITIVE

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: THE COMMISSION

FROM: MARJORIE W. EMMONS/ ARNITA D. HESSION A.D.H.

DATE: JUNE 5, 1986

SUBJECT: MUR 2182 - COMPLAINT

8 6 0 4 0 3 2 0 7 8 1

The attached has been circulated for your information.

Attachment

1.

MUR 2182

MYRON H. ATKINSON, JR.

ATTORNEY-AT-LAW

P.O. BOX 1176

BISMARCK, NORTH DAKOTA 58502

PHONE (701) 258-2666

SUITE 418
DAKOTA NORTHWESTERN BLDG.

SENSITIVE

May 27, 1986

Mr. Charles N. Steele
General Counsel
Federal Election Commission
999 E Street, NW
Washington, D. C. 20463

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8 6 0 4 0 5 2 0 7 8 2

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Sincerely,

Myron Hilton Atkinson Jr.

Myron Hilton Atkinson, Jr.
P. O. Box 1176
Bismarck, ND 58502
Work phone: 701-255-2586
Home phone: 701-223-5257

Sworn to before me this 27th day of May, 1986.

My Commission expires:

BETTY LONGREN
NOTARY PUBLIC, BURLEIGH CO., ND
MY COMMISSION EXPIRES JAN. 10, 1987

Betty Longren
Notary Public, Burleigh County, North Dakota

86040420784

MUR # 2182

DATE RECEIVED: 6-4-86

COMPLAINANT: Myron H. Atkinson Jr.

RESPONDENT: Dakota Resource Council (the Council)

TRACK ASSIGNED:

FINAL REVIEW BY: A.G.C. G.C.

STAFF ASSIGNED: Reilly / Lerner

DATE: 6-4-86

DATE OF FIRST G.C. REPORT: 12 day 6/16 40 day 7/14

Signature of G.C.

Date

Please return to Docket after assignment.

ASSIGNMENT SHEET

RECEIVED AT THE FEC
OCC#639
86 JUN 3 P12: 10

MYRON H. ATKINSON, JR.
ATTORNEY-AT-LAW
P.O. BOX 1176
BISMARCK, NORTH DAKOTA 58502

PHONE (701) 258-2586

SUITE 410
DAKOTA NORTHWESTERN BLDG.

RECEIVED
OFFICE OF
GENERAL COUNSEL
86 JUN 3 P3: 37

May 27, 1986

Mr. Charles N. Steele
General Counsel
Federal Election Commission
999 E Street, NW
Washington, D. C. 20463

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Mr. Charles N. Steele
May 27, 1986
Page -2-

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Mr. Charles N. Steele
May 27, 1986
Page -3-

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Sincerely,

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P. O. Box 1176
Bismarck, ND 58502
Work phone: 701-255-2586
Home phone: 701-223-5257

Sworn to before me this 27th day of May, 1986.

My Commission expires:

BETTY LOVGREN
NOTARY PUBLIC, BURLEIGH CO, ND
MY COMMISSION EXPIRES JAN. 18, 1987

Betty Lovgren
Notary Public, Burleigh County, North Dakota

8604020787

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2182

Date Filmed 11/14/86 Camera No. --- 2

Cameraman AS

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

2/13/87

THE FOLLOWING MATERIAL IS BEING ADDED TO THE PUBLIC FILE OF CLOSED MUR 2182.

PS Form 3811, Dec. 1980

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
   - ☐ Show to whom and date delivered .... ___¢
   - ☒ Show to whom, date, and address of delivery.. ___¢
2. ☐ RESTRICTED DELIVERY ___¢
   (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL $

3. ARTICLE ADDRESSED TO:
Myron Atkinson
P.O. Box 1176
Bismark N.D. 58502

RECEIVED
86 NOV 6 AM 11 04
GENERAL COUNSEL

4. TYPE OF SERVICE:
- ☐ REGISTERED
- ☐ INSURED
- ☒ CERTIFIED
- ☐ COD
- ☐ EXPRESS MAIL

ARTICLE NUMBER
P 43740

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

5. Becky Hanson

DATE OF DELIVERY
11-3-86

POSTMARK

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEE'S INITIALS