

Y4  
Ag 8/1  
Ag 8/15  
961/PT.1

House - Agriculture

8744  
Ag 8/1  
Ag 8/15/961/pt.1

# AGRICULTURAL ACT OF 1961

TITLE I, AGRICULTURAL ENABLING AMENDMENTS ACT OF 1961

GOVERNMENT  
Storage

## HEARINGS

BEFORE THE

### COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

### H.R. 6400

APRIL 24 AND 25, 1961

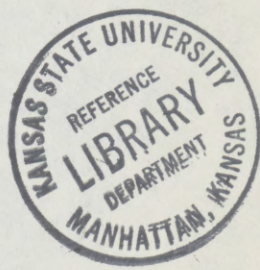
Serial E  
PART 1

KSU LIBRARIES



A11900 332421

Printed for the use of the Committee on Agriculture



U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1961

★69644 O

1/30  
2/8  
1.79/100

## COMMITTEE ON AGRICULTURE

HAROLD D. COOLEY, North Carolina, *Chairman*

W. R. POAGE, Texas, *Vice Chairman*

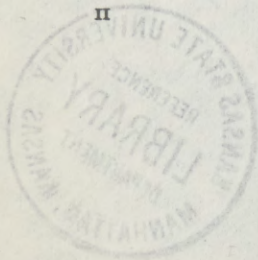
GEORGE GRANT, Alabama  
E. C. GATHINGS, Arkansas  
JOHN L. McMILLAN, South Carolina  
THOMAS G. ABERNETHY, Mississippi  
CARL ALBERT, Oklahoma  
WATKINS M. ABBITT, Virginia  
CLARK W. THOMPSON, Texas  
PAUL C. JONES, Missouri  
HARLAN HAGEN, California  
LESTER R. JOHNSON, Wisconsin  
ROSS BASS, Tennessee  
W. PAT JENNINGS, Virginia  
D. R. (BILLY) MATTHEWS, Florida  
MERWIN COAD, Iowa  
J. FLOYD BREEDING, Kansas  
FRANK A. STUBBLEFIELD, Kentucky  
HAROLD B. McSWEEN, Louisiana  
DANIEL K. INOUE, Hawaii  
RALPH R. HARDING, Idaho

CHARLES B. HOEVEN, Iowa  
PAUL B. DAGUE, Pennsylvania  
PAGE BELCHER, Oklahoma  
CLIFFORD G. McINTIRE, Maine  
CHARLES M. TEAGUE, California  
ALBERT H. QUIE, Minnesota  
DON L. SHORT, North Dakota  
CATHERINE MAY, Washington  
DELBERT L. LATTA, Ohio  
RALPH HARVEY, Indiana  
PAUL FINDLEY, Illinois  
ROBERT DOLE, Kansas  
RALPH F. BEERMANN, Nebraska  
BEN REIFEL, South Dakota

### RESIDENT COMMISSIONER

A. FERNÓS-ISERN, Puerto Rico

Mrs. CHRISTINE S. GALLAGHER, *Clerk*  
HYDE H. MURRAY, *Assistant Clerk*  
JOHN J. HEIMBURGER, *Counsel*  
FRANCIS M. LEMAY, *Staff Consultant*

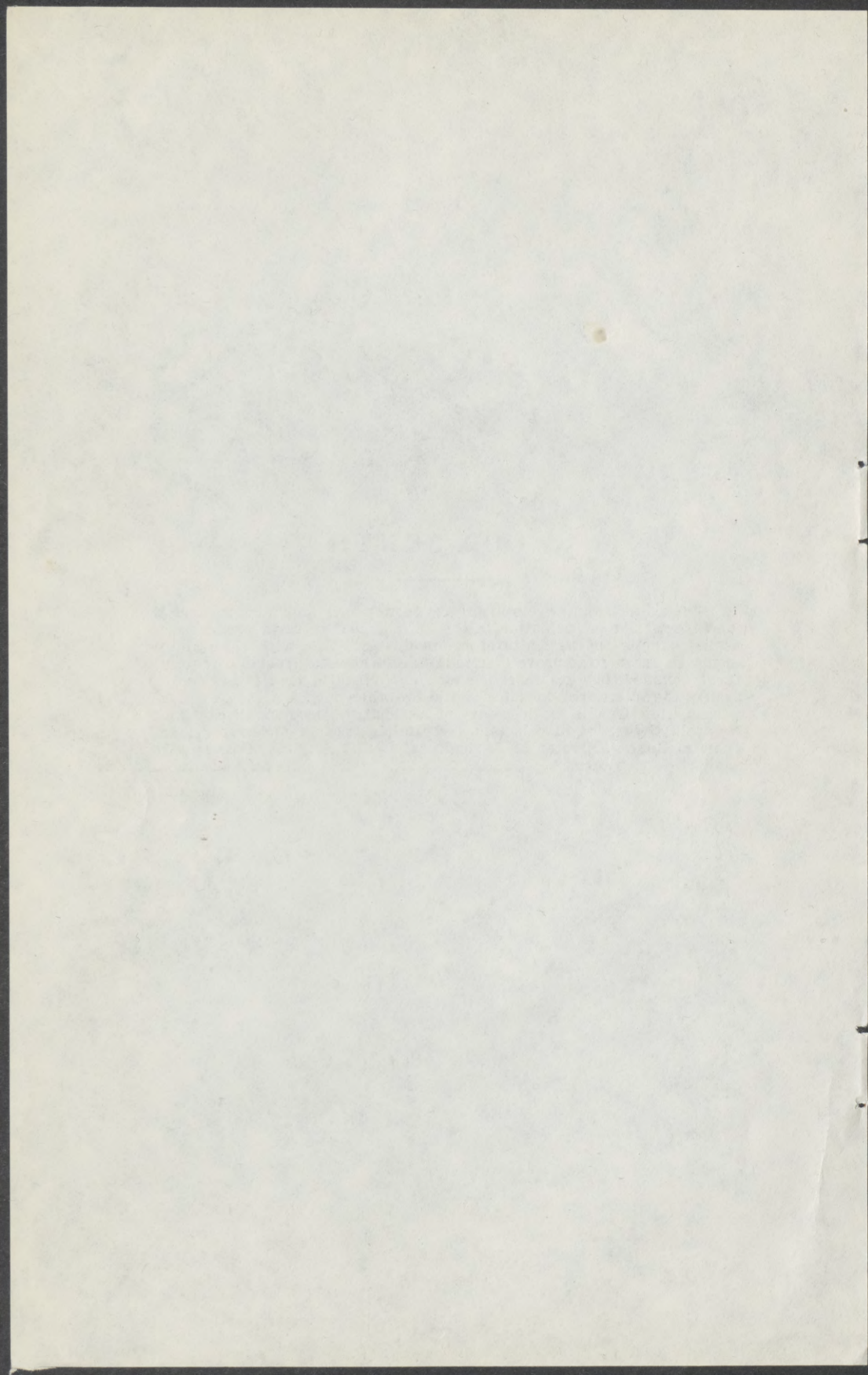




## CONTENTS

---

|                                                                                                                                                                                                                                                                                                                                                                                                                             | Page |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| H.R. 6400, a bill to improve and protect farm prices and farm income, to increase farmer participation in the development of farm programs, to adjust supplies of agricultural commodities in line with the requirements therefor, to improve distribution and expand exports of agricultural commodities, to liberalize and extend farm credit services, to protect the interest of consumers, and for other purposes----- | 1    |
| Freeman, Hon. Orville L., Secretary of Agriculture, accompanied by John Bagwell, General Counsel, James T. Ralph, Assistant Secretary, and John A. Baker, Director of Agricultural Credit Services, U.S. Department of Agriculture-----                                                                                                                                                                                     | 24   |





# AGRICULTURAL ACT OF 1961

MONDAY, APRIL 24, 1961

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
Washington, D.C.

The committee met, pursuant to notice, at 10:10 a.m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Grant, Gathings, McMillan, Abernethy, Albert, Abbitt, Thompson of Texas, Jones of Missouri, Hagen, Bass, Matthews, Coad, Breeding, Stubblefield, McSween, Inouye, Harding, Hoeven, Belcher, McIntire, Teague of California, Quie, Short, Mrs. May, Latta, Harvey, Findley, Dole, Beermann, and Reifel.

Also present: Representatives Nelsen of Minnesota and Neal Smith of Iowa.

Hyde Murray, assistant clerk; John Heimbarger, counsel; Francis LeMay, consultant; and Betty Prezioso, staff assistant.

The CHAIRMAN. The committee will please be in order.

Mr. Secretary, we are delighted to have you with us this morning. I understand that you have a prepared statement and I will ask the members of the committee not to interrupt you until after you have concluded your statement, at which time we will have the questioning.

We will make the bill, H.R. 6400, a part of the record at this point. (H.R. 6400 follows:)

[H.R. 6400, 87th Cong., 1st sess.]

A BILL To improve and protect farm prices and farm income, to increase farmer participation in the development of farm programs, to adjust supplies of agricultural commodities in line with the requirements therefor, to improve distribution and expand exports of agricultural commodities, to liberalize and extend farm credit services, to protect the interest of consumers, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Act of 1961".*

## DECLARATION OF POLICY

SEC. 2. In order more fully and effectively to improve, maintain, and protect the prices and incomes of farmers, to achieve a better balance between supplies of agricultural commodities and the requirements of consumers therefor, to preserve and strengthen the family farm structure of agriculture, and to revitalize and stabilize the overall economy at reasonable costs to the Government, it is hereby declared to be the policy of Congress to—

(a) afford farmers the opportunity to achieve parity of income with other economic groups by providing them with the means necessary to adjust their agricultural output to requirements and to develop markets for their products;

(b) enable farmers, under accepted democratic methods and through cooperation with, and assistance by, the Government, to participate more



directly and effectively in the determination of agricultural policies and in the formulation and administration of programs to effectuate such policies;

(c) permit a commodity-by-commodity approach in the solution of farm problems and provide the means for meeting varied and changing conditions peculiar to each commodity, particularly as to production and marketing;

(d) improve and broaden existing legislation to assure sufficient flexibility for effective supply adjustment and price and income stabilization;

(e) authorize the utilization of such additional and varied price and income stabilization methods as will best protect the prices and incomes of farmers;

(f) expand foreign trade in agricultural commodities and make full use of our agricultural abundance in furtherance of the foreign policy of the United States;

(g) utilize more effectively our agricultural productive capacity to improve the diets of needy persons and to safeguard the health and well-being of the Nation's children;

(h) recognize the importance of the family farm as an efficient unit of production and as an economic base for towns and cities in rural areas and encourage, promote, and strengthen this form of farm enterprise;

(i) facilitate and improve credit services to farmers by revising, expanding, and clarifying the laws relating to agricultural credit;

(j) assure consumers of a continuous, adequate, and stable supply of food and fiber at fair and reasonable prices;

(k) reduce the cost of farm programs by preventing the accumulation of surpluses; and

(l) provide for congressional review of comprehensive farm programs relating to supply adjustment and the protection of farm prices and income.

## TITLE I—SUPPLY ADJUSTMENT AND PRICE STABILIZATION

### SUBTITLE A—NATIONAL FARMER ADVISORY COMMITTEES

Sec. 101. This title may be cited as the "Agricultural Enabling Amendments Act of 1961".

Sec. 102. The Soil Conservation and Domestic Allotment Act, as amended, is amended by redesignating section 17 as section 18 and adding a new section 17 as follows:

"SEC. 17. (a) Whenever the Secretary determines such action is necessary or desirable, he shall provide for the selection under this section of a national farmer advisory committee for any commodity or group of commodities. The Secretary shall provide for the election of nominees from which he shall appoint at least two-thirds of the members and alternate members of any such committee. The nominees shall be producers of the commodity or commodities for which the committee is established and shall be elected by members of the county committees, established pursuant to section 8 of this Act, in designated areas: *Provided*, That a national farmer advisory committee for the 1962 crop of wheat may be appointed by the Secretary without regard to the provisions of this subsection relating to the election of nominees. In designating such areas, the Secretary shall, insofar as practicable, provide for a fair representation of all geographical areas producing the commodity or group of commodities and shall give consideration to the number of producers and the volume of production in the area in determining the number of committee members to be appointed from each area. No producer shall be eligible for nomination or appointment to the committee unless more than 60 percent of his gross income is derived from farming and unless the production of the commodity or group of commodities for which the committee is established is a significant part of his total farming operation.

"(b) The Secretary shall provide by regulation for the manner in which elections of nominees for appointment to the committees shall be conducted and his determination of the eligibility of any nominee and the results of any such election shall be final and conclusive. The Secretary may provide in such regulations for the nomination from each area of at least three nominees for each member to be appointed to the committee from that area.

"(c) A producer-member of the committee shall serve for such term as the Secretary may prescribe. Any vacancy in the membership of the committee by reason of the inability of a producer-member or his alternate to serve shall be



filled by appointment by the Secretary of a new member from among eligible producers in the area for the unexpired portion of the term. In addition to members appointed from nominees elected by county committees, the Secretary shall appoint (1) the remaining producer-members of the committee from nominees of the appropriate farm organizations and (2) one additional member as a representative of consumers, who shall serve at the pleasure of the Secretary. Appointments of members from nominees of the farm organizations shall be subject to the requirements of subsection (a) relating to eligibility for membership on the committee and a fair representation of geographical areas producing the commodity involved.

"(d) Whenever a national farmer advisory committee is established under this section for any commodity or group of commodities, the Secretary shall consult and advise with such committee with respect to policies and programs concerning such commodity or commodities. The Secretary shall provide by regulation for the manner and extent to which such committee shall exercise its functions.

"(e) Members of national farmer advisory committees shall not be entitled to compensation and shall not be deemed to be employees of the United States, but the Secretary may authorize a per diem of not to exceed \$50 for each day's attendance at meetings and while traveling to and from such meetings, together with necessary transportation expenses, to be paid from funds available to the Secretary for the administration of farm programs.

"(f) Whenever any national farmer advisory committee determines that it has performed the functions for which it was established, such committee may dissolve and shall not be reestablished except in accordance with the foregoing provisions of this section. The Secretary also may dissolve any such committee if he determines that it has performed the functions for which it was established and such committee is no longer needed.

"(g) Nothing in this section shall be deemed to limit the authority of the Secretary under other provisions of law to establish or consult with advisory committees."

#### SUBTITLE B—MARKETING ORDERS

SEC. 111. The Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended as follows:

(1) Section 2(3) is amended to read as follows:

"(3) Through the exercise of the powers conferred upon the Secretary of Agriculture under this Act, to establish and maintain such standards of grade, size, quality, and maturity and such grading, pack, container and inspection requirements; to undertake such marketing research and development projects; and to maintain such operations pursuant to subsections 8c(16) (D) and (E), for agricultural commodities covered by section 8c(2) of this Act as will effectuate such orderly marketing of such agricultural commodities as will be in the interests of producers and consumers."

(2) Section 8a(5) is amended to read as follows:

"(5) Any person exceeding any quota or allotment fixed for him under this Act by the Secretary of Agriculture and any other person knowingly participating or aiding in the exceeding of such quota or allotment shall forfeit to the United States a sum equal to the value of such excess at the current market price for such commodity at the time of violation, which forfeiture shall be recoverable in a civil suit brought in the name of the United States."

(3) Section 8c(1) is amended by striking the period at the end thereof and adding the following: "and the findings relative thereto made in section 360b of the Agricultural Adjustment Act of 1938, as amended, are adopted for the commodities to which such findings are applicable under that Act and the products thereof with the same force and effect as if set forth in full herein."

(4) Section 8c(2) is amended (a) by inserting "(A)" after "applicable only to"; and (b) by striking the period at the end and inserting in lieu thereof the following, "; and (B) any agricultural commodity, or any regional or market classification thereof, not subject to orders under (A) of this paragraph, but not the products (including canned or frozen commodities or products) thereof. If the Secretary determines that the declared policy of the Act will be better achieved thereby (i) commodities of the same general class and used wholly or in part for the same purposes may be combined and treated as a single commodity



and (ii) the portion of an agricultural commodity devoted to or marketed for a particular use or combination of uses, may be treated as a separate agricultural commodity. All agricultural commodities and products covered hereby shall be deemed specified herein for the purposes of sections 8c (6) and (7) of this Act."

(5) Section 8c(6) is amended by striking subparagraph (I) thereof and section 8c(7) is amended by (a) amending subparagraph (D) thereof by inserting after the word "section" the words "or section 8f" and (b) by adding at the end thereof the following:

"(E) Establishing or providing for the establishment of marketing research and development projects, including advertising, designed to assist, improve, or promote the marketing, distribution, and consumption of any such commodity or product, the expense of such projects to be paid from funds collected pursuant to the marketing order."

(6) Section 8c(11) is amended to read as follows:

"(11) (A) Any order issued under this section may be made applicable to any or all production or marketing areas of any commodity or product thereof, as the Secretary finds practicable, consistent with carrying out the declared policy of the Act: *Provided*, That any order applicable to all production or marketing areas of any commodity or product thereof shall be issued only after consultation with and advice from the national farmer advisory committee, established under section 17 of the Soil Conservation and Domestic Allotment Act, as amended, and after approval by the President.

"(B) All orders issued under this section which are applicable to the same commodity or product thereof shall, so far as practicable, prescribe such different terms, applicable to different production areas and marketing areas, as the Secretary finds necessary to give due recognition to the differences in production and marketing of such commodity or product in such areas."

(7) By adding a new section 8f as follows:

"Sec. 8f. Notwithstanding any other provision of this Act—

"(1) any order issued under section 8c or 8g of this Act may, in addition to, or in lieu, of the provisions of sections 8c (5), (6), and (7), after consultation with and advice from the national farmer advisory committee established under section 17 of the Soil Conservation and Domestic Allotment Act, as amended, and after approval by the President, contain provisions allotting, or providing methods for allotting, the amount of such commodity or product or any grade, size, or quality thereof, which each producer may be permitted to market or dispose of in any or all markets or use classifications during any specified period or periods on the basis of (i) the amount produced or marketed by such producer or produced on or marketed from the farm on which he is a producer in such prior period as the Secretary of Agriculture determines to be representative, subject to such adjustment for abnormal conditions and other factors affecting production or marketing as the Secretary may determine, or (ii) the current quantities available for marketing by such producer, or (iii) any combination of (i) and (ii), to the end that the total allotment during any specified period or periods shall be apportioned equitably among producers. Allotments hereunder may be in terms of quantities or production from given acres or other production units. If the Secretary determines that such action will facilitate the administration of a marketing order hereunder and will not substantially impair the effective operation thereof he may fix, or provide a method for fixing, a minimum allotment applicable to producers whose production does not exceed such amount and such producers shall not be subject to the regulatory provisions of the order except as prescribed therein;

"(2) a producer for whom an allotment is established shall be deemed a handler subject to the order for purposes of this Act;

"(3) any producer for whom an allotment is established under the authority of this section may obtain a review of the lawfulness of his allotment as prescribed by the order of the Secretary establishing the allotment and rules and regulations thereunder, which shall constitute the exclusive procedure for review thereof and section 8c(15) (A) of this Act shall not apply thereto. Under such order, rules, or regulations any officers or employees of the Department or any committees or boards created or designated by the Secretary of Agriculture may be vested with authority to perform any or



all functions in connection with such review proceedings, including ruling thereon. Committees or boards created or designated for this purpose shall be deemed agencies of the Secretary within the meaning of subsection 8c (7) (C) and section 10 of this Act. The ruling upon such review shall be final if in accordance with law. The producer may obtain a judicial review of such ruling in accordance with the provisions of section 8(c) (15) (B) of this Act;

"(4) when allotments for producers are established under this section the order may contain provisions allotting or providing a method for allotting the quantity which any handler may handle so that any and all handlers will be limited as to each producer to the quantity allotted to each producer, and such allotment shall constitute an allotment fixed for each handler within the meaning of section 8a (5) of this Act."

(8) By adding a new section 8g as follows:

"NATIONAL MARKETING ORDERS

"SEC. 8g. Notwithstanding any other provision of this Act:

"(1) The Secretary of Agriculture is authorized after consultation with and advice from the national farmer advisory committee established under section 17 of the Soil Conservation and Domestic Allotment Act, as amended, and after approval by the President, to issue, in conformity with provisions of this section, orders applicable to all major production or marketing areas, or both. The Secretary's determination of the areas constituting major production or marketing areas shall be final.

"(2) The provisions of section 8c shall be applicable with respect to orders issued under this section except as follows:

"1. Paragraphs (3), (4), (8), (9), (13) (B), (16) (B), (17), and the first sentence of paragraph (10) shall not be applicable with respect to orders issued under this section.

"2. The provisions of paragraph (6) shall be applicable to all orders issued under this section regardless of the commodity regulated thereby.

"3. Except as provided in section 8f (3) of this Act, paragraph (15) shall be applicable to the review of the lawfulness of an order, or any provision thereof, or any obligation imposed in connection therewith issued under this section.

"4. Paragraph (18) and subparagraph (G) of paragraph (5) shall not be applicable with respect to any marketing order relating to milk or its products containing provisions regulating volume to be marketed.

"(3) If the Secretary determines that there is reason to believe that the proposed marketing order may tend to effectuate the declared policy of this Act, he shall afford interested persons an opportunity to submit data, views, and arguments with respect thereto. If thereafter the Secretary determines on the basis of all information available to him that an order should issue, he shall publish the order incorporating such changes as he may deem warranted.

"(4) Producer approval of an order shall be ascertained by referendum conducted by the Secretary as provided in section 8c (19) of this Act among producers of the commodity who, during a representative period to be determined by the Secretary, produced for market the commodity proposed to be regulated. If not less than two-thirds of the total number of such producers, or two-thirds of the total volume of production in the representative period, as the case may be, represented in such referendum, approve or favor issuance of the order the requisite producer approval shall have been met for purposes of this section."

SUBTITLE C—MARKETING QUOTAS

SEC. 121. Subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, is further amended by inserting a new part VII immediately following part VI to read as follows:

"PART VII—MARKETING QUOTAS FOR SPECIFIED AGRICULTURAL COMMODITIES

"SEC. 360a. This part covers any agricultural commodity, including but not limited to the following: corn, tobacco, wheat, cotton, rice, peanuts, barley, oats, rye, grain sorghums, flaxseed, soybeans, dry edible beans, grass seeds, vegetables



(including potatoes), fruits, tree nuts and seeds, hogs, cattle, lamb, chickens, turkeys, whole milk, butterfat, eggs, hops, honey, and gum naval stores. Any regional or market classification, type, or grade of any agricultural commodity covered by this part may be treated as a separate commodity hereunder. If the Secretary determines that the objectives of the Act will be better achieved thereby, corn, wheat for feed, barley, oats, rye, and grain sorghums, or any combination thereof, may be treated as a single commodity under this part under the designation 'feed grains' and likewise other commodities of the same general class and used wholly or in part for the same purposes may be combined and treated as a single commodity. The portion of an agricultural commodity devoted to or marketed for a particular use, or combination of uses, may be treated as a separate agricultural commodity under this part if the Secretary determines that the objectives of the Act will be better achieved thereby.

#### "LEGISLATIVE FINDING

"SEC. 360b. Each of the agricultural commodities named in this part is an important source of food, feed, or fiber, and these commodities constitute the principal part of the Nation's total supply of food, feed, and fiber for domestic consumption and for export. The marketing of each commodity in raw or processed form, is an important industry of the Nation. The commodities are marketed on a nationwide market, and substantial quantities of many of these commodities in raw or processed form, are shipped to foreign countries.

"The marketing of these agricultural commodities is of direct and vital concern to the welfare of the Nation. The marketing is attended with substantial and far-reaching consequences to commerce among the States and with foreign countries. The economic interests are so interrelated that the marketing of each of these commodities directly and immediately concerns more States than one. Some of the economic imbalances, in the marketing of these agricultural commodities, which throughout the channels of commerce directly impinge on the public welfare, are recurring surpluses and shortages; inadequate or impaired purchasing power of the producers; and disorderly marketing practices which result in economic strife, create congestion in storage, transportation, processing, or other handling facilities, and the marketing of the commodities of low quality. The needs of the Nation are such that these agricultural commodities must be available in adequate volume, without impairing or wasting the soil resources of the country, and must be marketed in an orderly manner.

"The agricultural commodities named in this part are produced for commercial purposes, and the entire production of such commodities is available for marketing either within the State of production or in interstate and foreign commerce. All marketing of these agricultural commodities is either in the current of interstate or foreign commerce or directly burdens, obstructs, or affects such commerce. The marketing of that part of such commodities as enters directly into the current of interstate and foreign commerce cannot be effectively regulated without extending the regulation, in the manner provided in this Act, also to that part which is marketed within the State of production.

#### "NATIONAL MARKETING QUOTA

"SEC. 360c. Whenever the Secretary determines that the total supply of any agricultural commodity will, in the absence of a marketing quota program, likely exceed the normal supply for any marketing year or years by such an amount as will make a marketing quota program necessary to effectuate the declared policy of the Act, the Secretary may, after consultation with and advice from the national farmer advisory committee for such commodity established under the Soil Conservation and Domestic Allotment Act, as amended, and after approval by the President, proclaim a national marketing quota which shall be in effect for such commodity. The national marketing quota so proclaimed for any agricultural commodity may be for one or more marketing years not exceeding three. The Secretary shall also determine and separately announce prior to each such marketing year the amount of the national marketing quota for such year in terms of the quantity required, together with (1) the estimated carryover at the beginning of such marketing year, (2) the estimated imports during such marketing year, and (3) if a commercial area is established, the estimated production of the commodity in the United States outside such area for market during such marketing year, to make available a normal supply of such commodity. The Secretary shall also make such adjustments in the national marketing quota as he deter-



mines are necessary to prevent undue restrictions on marketings of the commodity and to permit a gradual reduction of excessive carryover. The amount of a national marketing quota for any marketing year for any agricultural commodity which is planted annually shall be announced not less than one hundred and twenty days prior to the beginning of the normal planting season as determined by the Secretary and in the case of any other commodity not less than one hundred and twenty days prior to the beginning of the marketing year.

"APPORTIONMENTS OF NATIONAL MARKETING QUOTA

"Sec. 360d. (a) The national marketing quota for any agricultural commodity established pursuant to the provisions of section 360c, less the portion thereof set aside for purposes of subsection (d) of this section, shall be apportioned by the Secretary among the States in which such commodity is produced on the basis of the total marketings or production (in terms of acreage, production units, or commodity units) of such commodity in each State during such representative period of not more than ten years, as the Secretary may determine, with such adjustments as are deemed necessary for abnormal conditions affecting production or marketing, trends in production or marketing, allotments or quotas previously established, and other relevant factors as the Secretary determines will best effectuate the purposes of the Act.

"(b) Subject to the provisions of subsection (d) of this section, the Secretary shall apportion the marketing quota for any State for any agricultural commodity among the farms in the State on which such commodity has been produced in any year of a representative period of not more than five years, as determined by the Secretary. Such allotment shall be made in such manner and in such amounts as to provide a fair and equitable distribution of the marketing quota for any State among such farms in the State, taking into consideration one or more, as the Secretary determines may best effectuate the purposes of the Act, of the following factors: Past marketings or production (in terms of acreage, production units, or commodity units) of the commodity; the quota or quotas or allotment or allotments previously established for the farm; abnormal conditions affecting production; land, labor, and equipment available for the production and marketing of the commodity; rotation practices; soil and other physical factors affecting the production of the commodity; and such other relevant factors as the Secretary determines will best effectuate the purposes of the Act.

"(c) If the Secretary determines that such action will facilitate the effective administration of the Act, the marketing quota for any State may be apportioned among the counties therein on the basis of the provisions of subsection (a) of this section for apportioning the national marketing quota among the States, and the marketing quotas so established for the counties shall be apportioned among farms in the county on the basis of the provisions of subsection (b) of this section for apportioning the State marketing quota among farms in the State.

"(d) Not more than 5 per centum of the national marketing quota for any agricultural commodity may be apportioned among farms on which producers will produce such commodity but for which marketing quotas were not established pursuant to subsection (b) or (c) of this section. Such apportionment shall be made in such manner and in such amounts as to provide a fair and equitable distribution of such portion of the quota, taking into consideration one or more, as the Secretary determines may best effectuate the purposes of the Act, of the following factors: Past marketings or production (in terms of acreage, production units, or commodity units) of the commodity by the producers on the farm; abnormal conditions affecting production; land, labor, and equipment available for the production and marketing of the commodity; rotation practices; soil and other physical factors affecting the production of the commodity; and the proportion of the total income of the producers on the farm derived from farming operations on the farm.

"(e) Notwithstanding the foregoing provisions of this section, the Secretary, on the basis of the average yield per acre or average production per production unit for the commodity for the State during such representative period as he may determine, with such adjustments as are deemed necessary for abnormal conditions affecting production, and trends in production, may convert the State marketing quota for any agricultural commodity into a State acreage allotment or other production-unit allotment and apportion the same among farms on the basis of the provisions of subsection (b) or (c) of this section. The Secretary, on the basis of the national average yield per acre or production per production



unit for the commodity during the same period, similarly adjusted, may also convert into an acreage allotment or other production-unit allotment the amount reserved from the national marketing quota under subsection (d) of this section and apportion the same among farms on the basis of the provisions of that subsection.

#### "COMMERCIAL AREA

"Sec. 360e. (a) Notwithstanding the provisions of section 360c, if the Secretary determines that such action will facilitate the administration of a marketing program and will not substantially impair the effective operation thereof, he may establish a commercial area for any agricultural commodity taking into consideration with respect to the commercial and noncommercial area one or more of the following factors: The total production of the commodity, the number of farms normally producing the commodity, the average production of the commodity per farm, the value of the total marketing of the commodity, the extent to which marketings enter into commercial channels outside such area, and the value of other farm commodities produced in the area. The commercial area shall be proclaimed at the time the national marketing quota is proclaimed pursuant to section 360c, and in establishing such area the Secretary shall, insofar as practicable, observe county boundary lines.

"(b) Whenever a commercial area is established for any agricultural commodity—

"(1) the national marketing quota established for the agricultural commodity shall not be in effect with respect to the production of the commodity outside the commercial area;

"(2) the national marketing quota, less the portion thereof set aside under paragraph (3) of this subsection, shall be apportioned by the Secretary among counties and farms in the commercial area on the basis of the provisions of section 360d (a) and (b) for apportioning the national marketing quota among States and farms, respectively; and

"(3) not more than 5 per centum of the national marketing quota for any agricultural commodity may be apportioned to farms in the commercial area on the basis of the provisions of section 360d(d).

"(c) Notwithstanding the provisions of subsection (b) of this section, the Secretary, on the basis of the provisions of section 360d(e) using county average yields or production in lieu of State average yields or production, may convert the quota for any county into a county acreage allotment or other production-unit allotment and apportion the same among farms on the basis of the provisions of section 360(b) for apportioning the State marketing quota among farms. The Secretary, on the basis of the provisions of section 360d(e) using average yields or production for the commercial area in lieu of national average yields or production, may also convert into an acreage allotment or other production-unit allotment the amount reserved from the national marketing quota under subsection (b) (3) of this section and apportion the same among farms on the basis of the provisions of section 360d(d).

#### "PERSONAL HISTORY

"Sec. 360f. Notwithstanding the foregoing provisions of this part, in any State, county, or other administrative area in which the Secretary determines that a substantial portion of the production of any agricultural commodity is carried on by persons who normally produce the commodity on different farms from one year to the next, the Secretary, in providing for the establishment of marketing quotas or acreage allotments or other production-unit allotments for farms in such State, county, or area may consider the past production, acreage, or marketings of the commodity by such persons, in addition to the other factors required to be considered.

#### "FARM MARKETING QUOTAS

"Sec. 360g. (a) If farm marketing quotas are established for any agricultural commodity without acreage allotments or other production-unit allotments, the farm marketing quota shall be the number of commodity units established for the farm under the applicable provisions of this part.

"(b) Subject to the provisions of subsection (c) of this section, if farm acreage allotments or other production-unit allotments are established for an agricultural commodity, the farm marketing quota shall be the actual production of



the farm acreage allotment or other production-unit allotment established for the farm under this part.

"(c) In the case of any agricultural commodity for which the Secretary determines such action will facilitate the effective administration of the provisions of the Act, the farm marketing quota for such commodity shall be the actual production of the commodity on the farm less the farm marketing excess. The farm marketing excess shall be an amount equal to twice the normal production of the acreage planted or production units maintained of the commodity in excess of the farm acreage allotment or other production-unit allotment: *Provided*, That the farm marketing excess shall not be larger than the amount by which the actual production on the farm exceeds the actual production of the farm acreage allotment or other production-unit allotment if the producer establishes such actual production to the satisfaction of the Secretary. The farm marketing excess shall be deemed available for marketing.

"COMPLIANCE

"SEC. 360h. (a) The provisions of section 359 (a), (d) and (e) and section 356(h) of this Act shall apply to any commodity for which a farm marketing quota is established under this part, other than a commodity for which a farm marketing quota is established on a farm marketing excess basis, except that for purposes of this part:

"(1) The language 'at a rate equal to 75 per centum of the support price for peanuts for the marketing year (August 1-July 31)' shall be deemed to read 'at a rate per unit of the commodity equal to 65 per centum of the parity price for such commodity for the second month prior to the beginning of the marketing year for such commodity or if a group of commodities are treated as a single commodity for marketing purposes, at a rate per unit equal to 65 per centum of the parity price for the second month prior to the beginning of the marketing year for the commodity of the group for which such parity price is the highest.'

"(2) The application of the provisions of the last sentence of section 359 (a) shall be discretionary with the Secretary.

"(3) The terms 'acreage' and 'acreage allotment' in section 359(a) and in paragraph (6) of this subsection shall be deemed to include other production units and production-unit allotments, respectively.

"(4) If the current production of the commodity on any farm is less than the current farm marketing quota, there may be marketed free of restriction an amount of overquota commodity carried over from any previous marketing year equal to the amount by which the current marketing quota exceeds the amount of such current production.

"(5) Any commodity carried over by the producer thereof from one marketing year to another may be marketed without restriction if the total amount of the commodity available for marketing from the farm in the marketing year from which the commodity is carried over did not exceed the farm marketing quota for such marketing year.

"(6) If the acreage on any farm of the commodity is less than the farm acreage allotment, there may be marketed free of restriction an amount of overquota commodity carried over from any previous marketing year equal to the normal production of the acreage by which such allotment exceeds such farm acreage.

"(b) The provisions of section 356 of this Act shall apply to any commodity for which a farm marketing quota under this part is established on a farm marketing excess basis, except that for purposes of this part:

"(1) The second sentence of section 356(a) shall not be applicable, and the language of section 356(a) reading 'at a rate per pound equal to 50 per centum of the parity price per pound for rice as of June 15 of the calendar year in which such crop is produced' shall be deemed to read 'at a rate per unit of the commodity equal to 65 per centum of the parity price for such commodity for the second month prior to the beginning of the marketing year for such commodity or if a group of commodities are treated as a single commodity for marketing quota purposes, at a rate per unit equal to 65 per centum of the parity price for the second month prior to the beginning of the marketing year for the commodity of the group for which such parity price is highest.'



"(2) The language in section 356(b) reading 'the normal production' shall be deemed to read 'twice the normal production' and the language in such section reading 'pursuant to the proviso in section 355' shall be deemed to read 'pursuant to the proviso in section 360g(c)'.

"(3) The terms 'acreage' and 'acreage allotment' in section 356 shall be deemed to include other production units and production-unit allotments, respectively.

#### "EXEMPTION

"SEC. 360i. Notwithstanding the foregoing provisions of this part, the Secretary may, if he deems such action will not substantially interfere with the effective operation of a marketing quota program under this part, determine for any agricultural commodity a uniform amount of production (in terms of acreage, production units, or commodity units) per farm which may be marketed free of restriction for all uses or limited uses. Such exemption may be restricted to any farm on which the production does not exceed the amount so determined for such farm.

#### "REFERENDUM

"SEC. 360j. The Secretary shall conduct a referendum of farmers to determine whether they favor or oppose a national marketing quota for the marketing year or years proclaimed under this part within sixty days after the date of such proclamation. The persons eligible to vote in the referendum shall be farmers engaged in the production of the commodity in the year in which the referendum is held which is not subject to an exemption under section 360i, except that the Secretary may also provide for the inclusion in the referendum of farmers engaged in the previous year in the production of the commodity not subject to an exemption under section 360i in any area where farming practices in such area are such as to make the two-year period a more representative period for determining eligibility. If more than one-third of the farmers voting in the referendum oppose the quota or quotas such quotas shall become ineffective upon proclamation of the results of the referendum. The Secretary shall proclaim the results of any referendum held hereunder within thirty days after the date of such referendum. The determinations of the Secretary as to the farmers eligible to vote in the referendum hereunder and the proclaimed results of such referendum shall be final and conclusive.

#### "TRANSFER OF QUOTAS

"SEC. 360k. Farm marketing quotas, including acreage allotments and other production-unit allotments, may be transferred to such extent, in such manner, and subject to such conditions as the Secretary may prescribe by regulations.

#### "DEFINITIONS

"SEC. 360l. For purposes of marketing quotas under this part, the following definitions shall apply, except that the corresponding definitions in section 301 may be used for the commodities to which they relate:

"(a) 'Total supply' of any agricultural commodity for any marketing year shall be the carryover at the beginning of such marketing year, plus the estimated production of the commodity in the United States during the calendar year in which such marketing year begins and the estimated imports of the commodity into the United States during such marketing year.

"(b) 'Carryover' of any agricultural commodity, for any marketing year shall be the quantity of the commodity on hand in the United States at the beginning of such marketing year, not including any part of the crop or production of such commodity which was produced in the United States during the calendar year then current. The carryover of any agricultural commodity may also include the quantity of such commodity in processed form on hand in the United States at the beginning of such marketing year, if the Secretary determines that the inclusion of such processed quantity of the commodity is necessary to effectuate the purposes of the Act.

"(c) 'Normal supply' of any agricultural commodity for any marketing year shall be (i) the estimated domestic consumption of the commodity for the marketing year for which such normal supply is being determined, plus (ii) the quantity deemed desirable to be produced for export during such marketing year, plus (iii) an allowance for carryover. The allowance for carryover shall be the average carryover of the commodity for the five



marketing years immediately preceding the marketing year in which such normal supply is determined, adjusted for surpluses or deficiencies caused by abnormal conditions, changes in marketing conditions, or the operation of any agricultural program. In determining normal supply, the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary.

"(d) 'Normal yield' for any farm in the case of any agricultural commodity shall be the average yield per acre of such commodity for the farm, adjusted for abnormal conditions affecting yields and for trends in yields, during such representative period as the Secretary may determine, not exceeding the five calendar years immediately preceding the year in which such yield is determined. If for any such year the data are not available or there is no actual yield, or if the normal yield determined for a farm is not representative of the difference in productivity of several fields, then the normal yield for the farm may be appraised in accordance with regulations of the Secretary, taking into consideration abnormal conditions affecting yields, the normal yield for the farm in previous years, the yield per acre for the farm in years for which such data are available, and the normal yield established for other similar farms. Where production units other than acres are involved, the terms 'production unit' and 'production' shall have the same meaning as the terms 'acre' and 'yield', respectively.

"(e) (1) 'Market', in the case of any agricultural commodity, means to dispose of, in raw or processed form, by voluntary or involuntary sale, barter, exchange, or gift inter vivos, or by feeding (in any form) to livestock or poultry which, or the products of which, are sold, bartered, transferred by gift, exchanged, or to be so disposed of.

"(2) 'Marketed', 'marketing', and 'for market' shall have corresponding meanings to the term 'market' in the connection in which they are used.

"(f) 'Normal production' as applied to any number of acres or other production units of any agricultural commodity means the normal yield per acre or other production unit for the farm multiplied by such number of acres or other production units.

"(g) 'Actual production' of any number of acres or other production units of any agricultural commodity means the actual average yield per acre or other production unit for the farm multiplied by such number of acres or production units.

"(h) 'Marketing year' for an agricultural commodity shall be any period determined by the Secretary during which substantially all of a crop or production of such commodity is normally marketed by the producers

#### "APPLICATION OF SUBTITLE C

"SEC. 360m. The provisions of subtitle C shall apply to quotas established under this part and the provisions of said subtitle covering specific commodities shall apply to any and all commodities for which quotas are established pursuant to this part VII."

SEC. 122. Section 2 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the language "cotton, wheat, corn, tobacco, and rice" and inserting in lieu thereof the words "agricultural commodities".

SEC. 123. The word "Act" as used in section 390 of the Agricultural Adjustment Act of 1938 shall include all provisions of the Agricultural Enabling Amendments Act of 1961 applicable to farm marketing quotas.

#### SUBTITLE D—PRICE STABILIZATION

SEC. 131. The Agricultural Act of 1949, as amended, is amended by adding the following new title:

#### "TITLE VI—ADDITIONAL PROVISIONS RELATING TO PRICE STABILIZATION

"SEC. 601. Notwithstanding any other provision of law, in order to stabilize farm income and farm prices of agricultural commodities, the Secretary may, after consultation with and advice from the national farmer advisory committee for such commodity established under section 17 of the Soil Conservation and Domestic Allotment Act, as amended, and after approval by the President, carry out any operation authorized under this title with respect to any agricultural commodity.



"SEC. 602. The price to producers of any agricultural commodity may be supported at such level not in excess of 90 per centum of the parity price of the commodity as of the beginning of the marketing year as the Secretary determines will result in fair and equitable treatment to producers, taking into account the following factors: (1) the supply of the commodity in relation to the demand therefor; (2) the supply of the commodity which will be utilized at fair prices; (3) the levels at which the price of other commodities are being supported; (4) the availability of funds; (5) the perishability of the commodity; (6) the importance of the commodity to agriculture and the national economy; (7) the ability to dispose of stocks acquired; (8) the need for offsetting temporary losses of export markets; and (9) the ability and willingness of producers to keep supplies in line with demand. If compensatory payments to producers are utilized as a means of price support for any agricultural commodity, the level of support shall not be deemed to be in excess of 90 per centum of the parity price of the commodity if the average rate of payment plus the national average price received by producers for the commodity during the marketing year does not exceed 90 per centum of the parity price of the commodity: *Provided*, That such payments shall be limited to an amount determined to be necessary to support the price on that part of the production on the farm necessary to maintain and strengthen the family farm system of agriculture.

"SEC. 603. (a) The Secretary is authorized to support prices through commodity loans, commodity purchases, compensatory payments, diversion payments, incentive payments, and any other operation which he deems appropriate. The Secretary is authorized to make payments-in-kind by the issuance of certificates which the Commodity Credit Corporation shall redeem in commodities in accordance with regulations prescribed by the Secretary, in any case where the Secretary determines that the goal of reduction of available stocks makes such payments feasible. Incentive payments and diversion payments, whether in kind or otherwise, shall not be at greater rates than reasonably necessary to achieve the required production or diversion. Compensator payments shall not be made to producers as a means of price support unless there is in effect for the crop or production of the commodity with respect to which the payments are made a supply adjustment program under the Agricultural Adjustment Act, as reenacted and amended, or a farm marketing quota under the Agricultural Adjustment Act of 1938, as amended.

"(b) Notwithstanding any other provision of law, if a marketing quota proclaimed under part VII, subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, or a supply adjustment order applicable to all production or marketing areas, or both, issued under the Agricultural Adjustment Act, as reenacted and amended, is disapproved by producers of corn or any non-basic commodity, such commodity beginning with the crop or production thereof which would have been first regulated under such marketing quota or order shall not be supported under this Act or any other Act at a level in excess of 50 per centum of the parity price therefor unless and until such a supply adjustment order or a marketing quota becomes effective for the crop or production to be supported or the Secretary determines that a supply adjustment order or marketing quota is not necessary to maintain a reasonable balance between the supply of the commodity and the demand therefor.

"SEC. 604. The terms and conditions of such price support operations shall be determined or approved by the Secretary. Compliance by the producer with allotments, production goals, conservation practices, and marketing practices (including marketing quotas) prescribed by the Secretary may be required as a condition of eligibility for such price support.

"SEC. 605. The Secretary is authorized to carry out such operations through Commodity Credit Corporation and other means available to him, and the Corporation is authorized in conduct such operations.

"SEC. 606. (a) In the administration of this title, the Secretary shall give consideration to operations which will best effectuate the policy of the Agricultural Act of 1961 in regard to family farms.

"(b) The authority contained in this title shall be in addition to and not in substitution for or in derogation of the authority contained in other titles of this Act, or in any other Act. Any provision of titles I through IV of this Act which is inconsistent with the provisions of any operation carried out under this title shall not be effective with respect to such operation."

SEC. 132. Section 703 of the National Wool Act of 1954, as amended (68 Stat. 910, 72 Stat. 944), is amended by striking from the second sentence thereof "1962" and inserting in lieu thereof "1965".



SUBTITLE E—CONGRESSIONAL REVIEW AND MISCELLANEOUS PROVISIONS

SEC. 141. (a) Notwithstanding any other provision of law, if a program is formulated for any commodity, other than for the 1962 wheat crop, under which—

(1) a marketing order is proposed for such commodity under the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, which would be applicable to all production or marketing areas of any commodity or product thereof, or which would provide for individual producer allotments or quotas, or

(2) a marketing quota is proposed for such commodity under part VII, subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, or

(3) a price or income stabilization operation is proposed for such commodity under title VI of the Agricultural Act of 1949, as amended, the President shall transmit to the Congress a statement describing the basic features of such program, and any such marketing order, marketing quota or stabilization operation shall not be issued, proclaimed or undertaken if within the sixty-day period following the date on which such statement is submitted to the Congress, either the House of Representatives or the Senate has adopted a resolution stating in substance that the Senate or House of Representatives, as the case may be, does not favor such a program. In the computation of the sixty-day period, there shall be excluded the days on which either House is not in session because of an adjournment of more than three days to a day certain or an adjournment of the Congress sine die.

(b) Any program for any commodity or product thereof not disapproved by the Congress as provided in subsection (a) of this section shall be and remain in effect until superseded by another program for such commodity or product submitted pursuant to the provisions of this Act, or until such program terminates in accordance with its provisions, but as to basic commodities except corn, no such program shall terminate until so superseded by another program.

(c) Disapproval by the Congress of any program pursuant to subsection (a) of this section, or the submission of a program pursuant to such subsection which is disapproved by the Congress, shall not affect the operation of any other program authorized or required by law.

SEC. 142. Notwithstanding any other provision of law, if a marketing quota proclaimed under part VII, subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, or a supply adjustment order applicable to all production or marketing areas, or both, issued under the Agricultural Adjustment Act, as reenacted and amended, is disapproved by producers of any commodity for which marketing quotas are authorized under parts I through VI of such subtitle B, the level of price support for cooperators for the crop of such commodity which would normally be marketed in the first marketing year for which such disapproved quota or order would have been in effect shall be 50 per centum of the parity price therefor and no support shall be available to noncooperators. A "cooperator" shall be a producer on whose farm the acreage of the commodity does not exceed the farm acreage allotment established for the commodity in connection with such disapproved quota or order or, if no such allotment was established, a producer who complies with such conditions of eligibility as the Secretary may prescribe.

TITLE II—AGRICULTURAL TRADE DEVELOPMENT

SEC. 201. Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) Effective January 1, 1962, section 103 (b) is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning January 1, 1962, and ending December 31, 1966, which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of \$7,500,000,000: *Provided*, That agreements shall not be entered into during any calendar year of such period which will call for appropriations to reimburse Commodity Credit Corporation in amounts in excess of \$2,500,000,000."

(2) Section 104 is amended:

(a) by inserting after the words "foreign currencies" in the introductory clause, the following: "including principal and interest from loan repayments," and



(b) by striking out in the final proviso in such section the language beginning with the words "for the purpose" and ending with the words "specified in" and inserting in lieu thereof the words "pursuant to,".

(3) Section 106 is amended by inserting "with regard to" before "the nations" in the second sentence thereof and by striking ", and to determine" in such sentence.

(4) Section 109 is amended by striking out "1961" and substituting "1966".

(5) The following new section is hereby added:

"Sec. 110. In order to facilitate the establishment of national food reserves in underdeveloped countries, surplus agricultural commodities may be made available by the President through Commodity Credit Corporation for national food reserves pursuant to an agreement with the recipient country requiring that payment shall be made when such commodities are withdrawn from the reserve, except that no payment shall be required for any quantities of such commodities which are used by agreement of the President and the Government of the recipient country for purposes provided for in section 201 of this Act, which agreement may provide for replacement of commodities so used with commodities supplied under section 201. Agreements under which commodities are provided pursuant to this section shall specify whether any payment made thereunder shall be in foreign currency or in dollars, and the purposes authorized by section 104 of this Act for which any such foreign currency payments may be used. In negotiating agreements under this section the President shall give effect to the requirements prescribed in section 101 for agreements entered into under that section."

SEC. 202. Title II of the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) Section 201 is amended by striking out the words "out of its stocks".

(2) Section 202 is amended by striking out "from Commodity Credit Corporation stocks" and substituting "(as defined in section 106 of title I) made available by Commodity Credit Corporation".

(3) Section 203 is amended (a) by deleting the first sentence and substituting the following: "Programs of assistance shall not be undertaken under this title during any calendar year beginning January 1, 1961, and ending December 31, 1966, which call for appropriations of more than \$300,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available), plus any amount by which programs of assistance undertaken in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than were authorized for such purpose during such preceding year by this title as in effect during such preceding year."; and (b) by deleting "such" the first time it appears in the second sentence.

(4) Section 204 is amended by striking out "1961" and substituting "1966".

SEC. 203. Title IV of the Agricultural Trade Development and Assistance Act of 1954, as amended, is hereby amended as follows:

(1) Section 401 is amended by adding at the end thereof the following new sentence: "It is also the purpose of this title to stimulate and increase the sale of surplus agricultural commodities for dollars through long-term supply agreements and through the extension of credit for the purchase of such commodities, thereby assisting the development of the economies of friendly nations and maximizing dollar trade."

(2) Section 403 is amended by deleting the words "in approximately equal annual amounts" in the last sentence thereof.

(3) Section 405 is amended by striking out "Secretary" and substituting "President".

(4) Section 406 of such Act is amended by inserting after the word "sections" the following: "101 (a), (b), (c), and (d)."

SEC. 204. The Mutual Security Act of 1960 is amended by deleting section 601(a)(2).

SEC. 205. In the conduct of foreign market development programs, the Secretary of Agriculture is authorized to credit contributions from individuals, firms, associations, agencies, and other groups, and the proceeds received from space rentals, and sale of products and materials at exhibitions, to the appropriations charged with the cost of acquiring such space, products, and materials.



## TITLE III—AGRICULTURAL CREDIT

SEC. 301. (a) This title may be cited as the "Consolidated Farmers Home Administration Act of 1961".

(b) The Congress hereby finds that the statutory authority of the Secretary of Agriculture, hereinafter referred to in this title as the "Secretary," for making and insuring loans to farmers and ranchers should be revised and consolidated to provide for more effective credit services to farmers.

## SUBTITLE A—REAL ESTATE LOANS

SEC. 302. The Secretary is authorized to make and insure loans under this subtitle to farmers and ranchers in the United States and in Puerto Rico and the Virgin Islands who (1) are citizens of the United States, (2) have a farm background and training or farm experience which the Secretary determines is sufficient to assure reasonable prospects of success in the proposed farming operations, (3) are or will become owner-operators of not larger than family farms, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms for loans for similar purposes and periods of time.

SEC. 303. Loans may be made or insured under this subtitle for acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, refinancing existing indebtedness, and for loan closing costs. In making or insuring loans for farm purchase, the Secretary shall give preference to persons who are married or have dependent families and, wherever practicable, to persons who are able to make initial downpayments, or who are owners of livestock and farm implements necessary successfully to carry on farming operations.

SEC. 304. Loans may also be made or insured under this subtitle to any farm-owners without regard to the requirements of section 302 (1), (2), and (3) for the purposes only of land and water development, use and conservation.

SEC. 305. The Secretary shall make or insure no loan under sections 302, 303, and 304 which would cause (a) the unpaid indebtedness against the farm or other security at the time the loan is made to exceed the normal value of the farm or other security, or (b) the loan to exceed the amount certified by the county committee. In determining the normal value of the farm, the Secretary shall consider appraisals made by competent appraisers under rules established by the Secretary. Such appraisals shall take into consideration both the normal agricultural value and the normal market value of the farm.

SEC. 306. (a) The Secretary also is authorized to make or insure loans to associations, including corporations not operated for profit and public and quasi-public agencies, to provide for the application or establishment of soil conservation practices, the conservation, development, use, and control of water and the installation or improvement of drainage facilities, all primarily for serving farmers, ranchers, farm tenants, farm laborers, and rural residents, and to furnish financial assistance or other aid in planning projects for such purposes. No such loans shall be made which would cause an association's unpaid principal indebtedness to the Secretary under this section and the Act of August 28, 1937, as amended, to exceed \$2,500,000 at any one time.

(b) The service provided or made available through any such association shall not be curtailed or limited by inclusion of the area served by such association within the boundaries of any municipal corporation or other public body, or by the granting of any private franchise for similar service within such area during the term of such loan; nor shall the happening of any such event be the basis of requiring such association to secure any franchise, license, or permit as a condition to continuing to serve the area served by the association at the time of the occurrence of such event.

SEC. 307. (a) The period for repayment of loans under this subtitle shall not exceed forty years. The Secretary shall from time to time establish the interest rate or rates at which loans for various purposes will be made or insured under this subtitle but not in excess of 5 per centum per annum. The borrower shall pay such fees and other charges as the Secretary may require.

(b) The Secretary shall take as security for the obligations entered into in connection with loans, mortgages on farms with respect to which such loans are made or such other security as the Secretary may require, and for obligations in connection with loans to associations under section 306, shall take liens on the facility or such other security as he may determine to be necessary.



Such security instruments shall constitute liens running to the United States notwithstanding the fact that the notes may be held by lenders other than the United States.

SEC. 308. Loans under this subtitle may be insured by the Secretary, aggregating not more than \$150,000,000 in any one year, whenever funds are advanced or a loan is purchased by a lender other than the United States. In connection with insurance of loans, the Secretary—

(a) is authorized to make agreements with respect to the servicing of loans insured hereunder and to purchase such loans on such terms and conditions as he may prescribe, except that no agreement shall provide for purchase by the Secretary at a date sooner than three years from the date of the note; and

(b) shall retain out of payments by the borrower a charge at a rate determined by the Secretary from time to time equivalent to not less than 1 per centum per annum on the principal unpaid balance of the loan.

Any contract of insurance executed by the Secretary under this subtitle shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder has actual knowledge.

SEC. 309. (a) The fund established pursuant to section 11(a) of the Bankhead-Jones Farm Tenant Act, as amended, shall hereafter be called the Agricultural Credit Insurance Fund and is hereinafter in this subtitle referred to as the "fund". The fund shall remain available as a revolving fund for the discharge of the obligations of the Secretary under agreements insuring loans under this subtitle and loans and mortgages insured under prior authority.

(b) Moneys in the fund not needed for current operations shall be deposited in the Treasury of the United States to the credit of the fund or invested in direct obligations of the United States or obligations guaranteed by the United States. The Secretary may purchase with money in the fund any notes issued by the Secretary to the Secretary of the Treasury for the purpose of obtaining money for the fund.

(c) The Secretary is authorized to make and issue notes to the Secretary of the Treasury for the purpose of obtaining funds necessary for discharging obligations under this section and for authorized expenditures out of the fund. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes shall bear interest at a rate fixed by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the notes issued by the Secretary under this subtitle. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act, as amended, are extended to include the purchase of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

(d) Notes and security acquired by the Secretary in connection with loans insured under this subtitle shall become a part of the fund. Notes may be held in the fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for insurance thereof at the balance due thereon, or on such other basis as the Secretary may determine from time to time. All net proceeds from such collections, including sales of notes or property, shall be deposited in and become a part of the fund.

(e) The Secretary shall deposit in the fund such portion of the charge collected in connection with the insurance of loans at least equal to a rate of one-half of 1 per centum per annum on the outstanding principal obligations as he determines to be an appropriate insurance charge and the remainder of such charge shall be available for administrative expenses of the Farmers Home Administration, to be transferred annually and become merged with any appropriation for administrative expenses.

(f) The Secretary may utilize the fund—



(1) to make loans which could be insured under this subtitle whenever the Secretary has reasonable assurance that they can be sold without undue delay, and may sell and insure such loans. The aggregate of the principal of such loans made and not disposed of shall not exceed \$10,000,000 at any one time;

(2) to pay the interest to which the holder of the note is entitled on loans heretofore or hereafter insured accruing between the date of any prepayments made by the borrower and the date of transmittal of any such prepayments to the lender. In the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due date of the annual installment;

(3) to pay to the holder of the notes any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request, the entire balance due on the loan;

(4) to purchase notes in accordance with agreements previously entered into; and

(5) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections and other expenses and advances authorized in section 335(a) in connection with insured loans.

SEC. 310. The terms "farmowner" and "owner-operator" in this subtitle shall include the owner of such interest in real estate as will give the applicant the rights of possession, management and control of the property sufficient to accomplish the objectives of the loan applied for and the right to encumber his interest as security, and if such interest is less than full ownership, the owners of all interests in said property join in the encumbrance, or if the applicant's interest is terminable, the owners of the other interest agree to pay the applicant the value of the improvements as of the time of termination of the applicant's interest in the property.

#### SUBTITLE B—OPERATING LOANS

SEC. 311. The Secretary is authorized to make loans under this subtitle to farmers and ranchers in the United States and in Puerto Rico and the Virgin Islands who (1) are citizens of the United States, (2) have a farm background and training or farming experience which the Secretary determines is sufficient to assure reasonable prospects of success in the proposed farming operation, (3) are or will become operators of not larger than family farms, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms for loans for similar purposes and periods of time.

SEC. 312. Loans may be made under this subtitle for (1) paying costs incident to reorganizing the farming system for more profitable operation, (2) purchasing livestock, poultry and farm equipment, (3) purchasing feed, seed, fertilizer, insecticides, and farm supplies and to meet other essential farm operating expenses including cash rent, (4) financing land and water development, use and conservation, (5) refining existing indebtedness, (6) other farm and home needs including but not limited to family subsistence, and (7) for loan closing costs.

SEC. 313. The Secretary shall make no loan under this subtitle to any individual (1) which would cause the total principal indebtedness outstanding at any one time for loans made to such individual under this subtitle and under section 21 of the Bankhead-Jones Farm Tenant Act, as amended, to exceed \$50,000, (2) for leasing of land, other than for annual cash rent, or for the purchasing of land, or (3) in excess of an amount certified by the county committee.

SEC. 314. Loans may also be made to nonprofit organizations for the purchase of farming equipment and facilities to be made available to farmers on terms and conditions approved by the Secretary.

SEC. 315. The Secretary is authorized to participate in loans which could otherwise be made by the Secretary under this subtitle which are made by commercial banks, cooperative lending agencies, or other regular responsible sources of credit up to 80 per centum of the amount of the loan.

SEC. 316. The Secretary shall make all loans under this subtitle at an interest rate not to exceed 5 per centum per annum, upon the full personal liability of the borrower and upon such security as the Secretary may prescribe. Such loans shall be payable in not more than fifteen years.



## SUBTITLE C—EMERGENCY LOANS

SEC. 321. (a) The Secretary may designate any area in the United States and in Puerto Rico and the Virgin Islands as an emergency area if he finds (1) that there exists in such area a general need for agricultural credit which cannot be met for temporary periods of time by private, cooperative, or other responsible sources (including loans the Secretary is authorized to make under subtitle B or to make or insure under subtitle A of this title or any other Act of Congress), at reasonable rates and terms for loans for similar purposes and periods of time, and (2) that the need for such credit in such area is the result of a natural disaster, severe production losses, or critical economic conditions encountered in the area by the producers of specified agricultural commodities and products.

(b) The Secretary is authorized to make loans in any such area (1) to established farmer or ranchers who are citizens of the United States and (2) to private domestic corporations or partnerships engaged primarily in farming or ranching provided they have experience and resources necessary to assure a reasonable prospect for successful operation with the assistance of such loan, and are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms for loans of similar purposes and periods of time.

SEC. 322. Loans may be made under this subtitle for any of the purposes authorized for loans under subtitle A or B of this title.

SEC. 323. The Secretary shall make no loan under this subtitle in excess of an amount certified by the county committee.

SEC. 324. The Secretary shall make all loans under this subtitle at a rate of interest not in excess of 3 per centum per annum repayable at such times as the Secretary may determine, taking into account the purpose of the loan and the nature and effect of the emergency, but not later than provided for loans for similar purposes under subtitles A and B of this title, and upon the full personal liability of the borrower and upon such security as the Secretary may prescribe.

SEC. 325. The Secretary may make additional loans without regard to the designation of emergency areas under section 321(a) to persons or corporations (1) who have suffered severe production losses not general to the area and (2) who are indebted to the Secretary for loans under the Act of April 6, 1949, as amended, or the Act of August 31, 1954, as amended, to the extent necessary to permit the orderly repayment or liquidation of said prior indebtedness.

SEC. 326. The Secretary is authorized to utilize the revolving fund created by section 84 of the Farm Credit Act of 1933, as amended (hereinafter in this subtitle referred to as the "Emergency Credit Revolving Fund"), for carrying out the purposes of this subtitle.

SEC. 327. (a) All sums received by the Secretary from the liquidation of loans made under the provisions of this subtitle or under the Act of April 6, 1949, as amended, or the Act of August 31, 1954, and from the liquidation of any other assets acquired with money from the Emergency Credit Revolving Fund shall be added to and become a part of such fund.

(b) There are authorized to be appropriated to the Emergency Credit Revolving Fund such additional sums as the Congress shall from time to time determine to be necessary.

## SUBTITLE D—ADMINISTRATIVE PROVISIONS

SEC. 331. For the purposes of this title and for the administration of assets under the jurisdiction of the Secretary of Agriculture pursuant to the Farmers Home Administration Act of 1946, as amended, the Bankhead-Jones Farm Tenant Act, as amended, the Act of August 28, 1937, as amended, the Act of April 6, 1949, as amended, the Act of August 31, 1954, as amended, and the powers and duties of the Secretary under any other Act authorizing agricultural credit, the Secretary may assign and transfer such powers, duties, and assets to the Farmers Home Administration, to be headed by an Administrator, appointed by the President, by and with the advice and consent of the Senate, without regard to the civil service laws or the Classification Act of 1949, as amended, who shall receive basic compensation as provided by law for that office.

The Secretary may—

(a) administer his powers and duties through such National, area, State, or local offices and employees in the United States and in Puerto Rico and the Virgin Islands as he determines to be necessary and may au-



thorize an office to serve the areas composed of two or more States if he determines that the volume of business in the area is not sufficient to justify separate State offices;

(b) accept and utilize voluntary and uncompensated services, and with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, territory, or political subdivision;

(c) within the limits of appropriations made therefor, make necessary expenditures for purchase or hire of passenger vehicles, printing and binding without regard to the Act of January 12, 1895, as amended, and such other facilities and services as he may from time to time find necessary for the proper administration of this Act;

(d) compromise, adjust, or reduce claims, and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require: *Provided, however, That—*

(1) compromise, adjust, or reduction of claims shall be based on the value of the security and a determination by the Secretary of the debtor's reasonable ability to pay considering his other assets and income at the time of the action and with or without the payment of any consideration at the time of such adjustment or reduction;

(2) releases from personal liability may also be made with or without payment of any consideration at the time of adjustment of claims against—

(A) borrowers who have transferred the security property to approved applicants under agreements assuming the outstanding secured indebtedness;

(B) borrowers who have transferred the security property to approved applicants under agreements assuming that portion of the secured indebtedness equal to the current market value of the security property or transferred the security property to the Secretary;

(C) borrowers who have transferred the security property to other than approved applicants under agreements assuming the full amount of or that portion of the secured indebtedness equal to the current market value of the security property on terms not to exceed five annual installments with interest on the unpaid balance at a rate determined by the Secretary; and

(D) borrowers who transfer security property under subparagraphs (B) and (C) above for amounts less than the indebtedness secured thereby may be released from personal liability only on a determination by the Secretary that each such borrower has no reasonable debt-paying ability considering his assets and income at the time of the transfer and the county committee certifies that the borrower has cooperated in good faith, used due diligence to maintain the security property against loss, and has otherwise fulfilled the covenants incident to his loan to the best of his ability.

(3) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee utilized pursuant to section 332 of this title; and

(4) any claim which has been due and payable for five years or more, and where the debtor has no assets or no apparent future debt-paying ability from which the claim could be collected, or is deceased and has left no estate, or has been absent from his last known address for a period of at least five years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the county committee and of the employee having charge of the claim, and any claim involving a principal balance of \$150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical; and

(5) partial releases and subordination of mortgages may be granted either where the secured indebtedness remaining after the transaction will be adequately secured or the security interest of the Secretary will not be adversely affected, and the transaction and use of proceeds will



further the purposes for which the loan was made, improve the borrower's debt-paying ability, permit payments on indebtedness owed to or insured by the Secretary, or permit payment of reasonable costs and expenses incident to the transaction, including taxes incident to or resulting from the transaction which the borrower is unable to pay from other sources: *Provided further*, That no such compromise, adjustment, or deduction shall be made hereunder after the claim has been referred to the Attorney General.

(e) collect all claims and obligations arising or administered under this title, or under any mortgage, lease, contract, or agreement entered into or administered pursuant to this title and, if in his judgment necessary and advisable, pursue the same to final collection in any court having jurisdiction.

SEC. 332. (a) The Secretary is authorized and directed to appoint in each county or area in which activities are carried on under this title, a county committee composed of three individuals residing in the county or area, at least two of whom at the time of appointment shall be farmers deriving the principal part of their income from farming. Committee appointments shall be for a term of three years except that the first appointments for any new committee shall be for one-, two-, and three-year periods, respectively, so as to provide continuity of committee membership. The Secretary may appoint alternate committeemen. The members of the committee and their alternates shall be removeable for cause by the Secretary.

(b) The rates of compensation, the number of days per month each member may be paid, and the amount to be allowed for necessary travel and subsistence expenses, shall be determined and paid by the Secretary.

(c) The committee shall meet on the call of the chairman elected by the committee or on the call of such other person as the Secretary may designate. Two members of the committee shall constitute a quorum. The Secretary shall prescribe rules governing the procedure of the committees and their duties, furnish forms and equipment necessary, and authorize and provide for the compensation of such clerical assistance as he finds may be required by any committee.

SEC. 333. In connection with loans made or insured under this title, the Secretary shall require—

(a) the applicant to certify in writing that he is unable to obtain sufficient credit elsewhere to finance his actual needs at reasonable rates and terms for loans for similar purposes and periods of time;

(b) except for loans under sections 306, 314, and 321(b)(2), the county committee to certify in writing that the applicant meets the eligibility requirements for the loan, and has the character, industry, and ability to carry out the proposed farming operations, and will, in the opinion of the committee, honestly endeavor to carry out his undertakings and obligations; and for loans under sections 306, 314, and 321(b)(2), the Secretary shall require the recommendation of the county committee as to the making or insuring of the loan;

(c) an agreement by the borrower that if at any time it shall appear to the Secretary that the borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, the borrower will, upon request by the Secretary, apply for and accept such loan in sufficient amount to repay the Secretary or the insured lender, or both, and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan;

(d) such provision for the supervision of the borrower's operations as the Secretary shall deem necessary to achieve the objectives of the loan and protect the interests of the United States; and

(e) the applications of veterans for loans under subtitle A or B of this title to be given preference over similar applications of nonveterans on file in any county or area office at the same time. Veterans as used herein shall mean persons who served in the Armed Forces of the United States during any war between the United States and any other nation or during the Korean conflict and who were discharged or released therefrom under conditions other than dishonorable.

SEC. 334. All property subject to a lien held by the United States or the title to which is acquired or held by the Secretary under this title other than property used for administrative purposes shall be subject to taxation by State, ter-



ritory, district, and local political subdivisions in the same manner and to the same extent as other property is taxed: *Provided, however*, That no tax shall be imposed or collected on or with respect to any instrument if the tax is based on—

- (1) the value of any notes or mortgages or other lien instruments held by or transferred to the Secretary;
- (2) any notes or lien instruments administered under this title which are made, assigned, or held by a person otherwise liable for such tax; or
- (3) the value of any property conveyed or transferred to the Secretary, whether as a tax on the instrument, the privilege of conveying or transferring or the recordation thereof; nor shall the failure to pay or collect any such tax be a ground for refusal to record or file such instruments, or for failure to impart notice, or prevent the enforcement of its provisions in any State or Federal court.

SEC. 335. (a) The Secretary is authorized and empowered to make advances, without regard to any loan or total indebtedness limitation, to preserve and protect the security for or the lien or priority of the lien securing any loan or other indebtedness owing to, insured by, or acquired by the Secretary under this title or under any other programs administered by the Farmers Home Administration; to bid for and purchase at any execution, foreclosure, or other sale or otherwise to acquire property upon which the United States has a lien by reason of a judgment or execution arising from, or which is pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of, any such indebtedness whether or not such property is subject to other liens, to accept title to any property so purchased or acquired; and to sell, manage, or otherwise dispose of such property as hereinafter provided.

(b) Real property administered under the provisions of this title may be operated or leased by the Secretary for such period or periods as the Secretary may deem necessary to protect the Government's investment therein.

(c) The Secretary may determine whether real property administered under this title is suitable for disposition to persons eligible for assistance under subtitle A. Any property which the Secretary determines to be suitable for such purposes shall, whenever practicable, be sold by the Secretary as expeditiously as possible to such eligible persons in a manner consistent with the provisions of subtitle A hereof. Real property which is not determined suitable for sale to such eligible persons or which has not been purchased by such persons within a period of three years from the date of acquisition, shall be sold by the Secretary after public notice at public sale and, if no acceptable bid is received then by negotiable sale, at the best price obtainable for cash or on secured credit without regard to the laws governing the disposition of excess or surplus property of the United States. The terms of such sale shall require an initial downpayment of at least 20 per centum and the remainder of the sales price payable in not more than five annual installments with interest on unpaid balance at the rate determined by the Secretary. Any conveyances under this section shall include all of the interest of the United States including mineral rights.

(d) With respect to any real property administered under this title, the Secretary is authorized to grant or sell easements or rights-of-way for roads, utilities, and other appurtenances not inconsistent with the public interest. With respect to any rights-of-way over land on which the United States has a lien administered under this title, the Secretary may release said lien upon payment to the United States of adequate consideration, and the interest of the United States arising under any such lien may be acquired for highway purposes by any State or political subdivision thereof in condemnation proceedings under State law by service by certified mail upon the United States attorney for the district, the State director of the Farmers Home Administration for the State in which the farm is located, and the Attorney General of the United States: *Provided, however*, That the United States shall not be required to appear, answer, or respond to any notice or writ sooner than ninety days from the time such notice or writ is returnable or purports to be effective, and the taking or vesting of title to the interest of the United States shall not become final under any proceeding, order, or decree until adequate compensation and damages have been finally determined and paid to the United States or into the registry of the court.

SEC. 336. No officer, attorney, or other employee of the Secretary shall, directly or indirectly, be the beneficiary of or receive any fee, commission, gift, or other consideration for or in connection with any transaction or business under this



title other than such salary, fee, or other compensation as he may receive as such officer, attorney, or employee. No member of a county committee shall knowingly make or join in making any certification with respect to a loan to purchase any land in which he or any person related to him within the second degree of consanguinity or affinity has or may acquire any interest or with respect to any applicant related to him within the second degree of consanguinity or affinity. Any persons violating any provision of this section shall, upon conviction thereof, be punished by a fine of not more than \$2,000 or imprisonment for not more than two years, or both.

SEC. 337. The Secretary may provide voluntary debt adjustment assistance between farmers and their creditors and may cooperate with State, territorial, and local agencies and committees engaged in such debt adjustment, and may give credit counseling.

SEC. 338. (a) There is authorized to be appropriated to the Secretary such sums as the Congress may from time to time determine to be necessary to enable the Secretary to carry out the purposes of this title and for the administration of assets transferred to the Farmers Home Administration.

(b) When authorized by Congress, the Secretary is authorized to make and issue notes to the Secretary of the Treasury for the purpose of obtaining funds in such amounts as the Congress may approve from time to time for making direct loans under this title. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes shall bear interest at a rate fixed by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to loans made by the Secretary under this title. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended; and the purposes for which such securities may be issued under such Act, as amended, are extended to include the purchase of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

(c) The appropriations for loans made under the authority of subsection (a) and funds obtained in accordance with subsection (b) of this section, and the unexpended balances of any funds made available for loans under the item "Farmers Home Administration" in the Department of Agriculture Appropriation Acts current on the date of enactment of this title, shall be merged into a single account known as the "Farmers Home Administration direct loan account," hereafter in this section called the "direct loan account." All claims, notes, mortgages, property, including those now held by the Secretary on behalf of the Secretary of the Treasury, and all collections therefrom, made or held under the direct loan provisions of (1) titles I, II, and IV of the Bankhead-Jones Farm Tenant Act, as amended; (2) the Farmers Home Administration Act of 1946, as amended, except the assets of the rural rehabilitation corporations; (3) the Act of August 28, 1937 (50 Stat. 869), as amended; (4) the item "Loans to Farmers—1948 Flood Damage" in the Act of June 25, 1948 (62 Stat. 1038); (5) the item "Loans to Farmers (Property Damage)" in the Act of May 24, 1949 (63 Stat. 82); (6) the Act of September 6, 1950 (64 Stat. 769); (7) the Act of July 11, 1956 (70 Stat. 525); and (8) under this title shall be held for and deposited in said account.

The notes of the Secretary issued to the Secretary of the Treasury under said Acts or under this title and all other liabilities against the appropriations or assets in the direct loan account shall be liabilities of said account, and all other obligations against such appropriations or assets shall be obligations of said account. Moneys in the direct loan account shall also be available for interest and principal repayments on notes issued by the Secretary to the Secretary of the Treasury. Otherwise, the balances in said account shall remain available to the Secretary for direct loans under subtitles A and B of this title, and for advances in connection therewith, not to exceed any existing appropriation of authorization limitations and in such further amounts as the Congress from time to time determines in appropriation Acts. The amounts so authorized for loans and advances shall remain available until expended. Subject to the foregoing limitations, the use of collections deposited in the account may be



authorized by the Congress in lieu or partially in lieu of authorizing the issuing of additional notes by the Secretary to the Secretary of the Treasury, and the account shall be budgeted on a net expenditure basis.

(d) The Secretary may sell and assign any notes and mortgages in the direct loan account with the consent of the borrower or without such consent when the borrower has failed to comply with his agreement to refinance the indebtedness at the request of the Secretary. Such loans may be sold at the balance due thereon or on such other basis as the Secretary may determine from time to time.

(e) At least 25 per centum of the sums authorized in any fiscal year for direct loans to individuals to be made by the Secretary under subtitle A of this title shall be allocated equitably among the several States and territories on the basis of farm population and the prevalence of tenancy, as determined by the Secretary.

SEC. 339. The Secretary is authorized to make such rules and regulations, prescribe the terms and conditions for making or insuring loans, security instruments and agreements, except as otherwise specified herein, and make such delegations of authority as he deems necessary to carry out this title.

SEC. 340. (a) References to any provisions of the Bankhead-Jones Farm Tenant Act or the Act of August 28, 1937 (50 Stat. 869), as amended, superseded by any provision of this title shall be construed as referring to the appropriate provision of this title. Titles I, II, and IV of the Bankhead-Jones Farm Tenant Act, as amended, and the Act of August 28, 1937 (50 Stat. 869), as amended, the Act of April 6, 1949 (63 Stat. 43), as amended, and the Act of August 31, 1954 (68 Stat. 999), as amended, are hereby repealed effective one hundred and twenty days after enactment hereof, or such earlier date as the provisions of this title are made effective by the Secretary's regulations. The foregoing provisions shall not have the effect of repealing the amendments to section 24, chapter 6 of the Federal Reserve Act, as amended, section 5200 of the Revised Statutes, section 35 of chapter III of the Act approved June 19, 1934 (D.C. Code, title 35, sec. 535), enacted by section 15 of the Bankhead-Jones Farm Tenant Act, as amended, and by section 10(f) of the Act of August 28, 1937 (50 Stat. 869), as amended.

(b) The repeal of any provision of law by this title shall not—

(1) affect the validity of any action taken or obligation entered into pursuant to the authority of any of said Acts, or

(2) prejudice the application of any person with respect to receiving assistance under the provisions of this title, solely because such person is obligated to the Secretary under authorization contained in any such repealed provision.

(c) If any provision of this title or the application thereof to any person or circumstances is held invalid, the remainder of the title and the application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 341. Title III of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by the following new section 35:

"SEC. 35. The provisions of this title shall extend to Puerto Rico and the Virgin Islands. In the case of Alaska, Puerto Rico, and the Virgin Islands, the term 'county' as used in this title may be the entire area, or any subdivision thereof as may be determined by the Secretary, and payments under section 33 of this title shall be made to the Governor or to the fiscal agent of such subdivision."

#### TITLE IV—GENERAL

SEC. 401. (a) Congress hereby reaffirms, consistent with the policy embodied in the Copper-Volstead Act, the Cooperative Marketing Act of 1926, the Agricultural Marketing Act of 1929, as amended, the Farm Credit Act of 1933, as amended, and related legislation, the national policy of aiding and encouraging the organization, operation, and sound growth of farmer cooperatives to the end that the farmers of the Nation may through group action conduct their business operations effectively to obtain a fair share of the Nation's income.

(b) Two or more cooperative associations, as defined in the Agricultural Marketing Act of 1929, as amended, may act jointly in a federation of such cooperative associations, or through agencies in common, in performing those acts which farmers acting together in one such association may lawfully perform.



(c) Any cooperative association as defined in the Agricultural Marketing Act of 1929, as amended, or a federation of such cooperative associations, may, in addition to the rights otherwise conferred by law, acquire by purchase or in any other manner the assets or stock of any other such cooperative associations or other corporations engaged in the same or a related line of commerce or may merge or consolidate with any other such cooperative association or other such corporation unless in any line of commerce in any section of the country, the effect of such acquisition, merger, or consolidation may be substantially to lessen competition, or to tend to create a monopoly.

SEC. 402. Section 16 of the Soil Conservation and Domestic Allotment Act, as amended, is amended by changing the third sentence of paragraph (1) of subsection (b) to read as follows: "Such contracts may be entered into during the period ending not later than December 31, 1971, with respect to farms and ranches in counties in the Great Plains area of the States of Colorado, Kansas, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming, designated by the Secretary as susceptible to serious wind erosion by reason of their soil types, terrain, and climatic and other factors."

SEC. 403. The Act of July 1, 1958 (72 Stat. 276) is amended (1) by deleting the word "and" after "\$85,000,000,"; (2) by inserting after "\$95,000,000," the following: "and for the fiscal year beginning July 1, 1961, not to exceed \$105,000,000,"; (3) by deleting "for the fiscal year beginning July 1, 1960" in the second sentence thereof and inserting in lieu thereof "for each of the two fiscal years in the period beginning July 1, 1960, and ending July 1, 1962"; and (4) by adding a new section as follows:

"SEC. 2. There is hereby authorized to be appropriated for the fiscal year beginning July 1, 1962, and for each fiscal year thereafter, such sums as may be necessary to enable the Secretary of Agriculture, under such rules and regulations as he may deem in the public interest, to encourage consumption of fluid milk by children in the United States in (1) nonprofit schools of high school grade and under, and (2) nonprofit nursery schools, child-care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children. For the purposes of this Act, 'United States' means the 50 States and the District of Columbia."

The CHAIRMAN. We will be very glad to recognize you now, and have you present your prepared statement.

**STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE, ACCOMPANIED BY JOHN BAGWELL, GENERAL COUNSEL; JAMES T. RALPH, ASSISTANT SECRETARY; AND JOHN A. BAKER, DIRECTOR OF AGRICULTURAL CREDIT SERVICES, U.S. DEPARTMENT OF AGRICULTURE**

Secretary FREEMAN. Thank you very much, Mr. Chairman and members of the committee. May I first express my sincere appreciation to you, Mr. Chairman, and members of the committee for scheduling this hearing and doing so very quickly, indeed, so that attention might be directed to what I think is an extremely important and significant piece of legislation?

Might I ask the members of the committee, to look at the charts found at the back of the testimony and to please number these charts 1, 2, 3, 4, 5, and so forth on to No. 12. I will want to make reference to them. I do believe they will provide some important source of material in connection with explaining this bill and in setting down some of the background that makes it essential that we should have major legislation in the field of agriculture.

I come to you this morning with a sense of real urgency in connection with agriculture both in terms of the farm sector of our country and as it bears upon our total national well-being.



I would repeat that I surely come in no sense of dogmatism. This is a complicated matter. I am sure that this committee will have much to contribute to this bill. But I would emphasize that we have worked very hard in this preparation. We have benefited from the advice of all of you here. There has been broad consultation in this preparation.

In opening the discussion of the Agricultural Act of 1961, I should like to first, describe briefly the scope of the provisions encompassed in the bill as a whole; second, emphasize the urgency of this legislation; and, third, comment on the real significance of the principles and programs provided for in the bill.

#### I. SCOPE

This bill encompasses several different program areas, but they are all essential parts of achieving the goal of the best possible utilization of our agricultural abundance to contribute to the national well-being under conditions that will enable farmers to achieve a fair income.

One part of the bill is directed toward greater consumption of farm products—toward expanding our exports and improving our programs to meet human needs and promote economic development in the emerging nations. This is an essential part of our agricultural program to adjust our agricultural abundance to meet the needs and conditions of our times. We need to expand our exports as well as our efforts to provide an adequate nutritional base for all Americans. And this expanded utilization of farm products must be taken into account in our plans for adjusting production to the quantities and kinds of agricultural products that we can use.

Another part of the bill relates to agricultural credit, and is directed toward enabling all our family farmers to benefit from the improvements contemplated in the farm program, to strengthen the position of family farmers, and to enable them to make their maximum contribution to the Nation's economic growth.

Still another part emphasizes the assurance that farmers' cooperatives will have the legal protection they need to grow and prosper in our modern economy, and by that growth to enable them to make a greater contribution to the economic well-being of their members.

The longest portion of the bill, title 1, relates to supply adjustment and price stabilization. It provides the procedures and the machinery whereby farmers can work together, in cooperation with Government, to adjust their production to modern needs and conditions; and thereby to achieve for themselves fair incomes, as they make available to consumers adequate supplies at fair prices.

We believe that all these program areas should be treated together as they are combined in this bill, for the failure to act affirmatively in any one of these areas is to cut away one important support of the total program for agriculture.

#### II. URGENCY

I believe that the early enactment of this legislation is imperative in the interest of farmers, consumers, taxpayers, and the economy as a whole. Its urgency is highlighted by several factors.



A. THIS LEGISLATION IS URGENT BECAUSE THE DECLINE IN FARM INCOME MUST BE REVERSED

The decline in farm income in recent years need not be spelled out for members of this committee. You are well aware of the facts. But I assure you that it needs to be presented to others. Nothing has impressed me more, during my 3 months in this office, than the extent to which the nonfarm public is unaware of the critically low level of farm income. Emphasis on surplus and subsidy have clouded the true facts.

And if you would look now at chart No. 1 you will note the non-farm income climbing, and farm income falling, particularly in recent years.

Chart 2 directs its attention to realized net income of farmers. You will see the realized gross figures, the production expenses, and the net income figures. And you will note again the widening gap which exists. And this dramatically illustrates what has happened. This is in part the fall of the farm prices, 12 percent reduction in average prices since 1947-49, and it is 20 percent rise in the price that farmers pay.

If you look at chart No. 3 this is rather well set forth—notice the cost climb and income drop.

CHART No. 1

## INCOME PER PERSON

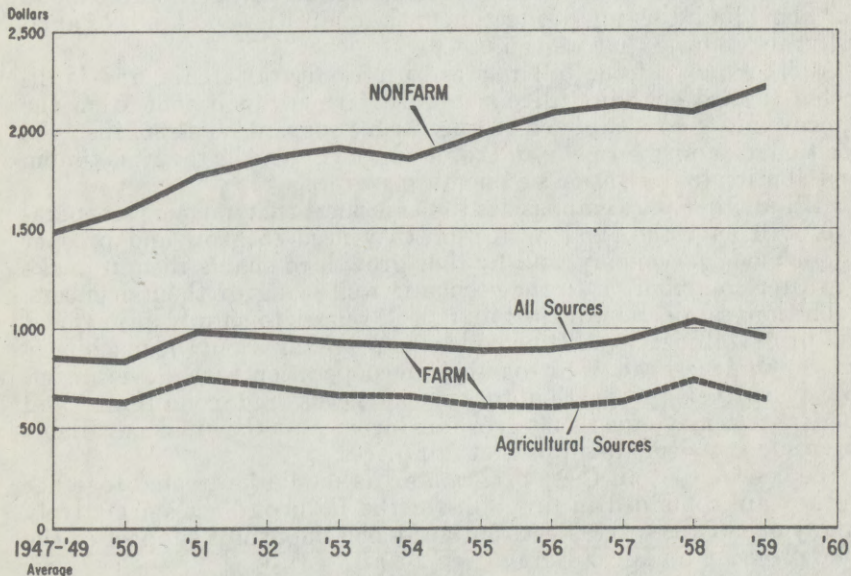




CHART No. 2

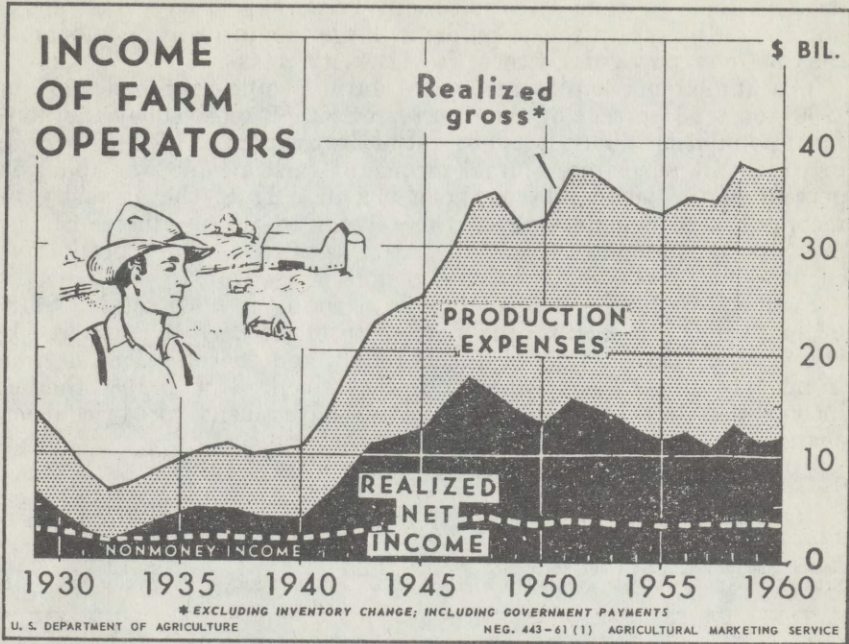
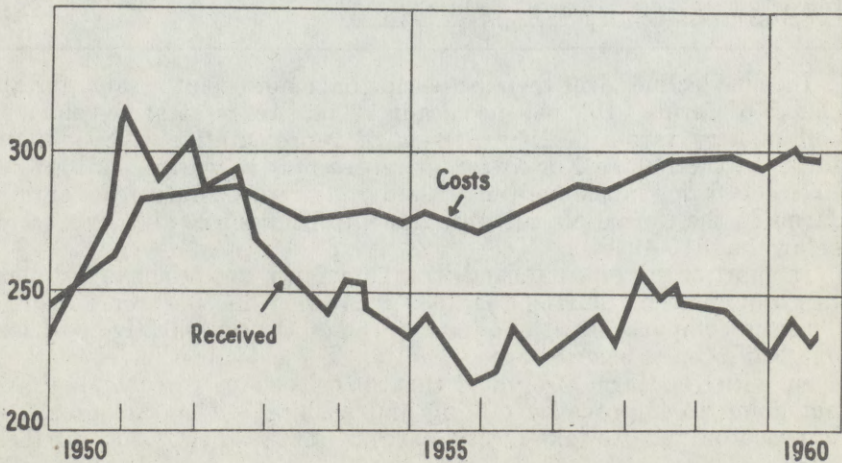


CHART No. 3

## FARM PRICES AND COST 1950-1960

% OF 1910-14





These facts are well known to the members of this committee. I brought them to your attention today because, as I say, this fact is not generally known to the public at large nor to many Members of the Congress, particularly those from the city areas.

The annual per capita income of farm people averaged \$986 in 1960—only 43 percent of the average of \$2,282 received by the non-farm population. This is a substantial drop from the 1947-49 period, in which the per capita annual income of farm people was about 58 percent of the per capita nonfarm income. Thus, the disparity in income has been increasing, at the expense of the producers of our most essential human needs, at the expense of those whose productive efficiency has made us the best-fed people in the world.

Farmers' realized net income from farming in 1960 totaled \$11.6 billion, which is a decline of 26 percent from the 1947-49 average. It is true that there are fewer farms today, and therefore the decline in net income per farm is not quite that much. But in 1960 the net income per farm from farming, after adjustment for price level changes, was 20 percent below the 1947-49 average.

|                                                       | 1947-49<br>average | 1960   | Percent<br>(change) |
|-------------------------------------------------------|--------------------|--------|---------------------|
| Realized net income from farming (billions).....      | \$15.7             | \$11.6 | -26                 |
| Realized net farm income per farm (1960 dollars)..... | 3,224              | 2,568  | -20                 |

These income declines result largely from a 12-percent reduction in average prices received by farmers from the 1947-49 average and a 20-percent rise in prices paid for items used in family living and in farm production. As the result, the parity ratio, which measures the relative price position of farmers, declined from 108 in 1947-49 to 80 in 1960, a drop of 26 percent.

|                                                                | 1947-49<br>average | 1960 | Percent<br>change |
|----------------------------------------------------------------|--------------------|------|-------------------|
| Prices received by farmers (1910-14=100).....                  | 271                | 238  | -12               |
| Prices paid, interest, taxes and wage rates (1910-14=100)..... | 250                | 299  | 20                |
| Parity ratio (1910-14=100).....                                | 108                | 80   | -26               |

Income declines over the past decade have not been the same for all classes of farms. But net incomes in 1960 of representative commercial poultry farms in New Jersey, of representative wheat-fallow farms in the Pacific Northwest, of representative wheat-small grain-livestock farms in the northern Plains, and representative cash grain farms in the Corn Belt, all were down to between 20 and 30 percent below the 1947-49 level.

In short, all income data indicates that farm incomes have declined in absolute terms during the 1950's, as other incomes were rising. Thus, in comparison with nonfarm incomes, the comparative position of farm incomes has worsened steadily. These declines have occurred even with the farm programs that have been in force. They are not going to improve by talking and wishing. They are going to improve only as we take positive action to raise them. Any further



delay would have serious consequences, not only to farmers, but to the rest of the economy.

B. THIS LEGISLATION IS URGENT IN THE INTEREST OF A HEALTHY NATIONAL ECONOMY

It should be self-evident that a stable, prosperous, and growing agricultural economy is absolutely essential to a stable, prosperous, and growing national economy. But, since this fact is not adequately recognized, I should like to review the contributions that a strong, growing agricultural economy can make to a growing national economy.

1. Agriculture provides a basic market for nonfarm goods and services. There is not an industry or a person in the United States who is not touched in some way by what happens in agriculture. A survey some 5 years ago showed that farmers and their families represented a market for \$40 billion of purchases from the economy. Farm families buy the goods and services we all do as consumers. Farmers as businessmen buy the products of industry in order to produce. When farmers are prosperous—when their incomes grow along with incomes in the rest of the economy—the industries which service them benefit, and the workers employed in these industries benefit. Disadvantaged agriculture means disadvantaged industry and unemployment. For example, farmers spend some \$2½ to \$3 billion annually for tractors, motor vehicles, and farm machinery. Agriculture is a big market for these items. But agriculture hasn't grown in recent years and we all know that there is distressing unemployment in our key centers of the automobile industry today.

I thought that the chairman of this committee put it well when he introduced the omnibus farm bill and said that the great underdeveloped markets for consumer goods now in America are on our farms and in our farm towns. And, indeed, they are.

I could recite many facts on how important agriculture and our farm people are to our everyday economic activities:

That farmers consume \$20 million pounds of rubber, about 9 percent of the total amount of rubber used in the United States,

That farmers purchase products involving 6½ million tons of finished steel,

That farmers buy 45 million tons of chemical materials,

That farmers buy 18 billion gallons of petroleum, more than is used by any other single industry,

That farmers use more kilowatt-hours of electricity than is used by Chicago, Detroit, Baltimore, and Houston combined.

The point I am making is that when agriculture hurts, a lot of other people hurt, whether they live and work in the small rural communities or in the big manufacturing centers far removed from the farm production line. Farmers have a big potential for helping the Nation achieve a faster rate of economic growth and a higher rate of employment. But this will flow only from basic improvement on the farm.

The farm problem is closely related to the problem of unemployment. Workers released from agriculture by technological advances have not been able to find suitable employment in the nonfarm sector and there has been a damming up of labor with the consequent under-



employment in agriculture. Next, the low gross returns received by agricultural producers have seriously restricted the market for machinery and equipment, lumber and construction supplies, and operating items such as gasoline, fertilizer, and pesticides. Finally, the low and inadequate net incomes earned by farm families has restricted the market for consumer durables and convenience goods and thus placed a brake upon the full production of these goods and services in the nonfarm sector.

These interindustry relations must be corrected and brought into balance as a means of contributing to overall economic development. We believe that the passage of the Agricultural Act of 1961 will make a significant contribution to the reestablishment of a set of economic relations between the farm and nonfarm sectors of the economy which will contribute to sustained economic growth.

C. THE URGENCY OF THIS LEGISLATION IS FURTHER EMPHASIZED BY THE CURRENT TECHNOLOGICAL EXPLOSION IN AGRICULTURE

The magnitude of the technological revolution in agriculture is too little recognized, and its consequences—in the present and for the future—are not sufficiently realized or understood.

For example, 20 years ago when I was down in Quantico, Va., training for the U.S. Marine Corps, and Henry Wallace was Secretary of Agriculture, one farmer produced enough food for 11 people. Today he produces enough food for 25 people. Just think of it, this happened in 20 years.

Agricultural efficiency and productivity have advanced so rapidly during the past decade that agriculture has tripled its output per hour of labor while industry's output has only doubled. Output in agriculture increased much more rapidly than the commercial market increased. During the 1950's farm output increased by 28 percent while population increased only 19 percent. Since the domestic demand for food is tied closely to population changes this means that supplies have outrun demand. Supplies have pressed against population needs in the United States and given rise to a constant downward pressure on farm prices.

Might I ask you to take a look at chart No. 11, and notice some of the things that have been taking place here.

The increased input by way of fertilizer, tractors, purchased feed, trucks, and so forth, that have gone into agriculture; and notice the drop in man-hours, and croplands involved.

It illustrates very well, I think, what has taken place. Overall efficiency in terms of output per unit of input had been up 25 percent.

Chart No. 12 is rather interesting. It dramatizes how the output is up and the cropland is down.

This would seem to indicate that some of the things we have considered as solutions, perhaps, have not been very realistic in terms of what really is taking place.

This increase in output has been accomplished with the use of only 2 percent more resources than were used 10 years ago. The composition of these resources has changed sharply, with about one-third less labor and 6 percent less cropland. But the use of machinery, fertilizers, pesticides, and other "purchased inputs" has risen sharply. Overall efficiency, in terms of output per unit of input has gone up by 25 percent. These changes in resource needs have had a sharp impact



on declining farm employment increased capital requirements, and the decreasing opportunity for young people to enter farming.

This technological revolution in agriculture has only just begun. Only a few of our farmers are using all of the new technology to the best advantage. Economists in the Department of Agriculture recently estimated that a population of 230 million people in 1975 could be provided better diets, and our export markets readily satisfied, from a crop acreage no larger than that in use just prior to the start of the conservation reserve program, simply by using presently known methods of production on most farms. If all farm production in 1975 were to be carried on with only the best techniques in use in the late 1950's, not all of the cropland acreage now in use would be needed for food and fiber production.

Add to this the fact that research in farm production is more extensive and more productive than ever before, and will add tremendously to our production potential in the next few years. Thus, we see a picture not simply of general abundance, but of a growing capacity for excess agricultural production. This capacity to produce should be fostered, but it must also be managed in the interest of both farmers and the public.

It breaks down to this: If American farmers are given some assurance of relatively favorable prices and incomes in the 1960s, and if we provide a sound program for adjusting our production to that which can be used, we will have a highly productive and flexible agricultural plant—one capable of responding to any foreseeable food production emergency. This is the kind of an agriculture we want.

But, in the absence of such a program, results could be disastrous. What are the potential consequences?

Farmers could, in the absence of such a program, use their productive capacity indiscriminately. In that event, if support programs were continued, the burden on the Federal budget would become intolerable, and the stockpiles of surplus completely unmanageable. Or—and more likely—the public would refuse to continue such supports, and prices and incomes would be driven down so low that results could be catastrophic. Millions of farmers, their incomes depressed below subsistence level, would swell the ranks of the unemployed, would crowd already crowded areas of our cities, seeking jobs. And many of them would be neither trained for jobs or adjusted to city life. The economic problem would be complicated by the social problem.

This is not all. I should like to point out here how such a development would in the end be likely to add higher consumer food prices to its unfortunate results. Further decline in income for the family farm could lead to a corporate type agriculture controlled by outside capital. Hired labor would increasingly replace work done by the farm operator, and the costs of management, supervision, and labor would go up. For one of the major reasons why the American family farm has become the most efficient agricultural producer in history is that the owner operator is on hand, to do the work and to supervise the work. Neither collective farms nor large corporate landowners are able to match the efficiency that results.

If low incomes squeeze out all but a few corporate type farms, there would doubtless result the kind of supply control that would result in high prices, without regard for the public interest, or the consumer



interest, or interest in our programs to expand the use of food abroad in the interest of peace and economic progress.

We deplore the collectivization of farms in a part of the world, and we would encourage land reform in those other areas where huge landholdings have—like the Communist collective farms—proved so inferior to our family farm economy. How ironic it would be if we allowed that family farm economy, that has proved its superiority socially as well as economically, to be destroyed for want of the tools it needs to meet conditions of today.

The family farm in this Nation has reached a pinnacle of success in its primary function, the production of an abundance of food and fiber to meet human needs. It has made this abundance available to the consumers of this Nation at a lower real cost than ever before in history. The consumer now spends about 20 percent of his disposable personal income for food, as compared with more than a fourth in 1947. The consumer in America works fewer hours to feed himself and his family than in any other country.

In that connection might I ask you to look at charts 5, 6, and 7, again where the consumer is concerned.

Note on chart 5—the Consumer Price Index—how much the retail price for food is below this index and how far down the price on the farm is. This, I think, is not generally known.

Chart 6 tells a rather interesting story of the labor required to buy a farm food market basket. And note how it has dropped and how the consumer has benefited.

Chart No. 7 covers it, commodity by commodity, to show how much will be bought by an hour of labor and how our farm system has efficiently produced, so that 1 hour will buy more and more and more.

CHART No. 4

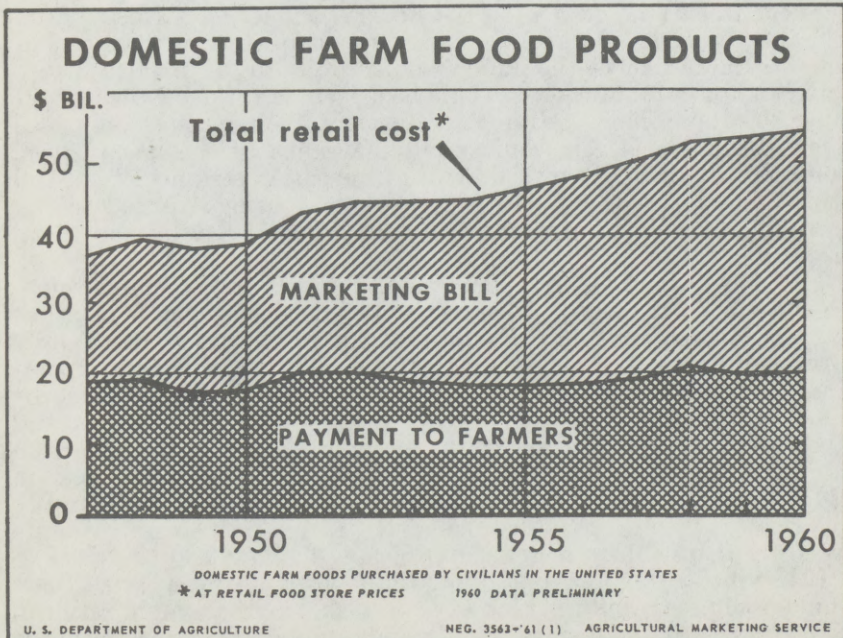


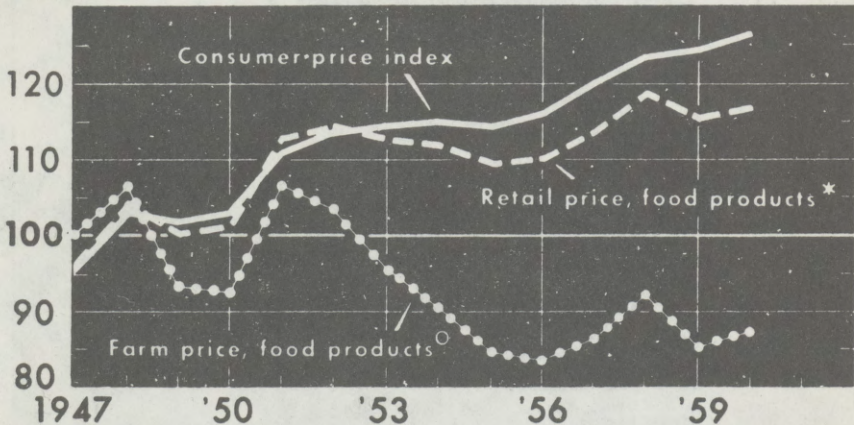


CHART No. 5

Compared With 1947-49

## FOOD PRICES AND CONSUMER PRICE INDEX

1947-49=100



\* FOOD AT HOME, CPI, BLS.

○ FARM VALUE, MARKET BASKET OF FARM FOODS.

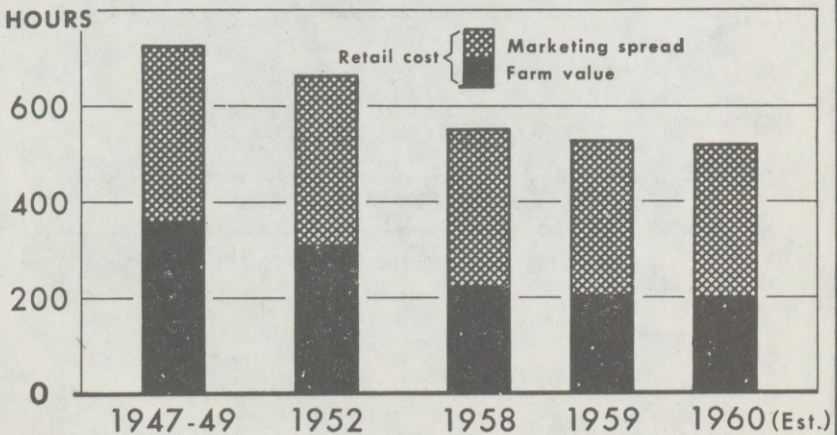
U. S. DEPARTMENT OF AGRICULTURE

NEG. 8442-61 (3)

AGRICULTURAL MARKETING SERVICE

CHART No. 6

## LABOR REQUIRED TO BUY FARM FOOD MARKET BASKET



AVERAGE ANNUAL PURCHASES OF FARM FOODS BY URBAN FAMILIES IN 1952; RETAIL COST, FARM VALUE AND MARKETING SPREAD DIVIDED BY AVERAGE NET HOURLY EARNINGS OF MANUFACTURING WORKERS.

U. S. DEPARTMENT OF AGRICULTURE

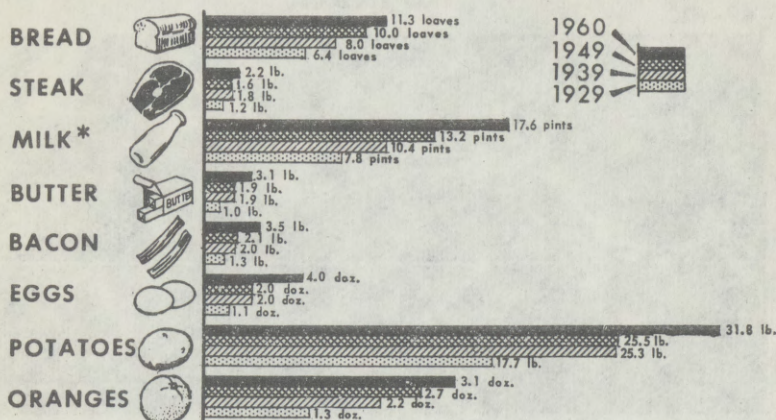
NEG. 7640-61 (1)

AGRICULTURAL MARKETING SERVICE



CHART No. 7

## QUANTITIES OF FOODS ONE HOUR OF FACTORY LABOR WILL BUY



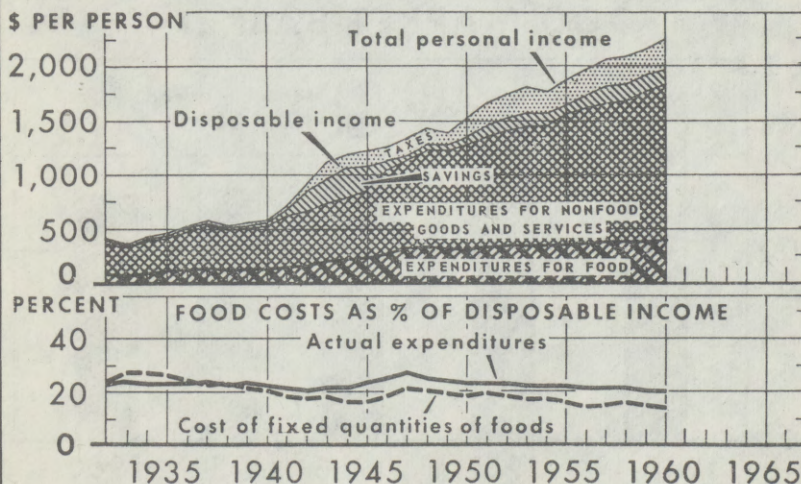
\*FRESH DELIVERED  
LENGTH OF BARS ON POUND BASIS

U. S. DEPARTMENT OF AGRICULTURE

NEG. 99-61 (1) AGRICULTURAL MARKETING SERVICE

CHART No. 8

## FOOD COSTS & CONSUMER INCOMES



1960 PRELIMINARY

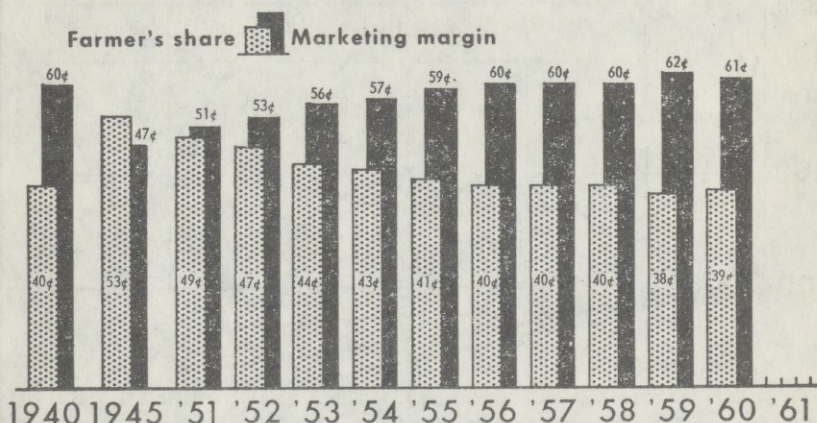
U. S. DEPARTMENT OF AGRICULTURE

NEG. 881-61 (2) AGRICULTURAL MARKETING SERVICE



CHART No. 9

# MARKETING MARGIN AND FARMER'S SHARE OF RETAIL FOOD DOLLAR\*



\*DATA FOR MARKET BASKET OF FARM FOODS BASED ON AVERAGE 1952 PURCHASES BY URBAN FAMILIES. DATA FOR 1960 ARE PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

NEG. 1861A-61 (2)

AGRICULTURAL MARKETING SERVICE

CHART No. 10

## WHAT FARMER GETS FOR COTTON IN BUSINESS SHIRT



DATA BASED ON 1960 PRICES

U. S. DEPARTMENT OF AGRICULTURE

NEG. 4775-61 (1)

AGRICULTURAL MARKETING SERVICE



CHART No. 11

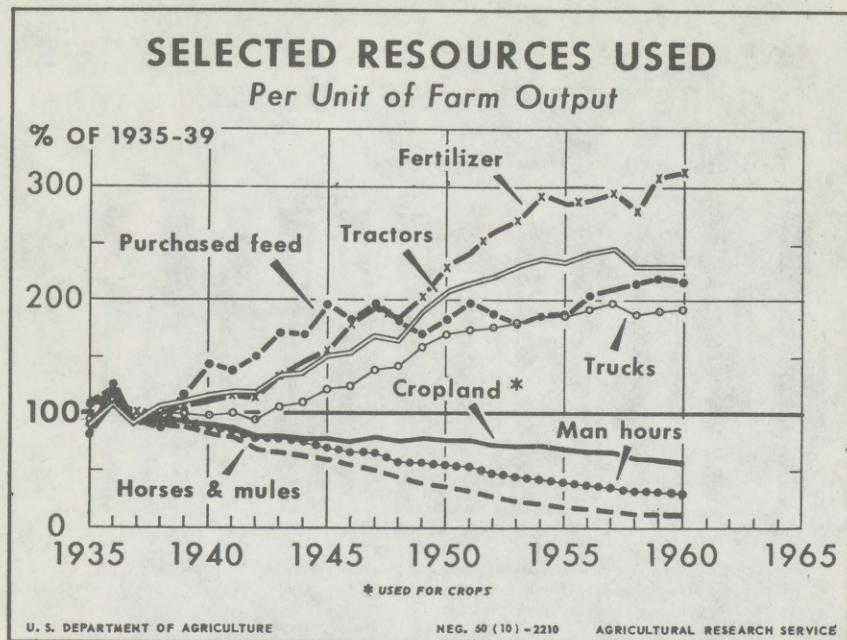
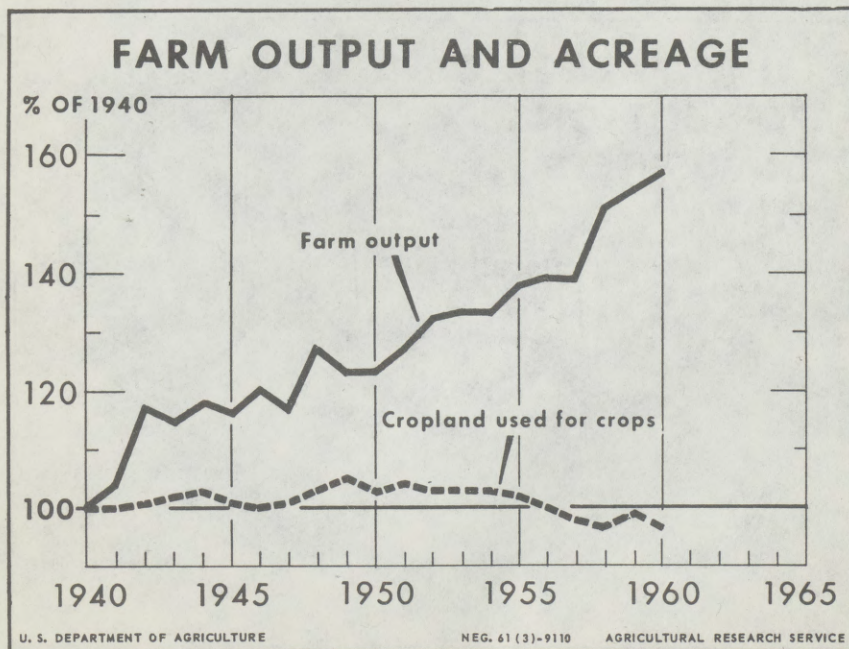


CHART No. 12





The American public should pay tribute to the farmer for his contribution to our standard of living. Even Khrushchev pays that tribute. A little over a week ago he was quoted as saying that the Soviet triumph in space "must not detract the attention of the Soviet people from other targets, and these include catching up with the United States in the standard of living."

To insure our continued superiority in this field in which we have unquestioned leadership, we propose a program that will end the current paradox in which productive success has led to economic distress. This happens, in a large measure, because of the inelasticity of the human stomach, hence the inelasticity of the demand for food. A little too much in the way of food supplies leads to dramatic farm price declines—hence to a farm income problem. And a little too little in the way of food supplies leads to skyrocketing food prices and a real income squeeze on consumers—this is the food problem so often encountered in wartime.

Stated differently, the average consumer does not increase his number of meals from three to four when food prices decline, and thus blunt the price decline. And, of course, the average consumer does not go out of food consumption when food prices rise and thus moderate the price rise. The average consumer goes right along eating about the same kinds and quantities of foods year after year—and this leads to problems.

To cope with these problems in the past, we have imposed price ceilings in wartime, and placed floors under farm prices during periods of surplus. But neither of these measures in themselves effectively corrects the imbalance of supplies relative to the existing demand. Nor can the uncoordinated efforts of several million farm producers effectively correct unbalanced supply situations. Farm price and income gyrations that have resulted in the past have alternately hurt both the consumer and the producer.

In fact, paradoxical as it may seem, these gyrations and this instability can hurt both producer and consumer at the same time. The instability adds to the risk of farming, and risk always increases costs. And the uncertainties of economic ups and downs make for an inefficient use of the productive plant the farmer has, and which he must maintain whether prices are good or bad. This, too, increases costs.

This leads to my final point with regard to the technological explosion and its effect on both farmer and consumer. Only if we put into effect a program that succeeds in adjusting production to that which we can use and that at the same time provides a fair income for the farmer, only if we thus promote economic and price stability in agriculture, only then can continued technological improvements in production be expected to result in an eventual lowering of prices to consumers while maintaining farm incomes. Without such a program the farmer must pay the costs of risk, and of inefficient use of his productive plant, as I have described. Without it he must maintain greater financial liquidity than would otherwise be the case; he must pay more for credit; he is forced to use older and less efficient methods than he would otherwise use.

Supply adjustment programs that serve to reduce and minimize the extreme and uncertain price fluctuations in agriculture would reduce the costs borne by the farmer. They would mean a gain in production



efficiency, and this in time would mean a reduction of the per unit cost of production. This would really set the stage for both the maintenance of farm incomes and an eventual orderly lowering of prices to consumers, consistent with the march of technological advance.

D. FINALLY, THE URGENCY OF THIS LEGISLATION IS DEMANDED BY THE MAGNITUDE OF THE STORAGE PROBLEM

The cost of the storage is so great that we cannot expect it to be long continued. This is an immediate and pressing burden. Eight years ago, agriculture's house was in order. Commodity carryovers were at reasonable levels. Producers had no burdensome surpluses hanging over their heads.

These were the quantities, held in public and private hands, of principal crops carried over into the marketing year of 1952-53:

Feed grains: 20.1 million tons which was 18 percent of the amount used in that year.

Wheat: 256 million bushels, or 26 percent of the amount used in that year.

Cotton: 2.8 million bales, or 22 percent of the amount used in that year.

The coming marketing year confronts us with a different picture:

Feed-grain stocks will be around 84 million tons, or half of a year's needs. Over 85 percent will be Government-owned or under CCC loans.

Wheat stocks next July 1 will amount to about 1½ billion bushels, or more than a year's expected domestic and export needs. About 90 percent will be under CCC loan or in CCC inventory. Cotton stocks, at 7½ million bales, largely in private hands, will be down sharply from recent highs, but almost three times as large as in 1952.

The growth of feed grain and wheat stocks did not occur overnight.

Feed-grain stocks have increased in every year since 1952, as a result of excessive production. Wheat stocks have increased in 6 years out of 9.

How can we convey the magnitude of the storage problem?

Taxpayers should know that Government costs of carrying and handling commodity stocks have risen from \$238 million in fiscal 1953 to \$1 billion in the current fiscal year. These costs include storage, transportation, and interest. The CCC investment in price support at the end of this fiscal year will be about \$8.5 billion. Wheat and feed grains will account for 87 percent of this.

We must face the problem of working down these large stocks. As long as they exist, they pose a threat to markets and to price stability that extends beyond these commodities to the livestock industry.

We cannot reduce stocks as long as the supplies that come out of inventories are more than replaced from excess current production. Each recent year has added an average of 7 million tons of feed grains to stocks. Annual additions of wheat have been about 130 million bushels. We cannot expect to reduce CCC inventories until we have the legislation and programs that will effectively adjust production below total annual needs. This is a major goal of legislation here proposed.



The urgency of this legislation is a part of the urgency of our times. We can neither ask nor expect an indefinite continuation of programs and policies under which the U.S. Government pays ever-increasing amounts for stockpiles of commodities that threaten to become ever more unmanageable. Nor can we either ask or expect that the American farmer shall continue to invest his capital, his labor, his skill, and his management ability for a material reward that is not only shockingly below the national average but substantially below any accepted American standard for a minimum wage. We can no longer fail to turn the technological and scientific advance that has helped our farmers to achieve such phenomenal productive success to its maximum advantage in the interest of national economic growth, prosperity, and security.

I wish to state frankly that I believe undue delay would be very serious. It would be more serious than simply a postponement of the gains we expect from the new program. In a real sense we are reaching the "point of no return." Delay or postponement now could mean economic disaster. The time is running out.

### III. SIGNIFICANCE OF PRINCIPLES AND PROGRAMS

The Agricultural Act of 1961 seeks to accomplish essential goals by means that are, on the one hand, in line with American experience and tradition, and, on the other, adapted to meet the conditions and demands of today.

#### A. THE PRINCIPLE OF ADJUSTING ABUNDANCE TO CURRENT DOMESTIC AND FOREIGN NEEDS IS ITSELF IN THE AMERICAN TRADITION

This Nation, historically, has sought higher standards of living. It has sought to achieve plenty. In agriculture we have succeeded to a greater extent than in any other field. But we have never sought the waste—of both natural and human resources—that occurs when we produce what cannot be used. And so we seek, at one and the same time, in this legislation, to increase our utilization of farm products both at home and abroad and to adjust our productive abundance to those increased quantities. We are realistic enough to recognize that, even with an expansion of programs for increased consumption to the greatest possible extent that is consistent with sound and humane ideas and policies, we will not be able, in the years immediately ahead, to expand consumption enough to absorb all of our potential agricultural productivity. Thus, we must adjust our abundance.

#### B. THE PRINCIPLE OF EQUALITY OF ECONOMIC OPPORTUNITY IS BASIC TO OUR PHILOSOPHY, AND THIS IS ALL WE ARE ASKING FOR THE AMERICAN FARMER

The farmer is the only basic producer in our economy who now has available to him no means by which he can adjust his production to demand—and who, therefore, has no effective means by which he can influence the economic rewards of his enterprise.

It is absurd, in any consideration of a farm program, to compare the farmer with the small corner merchant.

Perhaps there should be Government action for small business, but of a different nature for a different reason. But the farmer, as a basic producer and not a retailer, can be more accurately compared with



other basic producers, such as, for example, the producers of steel. Government has given to such producers the instrument of incorporation, by which they can become large enough to effectively adjust their production to quantities that can be sold profitably.

Government has likewise given to labor the instrument of collective bargaining whereby millions of individual workers—who, as individuals, would be even more helpless than the farmers—can work together to achieve a fair return for their productive activity.

To achieve economic equality, therefore, we propose programs to provide farmers with the institutional machinery for coming together and developing supply adjustment programs, and with democratic methods for approving or rejecting such programs. We would specifically provide safeguards for consumers' interests in this process.

By enacting the proposed legislation the Congress would establish the ground rules and guidelines under which supply adjustment programs would be developed and placed into operation. Then, whenever action is needed with regard to any commodity or group of related commodities, a committee of producers—including one consumer representative—would be selected to consult with the Secretary of Agriculture to develop and recommend a program of supply adjustment for that commodity. The Secretary would recommend a program based on these consultations. Only after such a program had been approved by the President, sanctioned by the Congress, and approved by a two-thirds vote of the producers themselves, would it become binding upon all farmers who choose to produce that commodity. The farmers who serve on these commodity advisory committees would be chosen from nominees designated by farmer-elected county committees and by farm organizations.<sup>1</sup>

C. IT IS A PART OF THE STRENGTH OF THIS NATION TO EMPHASIZE SELF-HELP AND VOLUNTARY ACTION

This principle is emphasized in the legislation here presented. I believe that the farmer advisory committees provided for in the bill will have an opportunity to exercise genuine leadership and develop economic statesmanship. They will be chosen because, taken together, they represent every group, segment, and interest that should be heard in the discussion and formulation of commodity programs, and they will therefore consider the broader implications of the policies they recommend. Charged with the responsibility of considering the interests of the farmers they represent, and facing public scrutiny and examination and approval by the Congress, they will, I am confident, once again demonstrate—as Americans have so often demonstrated—that the people themselves have the ability to consider the interest of the people as a whole. I have had experience with citizen committees and voluntary action. I know that members of these committees will recognize that they can “write their own ticket” only where the ticket is in the public interest and acceptable to all concerned.

<sup>1</sup> The bill provides for special authority with regard to a 1-year program for the 1962 wheat crop. Because of the pressure of time we are asking for authority to name an advisory committee without using the regularly provided nominating procedures, and to submit a 1-year wheat program to a referendum of producers without prior congressional approval. This will enable us to get the new program in operation in time for the planting of the 1962 crop of wheat.



The proposed legislation further recognizes the principle of self-help in its authorization of the expansion of marketing orders and agreements, as one important means available to farmers for developing and adjusting their industry. They give farm producers the opportunity to jointly plan their production in a manner designed to make abundant supplies of food available at reasonable prices, and yet to avoid the waste which results from excessive production.

Congress passed the Federal Marketing Agreement Act in 1937, authorizing establishment and operation of marketing agreements for any agricultural commodity, and of marketing orders for a limited group of agricultural commodities. However, the act required these marketing orders and agreements to be limited to the smallest area practicable. In spite of these limitations, this approach has proven its worth, and more than 80 Federal marketing orders and agreements are now in operation.

In addition, many States have passed enabling legislation under which producers are operating marketing orders and agreements very successfully in those States.

The proposed Agricultural Act of 1961 would amend the Federal Marketing Agreement Act of 1937 as follows:

1. To make marketing orders available to all agricultural commodities rather than to only a small group, primarily milk, fruits, and vegetables.

2. To end the restrictive limitation that marketing orders and agreements must be operated in the smallest area practicable, and permit producers to establish areas of a size necessary to effect the purpose of the act. For many commodities, such as turkeys or peanuts, it is impossible to operate an effective marketing order in an area or region.

3. To add marketing quotas to the supply management tools now available in the Federal Marketing Agreement Act of 1937. Presently that act authorizes quality control of various kinds, and diversion of existing surplus supplies in order to minimize their effect on prices. If marketing quotas are authorized, an industry would be able to plan the production of a commodity before the beginning of the marketing season, instead of taking action to divert the excess only after a surplus is created and resources are wasted.

4. To add marketing research and development projects to the means to be used in correcting supply-demand imbalances. Expanded research in consumer preferences and merchandising, financed by producers subject to the marketing program, would be a valuable supplement to a promotion program.

5. To authorize an expanded promotion effort under the marketing order program. Presently the only national promotion program authorized by the Congress is under section 708 of the National Wool Act. Turkey producers have long sought a national promotion program under marketing order procedures. In California, turkey producers operating a promotion program under the State law increased the per capita consumption of turkey in that State very substantially. The soybean industry has been an outstanding success in promoting the consumption of soybeans and soybean products abroad.

If authority is granted for national promotion programs under which producers and/or handlers could contribute to product pro-



motion, some industries will be able to solve their supply-demand imbalance more easily.

Marketing quotas, product diversion, promotion, research, and quality control will provide many agricultural industries with the means of self-regulation. Marketing orders are truly a self-help program in that they are producer initiated, producer administered and producer financed. And, since consumer interests are adequately protected, as required under the act, this self-help approach should be highly successful with respect to many commodities.

It has been suggested to me that these programs have some Socialist implications. May I say that there is nothing more American than the American way of committee participation in democratically elected committees, who can work out programs that are returned for vote to the people who are involved. This will permit us, I believe, to protect and continue the individual ownership and the private initiative which has been the basis for the success of agriculture in our country.

Without this we will get into a type of corporate agriculture which, in my judgment, is Socialist in its orientation and nature.

#### D. THE POLICYMAKING FUNCTION OF THE CONGRESS IS EMPHASIZED

Under this legislation the Congress and the Agricultural Committees of the Congress would be able to devote more time and attention to their highest function—the consideration of broad programs and policies in their entire implications and the termination of such policies in the public and National interest. Many of the powers that the Congress has now granted to the Secretary of Agriculture—powers to fix support levels, prescribe acreage allotments, and others—would require final approval by the Congress. This would add to the responsibilities of the Agriculture Committees the function of careful review of such programs, many of which are now put into effect by order of the Secretary without such review.

Thus, while the Congress would be relieved of the onerous burden of a detailed analysis of a multitude of separate proposals, commodity by commodity, season after season, under countless and fragmented pressures, it would have increased opportunity to exercise its highest function of policy determination, and it would exercise the continuing and final authority to determine what programs shall become the law of the land.

#### E. IT IS IN THE AMERICAN TRADITION TO SEEK TO RAISE THE ECONOMIC LEVEL OF ALL SEGMENTS IN OUR SOCIETY

It is in this tradition that provisions for agricultural credit are incorporated in this bill.

A number of improvements in our supervised credit program are proposed, directed toward enabling all of our family farmers to benefit from the improvements contemplated in the farm program, toward strengthening the position of the family farmers, and toward enabling them to make their maximum contribution to the Nation's economic growth.

Under the proposed program the Farmers Home Administration could serve the full range of family farmers, including young farmers with farm background and training who are just starting out. It



could do a far better job of helping farmers reorganize their farming operations and otherwise meet farm credit needs that are currently neglected. The administration of supervised farm credit would be simplified and improved. Farm management assistance would continue to be provided along with the loans, so that borrowers could get the maximum assistance out of every dollar borrowed. The FHA would continue to serve only those farmers who are unable to obtain sufficient credit from cooperative and private sources, and the legislation would in fact encourage an even greater use of credit from those sources.

Broadly speaking, the legislation would provide credit for financing farm adjustments, for enlarging and improving family farms, for acquiring farms, for making better use of water resources, for minimizing the risks in farming, for improving living conditions, and for financing modern production practices.

These improvements are especially needed under today's conditions. The low farm incomes of recent years, plus the rapidly expanding agricultural technology, have brought about a sharp increase in the demand for credit. More than ever before farmers need to make full use of all their resources, and have access to such additional resources as they may need to keep their foothold on the land. The expansion of credit accompanied by farm management assistance is well suited to the needs of the times.

The proposed legislation will also permit many of the 76 percent of the farm families, with money incomes of less than \$5,000, to develop higher incomes that will contribute materially to revitalizing the economy of their towns and villages. Almost half of our farm families had incomes less than \$2,500, while more than half of nonfarm families had incomes more than \$5,000. The proposed credit legislation will help these farm families to join in our national growth.

Supervised credit of the type that would be authorized by this legislation can help to make the Nation's family farms so strong and so enduring that the whole rural economy will be given new strength and vigor. New life would be brought to the hundreds of once prosperous rural communities that are today literally dying.

F. IT IS LIKEWISE IN THE AMERICAN TRADITION TO USE OUR ABUNDANCE TO MEET HUMAN NEEDS AT HOME AND ABROAD, AND TO UTILIZE OUR ABUNDANCE AS AN INSTRUMENT FOR PEACE AND FREEDOM IN THE WORLD

The provisions in the proposed legislation relating to agricultural trade development will enable us to step up our programs for expanding the export of food and fiber, both for dollars and for foreign currency. They will enable us to make more effective use of our food for peace.

The request for a 5-year extension is the key recommendation to make Public Law 480 a more forceful instrument in U.S. foreign relations. A long-term extension will give notice that the United States is prepared to give greater assurance of a continuing supply of agricultural commodities needed by emerging nations. Many of these countries are striving to promote economic growth through ambitious, long-term plans. A 5-year extension of Public Law 480 will permit the coordination of U.S. agricultural export programs with these development plans. It will also be an integral part of our Na-



tion's plans to establish a national food policy and develop a world food budget—thus assuring our contribution to the world problem of more adequately feeding hungry people. As we increase our efforts for expanded utilization, and as we develop means—in cooperation with other countries—for the more effective use of greater quantities of agricultural exports, these new and increasing demands on American agriculture will have to be taken into account in the formulation of our agricultural programs at home. This is why an extension and strengthening our food-for-peace program is an integral part of the Agricultural Act of 1961.

In connection with this I would say to this committee, that we are working with other administrative groups within the Government, in the executive branch, looking toward the use of food as a basic element in the planning of economic assistance for developing nations around the world. I think that this is of vital importance, that this food should be effectively used and this should be a factor in that plan.

On balance, Public Law 480 has been effective within the limitations of being administered as a temporary expedient. We foresee expanded operations both at home and abroad through the amendments we propose and through executive branch decisions to use existing authorities more forcefully. Although Public Law 480 programs will be administered aggressively, the Department will continue to emphasize the sale and export of commodities on a cash dollar basis. Regular commercial sales now constitute about 70 percent of our agricultural exports. It is our intention to increase these sales along with expanded efforts under Public Law 480 concessional programs.

It is nothing new for Americans to send abroad food and fiber to meet human needs. What is new is the magnitude and supreme importance of the task today. We propose expansion of these programs both because it is the human, the generous, the American, and the right thing to do and because it is essential to our own national interest and national security.

By sound and effective programs we can help emerging nations to develop and grow, in freedom rather than under communism. We can maximize the use, to this end, of our abundance in food and fiber—a weapon in which we have unquestioned superiority. In this respect we have a superiority that is far more important to men and women today than the race for space. To billions of men and women throughout this world, the higher standards of living that can be achieved if we properly use our capacity to produce are of more direct and personal concern than the discovery of other worlds. To men and women and children who are really hungry, bread and milk at hand are more important than a star in the sky.

Finally, as you will note, recommendations for the extension of the Wool Act for 3 years and the increase in the appropriation in the school-milk bill are included in the bill.

I believe that affirmative action by the Congress on the programs we present in the Agricultural Act of 1961 would set the stage and provide the tools by which:

(1) The farmers of this Nation, in cooperation with Government, can achieve incomes comparable, in terms of labor and capital and management skills invested, to those received by other Americans;



(2) A healthy and increasingly efficient and productive agriculture will continue to provide an abundance of food and fiber at fair prices to the consumers;

(3) Better farm incomes and a sound farm economy will contribute to economic growth and national prosperity;

(4) Costs of the Federal Government can be expected to decline as programs get underway and become effective; and

(5) We can achieve maximum utilization of our abundance to meet needs and promote freedom at home and abroad.

I urge you to give this bill careful study and favorable consideration.

The CHAIRMAN. Thank you, Mr. Secretary. We thank you very much for this splendid presentation.

This committee will give careful study and consideration to the proposals you have submitted. I want to congratulate you on the manner in which you have thus far championed the cause of agriculture. I think this committee and every member of the committee will join with me in that statement.

As you have pointed out here today and as you have increasingly pointed out since you came into office, the consumer does have an interest in a farm program successfully operated. We must carry on the cause of agriculture or either abandon ship and let the whole program go.

I think the program through the years has worked exceptionally well, considering the fact the problems we have been dealing with have been tremendous.

You point out in this statement, very dramatically, I think, the fact that the farmer has performed magnificently in the production of food and fiber.

We do have what is too often referred to as a "surplus." Actually, I agree with you, we should refer to it as "an abundance." It is an abundance which we have attempted to share with the less fortunate people abroad and in far distant lands. We try to see to it that they are helped, but even with the maximum of effort I think you will agree that we will not be able to consume this abundance here at home. I think we need to master the techniques of distribution.

I think further that we, for the next few years, will have to control production in some of the commodities that we produce in such abundance here at home. I do not think that we can afford to permit vital foods to deteriorate in storage. I do not think that the taxpayers of this Nation should be burdened with the enormous cost of storage. If we continue to accumulate surpluses we will of necessity have increased the cost of storage.

I agree with you that there should be such an approach as to this problem, because it puts the burden on and gives the statutory authority and responsibility to the farmers to initiate their programs.

As you know, when we first discussed this bill I did not like the idea of the program being referred to as a do-it-yourself program, because I had grave misgivings as to the constitutionality of Congress turning over all of our legislative responsibility to the farmers, but this approach that you now have, I think, is compatible with the provisions of the Constitution, because it does reserve the right to Congress to



scrutinize and to approve or disapprove the programs before they even are submitted to the farmers for referendum.

I would congratulate you on presenting this statement on this program.

You will be followed by farm leaders of the country and by others representing groups who would like to express their views, and we will give it very careful and detailed consideration at a later date or at perhaps even an early date by a subcommittee so as to expedite the final decision that will have to be made by the committee.

Mr. Hoeven.

Mr. HOEVEN. Mr. Secretary, we all realize that we are dealing with a very important piece of legislation which involves the entire farm economy and other segments of the national economy.

The bill you have presented to us is so detailed, and the written statement you presented to us this morning is so lengthy, that we have not had a chance to analyze it as yet. I do express the hope that we can devote all of the time necessary to these hearings and that you can make yourself available to the committee for that purpose. Are you prepared to do that, Mr. Secretary?

Secretary FREEMAN. I am prepared to do my very best, I will try to—my time is at your disposal.

Mr. HOEVEN. I am quite concerned about the enormity of the proposal you present to us this morning. Each and every member of the committee should have an opportunity to interrogate you. I am sure that is what you would like to have done.

Secretary FREEMAN. I am prepared to be here all day today and all night tonight if it is your desire.

Mr. HOEVEN. And all day tomorrow, if necessary?

Secretary FREEMAN. All day tomorrow, yes, sir.

Mr. HOEVEN. Why are you presenting an omnibus farm bill to the Congress, Mr. Secretary?

Secretary FREEMAN. Well, because I think that all of these things relate one to another and as such present a total picture of a program which we believe to be necessary.

Mr. HOEVEN. You present several new proposals, which are drastic changes in the present law and intermingled with such proposals you propose the extension of the Wool Act. I do not know of any particular controversy about such extension. We have already conducted hearings on Public Law 480. It is my understanding that further hearings will be held. And the extension of the milk program has not engendered a lot of heat.

I am just wondering why these are included in your omnibus bill.

I assume you are presenting the "bitter with the sweet" so as to make the bill acceptable to as many of the segments of the agricultural economy in order to have it enacted into law?

Secretary FREEMAN. If it has that effect, I would not object.

Mr. HOEVEN. I knew that was the purpose in presenting an omnibus bill—I thank you for your honesty. I think that the nub of much of what you have had to say is incorporated in the table 12 you present, entitled "Farm Output and Acreage." This table shows farm output going up by leaps and bounds and the cropland used for crops going down. I think we all know that the farmers today, with their technology and know-how, the applications of fertilizers



and intensive farming methods are now able to produce more crops on less land than ever before; is that correct?

Secretary FREEMAN. Yes, sir.

Mr. HOEVEN. Then referring to the chart, how do you propose to close the gap between the heavy farm output and the lesser cropland used for crops?

Secretary FREEMAN. In the first place, I do not come before this committee with a tailor-made program for every commodity—quite the contrary. This bill is a procedure. It sets forth a method to consult and work with the producers to seek for the answers.

I come here with no answers to every commodity which presents us with a problem today, but rather asking for the authority to work with those producers who have problems to devise programs to bring back to this committee that will meet these problems.

Mr. HOEVEN. You think that your proposal is going to close this gap?

Secretary FREEMAN. I think that working with the producers which can develop programs that will close that gap, yes. I do not suggest that I have all of the answers. If I did, it would not, perhaps, be necessary to have advisory committees.

Mr. HOEVEN. I think whoever solves this problem has an answer to the \$64 question.

Secretary FREEMAN. Might I just say that I refuse to admit that the people of America and our Government are not wise enough to learn how to live with abundance. I think we are very fortunate to have it. We ought to have enough brains to learn how to live with it. And if we cannot, we will not do very well at the bar of justice today.

Mr. HOEVEN. What is the overall cost of your new program, Mr. Secretary?

Secretary FREEMAN. Again I would answer you, and I am not trying to be evasive, honestly, not having set down any program, there are no dollar figures. There are limitations on the bill itself.

Now one of those limitations, for example, is that you could not have any price supports above 90 percent. Each device has a limitation.

Mr. HOEVEN. Could you give us any estimate as to the overall cost?

Secretary FREEMAN. No; I would say only this: that it would be substantially less, I am confident, than the present cost of the farm program.

Mr. HOEVEN. Do you think so?

Secretary FREEMAN. Yes, sir.

Mr. HOEVEN. I think we have disposed of approximately \$9 billion, or a little over, in carrying out the provisions of Public Law 480 up to now, and that in spite of this good record, we still have about \$9 billion of feed grains and other surpluses in the hands of the Commodity Credit Corporation?

Secretary FREEMAN. Yes, sir.

Mr. HOEVEN. In spite of all these expenditures, we have not been able to reduce the Commodity Credit Corporation stocks?

Secretary FREEMAN. Yes, sir.

Mr. HOEVEN. Do you not foresee that this burden is going to continue regardless of your program?



Secretary FREEMAN. No, I think that we will be able to develop programs commodity by commodity which will both begin to draw down the present stocks, so far as they are excessive, and improve and strengthen farm income in the process.

Mr. HOEVEN. I believe there are about 256 different commodities which might become involved under this proposed legislation. Is there any limitation whatsoever as to the cost of any one program which may be inaugurated?

Secretary FREEMAN. I do not think that is a fair statement.

Mr. HOEVEN. Where is that in the bill?

Secretary FREEMAN. Well, for example, there is a very sharp limit of 90 percent of parity on any program in the bill.

The second would be, of course, that every program that might be developed would go before this committee and the Congress. And this is a very practical working limitation, plus, I might say, the Secretary of Agriculture does not care to commit suicide.

Mr. HOEVEN. Now, Mr. Secretary, the general purpose of this bill, as I understand it, and judging from the promises made by the Kennedy administration to the farmers of this country during the last campaign, is a parity of income for the farmer?

Secretary FREEMAN. Yes, sir.

Mr. HOEVEN. Now exactly what do you mean by "parity of income"?

Secretary FREEMAN. I do not know an exact dollar figure to be perfectly honest with you. Parity of income in general means that the farmers should be entitled to a return which would be comparable for their labor and for their capital investment to that of the nonfarm segment of the society. In other words, the income figures that show such a sharp difference between the farm and nonfarm segments of the community would be leveled out. What that means in a particular place and a particular farm is a matter that is presently under careful research and review. It is a goal that we would seek to attain, but precisely how you would measure it on a farm is something that has not been completely determined.

Mr. HOEVEN. But the Kennedy administration made the promise to our farmers, and some of them are asking me, "What does Kennedy mean by parity of income?" And I am asking the Secretary of Agriculture what he means by "parity of income."

Secretary FREEMAN. I am answering by saying that it would be that the farmer would make as much as the man in industry—that he would have as good a return for his hours of work as the man who follows other occupations—that he would have as good a return for his dollars of investment as those who have invested in United States Steel or whatever it may be.

Mr. HOEVEN. Would you be willing to furnish us with a statistical definition of what you mean by "parity of income," so that we may have it in the record.

Secretary FREEMAN. I should think that the definition as I made it is clear—I know of no other statistical definition. If Mr. Hoeven, for example, you wanted to ask about a certain kind of farm in a certain place, we would seek a current statistical analysis of that opera-



tion to find out what the income on that operation would be if it were comparable to the nonfarm segment. I do not think this can be answered in a general way. It has to be answered for a specific case.

Mr. HOEVEN. How will we know when you have achieved full parity of income for the farmer?

Secretary FREEMAN. When our statistics show that farmers get a return for their labor and investment that is comparable to those received by other Americans.

Mr. HOEVEN. Mr. Secretary, on April 19 you said, and I quote—

if all of our stored up abundance of food which, incidentally is mostly in wheat and corn, were made available to people with inadequate diets, it would not close the gap for even 1 year.

Do you recall that statement?

Secretary FREEMAN. Yes, sir.

Mr. HOEVEN. If that is true, why do you want to control commodities which are not in surplus?

Secretary FREEMAN. Mr. Hoeven, I do not want to control any commodities.

Mr. HOEVEN. Do you mean to say that you are not trying to control commodities in this bill?

Secretary FREEMAN. No, sir.

Mr. HOEVEN. You are not?

Secretary FREEMAN. No, sir. I am merely trying to establish the procedure that will make it possible to adjust production, should it prove necessary and the producers would want it.

May I comment on another question which I know this committee is fully cognizant of, involving factors which are worldwide, the nutritional deficiencies. It does not mean that we are in a position to fill those deficiencies without first solving a number of political, economic, transportation, and other problems.

Mr. HOEVEN. Mr. Secretary, that brings me to the last question. I do not want to usurp all of the time because I realize there are others who want to ask questions. I did want to lay the foundation for some questions that bothered me.

Secretary FREEMAN. I appreciate your questions.

Mr. HOEVEN. I am greatly disturbed about the usurpation of legislative authority by the executive branch of the Government as provided for in the bill. I appreciate the fact the bill has been sweetened up a little bit in that regard, but the fact is that there is still a complete delegation of legislative authority to the executive branch of the Government.

The CHAIRMAN. In what provisions?

Mr. HOEVEN. In the provisions of setting up the advisory committees and the unusual authority being given the Secretary of Agriculture.

The CHAIRMAN. What is the unusual authority?

Mr. HOEVEN. The unusual authority is that the Secretary formulates the plan for each commodity. He does that.

The CHAIRMAN. The Secretary does not do that—the farmers do it.

Mr. HOEVEN. The Secretary selects the members of the advisory committee. The Secretary initiates the program. The advisory committees do not take the initiative. The Secretary promulgates the program and then gets the advice of his advisory committee mem-



bers. The Secretary will set the committee's functions, and he can dissolve the committee at his pleasure. And, in my judgment, the Congress would simply become a rubber stamp.

The CHAIRMAN. You would not be a rubber stamp.

Mr. HOEVEN. I am talking about the initiation of the program. The Secretary initiates it. Do you deny that?

Secretary FREEMAN. Yes, sir. I most emphatically do.

Mr. HOEVEN. All right. Let me have the breakdown so we will know just what you have in mind.

Secretary FREEMAN. All right. Again, it is difficult to be precise, because as you pointed out earlier, there are a lot of commodities.

I would envisage in the overwhelming number of cases that a producer group would come to the Secretary of Agriculture—let us say in turkeys, or soybeans, or a number of things—and say, "We would like to have a marketing order. We need more research. We would like more promotion. We would like to work in quality improvement. We would like to develop a marketing order in our commodity."

They may or may not want to have an element in it of supply adjustment.

And the Secretary would say, "Fine, we will arrange for the establishment of a committee of your producers who will be democratically elected."

They will come in and will meet with the Secretary or his designees and will seek to develop a program which will meet their needs.

That program, with proper attention to related commodities, concerned with them, and to the consumer as well, which would be the responsibility initially of the Secretary, would be developed as initiated by the producers themselves. And once it was developed it would be submitted to this committee and to the Congress.

If it had a supply adjustment feature which was national, it would come here to the Congress and if it was not disapproved, it would go into effect, much as we have been doing with marketing orders since 1937.

If there were a particular problem in an area that was of immediate national concern, I can envisage the Secretary calling for help and asking for the election of a committee on corn, wheat or whatever it might be. This committee then elected with proper representation to the various areas of the country, would come together to develop a program which would be sent here, and to the producers.

And I would suggest, that any program without producer support will be turned down by this committee and the Congress and any program without producer support certainly will not be approved by a referendum. So I honestly do not feel that this sets the kind of arbitrary power that was implicit in your question, in the Secretary at all.

Mr. HOEVEN. The Secretary selects the members of the advisory committee; does he not?

Secretary FREEMAN. No, sir. He selects the members from the elected nominees.

Mr. HOEVEN. Yes, but you make the final selection.

Secretary FREEMAN. Of those who have been nominated.

Mr. HOEVEN. You select them.



Secretary FREEMAN. Yes.

Mr. HOEVEN. Your selection is final?

Secretary FREEMAN. Yes, sir. But they are the nominees who are democratically elected.

Mr. QUIE. Would you yield there?

Mr. HOEVEN. Yes.

Mr. QUIE. You only have to pick two-thirds of the members of the committee from the nominees?

Secretary FREEMAN. That is correct—the others to be selected from those nominated by farm organizations.

Mr. QUIE. So that if an area nominates three men, and none of the three are acceptable to you, you can turn to someone else.

Secretary FREEMAN. No, I do not think so, Representative Quie. The one-third is to give representation to the farm organizations. They will make the nominations. And the Secretary would select from those nominees, but the two-thirds would come from the nominations of the producers as they have elected those nominees, the two-thirds would come from that group.

Mr. QUIE. Thank you.

Mr. HOEVEN. Well, you can set the number of the members of the advisory committee; can you not?

Secretary FREEMAN. Yes, sir.

Mr. HOEVEN. You can limit their work, and can dissolve the committee at your pleasure?

Secretary FREEMAN. Yes, sir.

Mr. HOEVEN. Do you not think that is imposing rather extraordinary powers on the Secretary of Agriculture?

Secretary FREEMAN. I do not really think so. If you expect him to serve any constructive purpose, I think that you are going to have to have their cooperation and that of a lot of other people and, this, I think, would be the objective of any Secretary of Agriculture.

Mr. HOEVEN. It seems to me that your proposal is a great departure from our constitutional process in separation of the legislative from the executive branch of the Government. Heretofore the Congress has enacted the legislation and the Executive had the right either to approve or to veto. Now under this new arrangement of yours we have the Executive writing the legislation and the Congress reserving the right to approve or to veto. In my judgment such procedure is unconstitutional.

The CHAIRMAN. Mr. Secretary, you have always been free to initiate and to submit programs to the Congress, is that not correct?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. And year after year executive communications are sent to the Congress?

Secretary FREEMAN. Yes.

The CHAIRMAN. They were sent to the President of the Senate and to the Speaker of the House—those communications are for proposed legislation and they are transmitted to the Committees of Agriculture?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. And heretofore, you and your predecessors have had the benefit of advising committees one after the other, and you have conferred with the advisory committees, and you have initiated



programs, and you have submitted the programs here. What you are proposing here this morning is that you give the farmers some responsibility in connection with the initiation of these programs?

Secretary FREEMAN. That is right.

The CHAIRMAN. And you collaborate with them.

Mr. HOEVEN. Will the Chairman yield?

The CHAIRMAN. And then you adopt the program and send it up.

Mr. HOEVEN. Why would the chairman delegate statutory authority to an advisory committee?

The CHAIRMAN. To give them statutory authority to initiate a program and the responsibility connected with it.

Mr. HOEVEN. I am opposed to granting such statutory authority.

The CHAIRMAN. You have to initiate the program. I am sure that Mr. Benson had more commissions and committees than any Secretary of Agriculture I know of. The unfortunate thing about it was that they locked the doors to the committee rooms. You never knew who they were. As I understand it, you are proposing to let the farmers themselves elect the nominees, and send them to you for you to approve them?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. You set them up within the statutory authority to collaborate with you, and then when you all agree, to submit the program here to this committee. If we reject it, it is over.

Secretary FREEMAN. If either the House or the Senate rejects the program, that particular program is dead.

The CHAIRMAN. Once you have established it, and the committee has concluded this work, you dissolve that committee?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. And you go on from commodity to commodity, and you do not concentrate a program for all of the great number of agriculture commodities in the market, because many of them are not in any trouble at all.

Secretary FREEMAN. That is correct.

The CHAIRMAN. Many of them are prosperous?

Secretary FREEMAN. That is correct.

The CHAIRMAN. But you do contemplate using the farmers themselves in adopting the programs that they must live under?

Secretary FREEMAN. That is exactly it.

The CHAIRMAN. When it comes to the cost of this program there is no way of telling what the program will cost. It all depends upon what the Congress provides for Public Law 480, and the cost of the home loan administration and what the cost of the wool bill is, all of those things Congress will still have control over, and by passing this legislation we are not going to divest ourselves of the legislative authority placed in us by the Constitution, are we?

Secretary FREEMAN. No, sir.

Mr. Poage.

Mr. POAGE. I had, as you know, originally considerable misgivings about some of the provisions of this bill. I think they can all be straightened out, but if I had any misgivings I believe that my colleague from Iowa convinced me that the bill ought to be passed and that rather hastily when he said it was a radical departure from our present system. [Laughter.]



If there is anything we need it is a radical departure from our present system.

Mr. HOEVEN. I did not refer to the present farm legislative system. I referred to the proposed legislative system.

Mr. POAGE. All right. I think the present legislative system for agriculture must be about the worst system that could have been enforced on the American people. And it seems to me that the statistics we used this morning and with which we are all acquainted—the constant loss of actual income on the part of farmers has pretty well proved, that we have a monstrous legislative system for agriculture right at the present time. To understand how monstrous this system is, and how desperately it needs some kind of radical departure—to understand that we might look at the cost of storage of the abundance we now have on hand which I believe the Secretary told us will run a billion dollars this year. Now we have a Secretary of Agriculture who comes up here and suggests that we make a radical departure, so that we can at least look forward to reducing that burden.

Of course, we ought to have a radical departure from such a system—a system that has bankrupted our commerce and is bankrupting our taxpayers. And within the next generation, certainly, the consumers will see to it that it does not go on.

Certainly we should find a radical departure from such a system.

Mr. BELCHER. Will you yield?

Mr. POAGE. Yes, sir.

Mr. BELCHER. You are saying that the legislative process and the U.S. Government, so far as agriculture is concerned, has failed in the solution, and the solution is to set up a dictatorship.

Mr. POAGE. I am not saying anything of the kind. If you favor setting up a dictatorship, you advocate it. I am merely stating my views that the present system is a failure. I believe that the gentleman from Oklahoma has indicated a great deal of concurrence in those views, too.

Mr. BELCHER. You have to come to my conclusion as to a solution then.

Mr. POAGE. I do not believe so. I believe the Secretary has brought us a solution—has given us something, without taking away the rights of our people and our Congress. As I read this proposal which you brought us, Mr. Secretary, it gives the farmers a real chance to have a real say about their own program.

Secretary FREEMAN. That is right.

Mr. POAGE. It then gives the Congress of the United States every bit of authority it ever had—it does not make any difference what kind of a law we pass today, this Congress cannot take away from the next Congress the right to pass anything in the world that it wants to pass, and I do not think that anybody is contending that, except the gentleman from Oklahoma, who is suggesting a dictatorship in lieu thereof, with which I do not agree—I think that we should maintain the power of the Congress to pass on legislation, to turn down anything that is proposed, to inaugurate anything that Congress wants to inaugurate, to find any way that it wants to pass any legislation proposed that it desires. And if I read the English language correctly this legislation now proposes to do exactly that.



Mr. BELCHER. Will you yield?

Mr. POAGE. Yes.

Mr. BELCHER. Now the gentleman is generally fair. The gentleman knows that I merely asked you a question.

Mr. POAGE. You asked if I wanted a dictatorship, and I answered that I did not. Is that unfair? Was it unfair for me to explain that the Secretary's proposal involves no dictatorship?

Mr. BELCHER. Wait just a minute. I asked you a question if you felt that the legislative process of the Congress had failed that you wanted to dissolve the Congress and to set up a dictatorship. I did not advocate that. I asked you if you did. You said you do not want it. Let us proceed from there. I was asking if you did.

The CHAIRMAN. I want to vote against a dictator and let us get back to the witness. [Laughter.]

Mr. POAGE. Now, Mr. Secretary, this bill does not set up any dictatorship, does it?

Secretary FREEMAN. No, sir.

Mr. POAGE. Either in the Executive or in the Congress?

Secretary FREEMAN. No, sir.

Mr. POAGE. It does not take any powers away from the Congress, does it?

Secretary FREEMAN. No, sir.

Mr. HOEVEN. I would object to that line of question as being leading and suggestive. [Laughter.]

Mr. POAGE. It does not take away any powers—it does not take away from the Congress the powers to write a bill or to write any bill it wants?

Secretary FREEMAN. No.

Mr. POAGE. It simply provides another method whereby the Congress may vote on a solution. And as the Secretary so fairly stated he does not have all of the answers. I think he has a whole lot of them. I do not think anybody has all of the answers.

I believe that the collective judgment of the American people is always better than the judgment of any one individual, whether he be in Congress or in the executive branch. I believe it is wise to call in the people who are most directly concerned with these programs, to let them work on some of these problems on which we have failed so miserably.

Now, Mr. Secretary, what these programs, which might be inaugurated as a result of this legislation—not under this legislation, because no program is to be originated under this legislation, except Public Law 480 and the wool bill and the credit bill—but the programs that might be initiated as the result of this legislation, as to those, some question has been raised about what would they cost. Do you recall whether there have been any limitations on the amount of money we are spending on corn?

Secretary FREEMAN. No, sir.

Mr. POAGE. Corn is a great problem in certain areas. Do any of the corn programs approved by your predecessor have any limitation? [Laughter.]

Do any of his programs have any limitations on the amount that we can spend on dairy products, for expense?

Secretary FREEMAN. No.



Mr. POAGE. And that is very important to the economy of some States.

Do any of these existing programs have any limitation on the amount that we can spend, for example, on soybeans?

Secretary FREEMAN. No, sir.

Mr. POAGE. This is an important crop to many people. I am not finding any fault with our program to support soybeans, or the dairy products, or corn. They should be supported. But did we find fault here when we approved those programs for those crops? Did we find that the cost was insurmountable—that it destroyed the possibility of giving favorable consideration to those crops which were so important to the economy of the Nation? Did we find fault with those programs because we could not figure how much they would cost? Nobody has yet figured what they will cost. Nobody knows today what the present program of supporting corn is costing.

Mr. HOEVEN. If you will yield, what about cotton?

Mr. POAGE. I did not raise any objection to that. I have not heard anybody from the cotton region raising any objection. There has not been any objection raised from the people who grow cotton. There has not been any objection raised from the people who grow rice or tobacco or peanuts. Those people have recognized that they, too, have been the recipients of an effort on the part of the Government to be of assistance.

The question was then asked, why do you bring other commodities, why do you bring in the wool bill? What would the members have us do with the wool bill? Would they have us let it lie over until we get the new program for all other commodities? Would they say that it should be an orphan without consideration on the part of the committee at this time? Would they say that we must ignore the wool people?

Mr. HOEVEN. The gentleman very well knows that he cannot draw any such implications from my remarks.

Mr. POAGE. I did not know what you were doing.

Mr. HOEVEN. If you had listened carefully, you would have known that I said there would be no serious objection to amending the Wool Act, and that there would be no particular objection to the milk program. That certainly does not indicate that I am opposed to such programs. I doubt the advisability of putting them in an omnibus bill when it isn't necessary.

Mr. POAGE. If it is possible for agricultural interests in the United States to get on a sounder plane, why should we ignore these other measures, wool and milk and the like, and the disposal of commodities under Public Law 480, and credit and the other measures—why should we ignore them at this time? All of that makes for a stronger agriculture, does it not?

Secretary FREEMAN. I think it does.

Mr. POAGE. If it makes for a stronger agriculture, should we not bring up the whole structure and remodel it, what is wrong with strengthening the foundation, with strengthening the whole agricultural structure?

I was greatly impressed last week when we had the president of the National Wool Growers Association before us. Incidentally, we have already had hearings on the wool bill, as a part of this measure.



And that is in an effort to move things as rapidly as we can. The president of the National Wool Growers Association said—and I think this is the first time it has ever been said by an organization of this kind to this committee—that the sheep industry is but a relatively small part of American agriculture. And American agriculture is but a relatively small part of the economy of America. And if we are to have a sound program for American agriculture all of us interested in agriculture must work together. And the president of the National Wool Growers Association said: "We are going to work with you."

I thought that was an excellent statement. I thought it was the kind of statement that we should have.

Rather than trying to throw out anything in this bill because it is good we ought to bring into this bill those things that we think are good for American agriculture.

Mr. BELCHER. Will you yield there?

Mr. POAGE. Yes.

Mr. BELCHER. Do I understand then that the gentleman is now making the statement that we should not eliminate any commodities from this bill if an amendment is offered?

Mr. POAGE. I am not making any such commitment. The gentleman is well aware of the fact that for a good many years I have suggested in this committee that we ought to bring in numerous commodities before this committee at the same time, and that we ought to make the decision about the programs all together. I am delighted to find the Secretary of Agriculture bringing them all together, rather than bringing them up for trial day after day, each one pleading his own defense and having his witnesses so that they could not testify in but one case. I am delighted to have all of them brought in together, because I agree with the president of the National Wool Growers Association that agriculture is but a relatively small part of our American economy and it all should stand together, or we will all sink together.

The CHAIRMAN. Mr. Secretary, you and your predecessor have had great discretion in the past; in other words, you and your predecessors still have the authority to fix price supports on numerous commodities at 90 percent of parity or to inaugurate programs. I know that you can set 90 percent.

I know that this does not dictate, or attempt to run the show. I am satisfied that it does exactly what I indicated, it lets the farmers come into the picture in the way that they have never been permitted to come in before.

Secretary FREEMAN. That is correct.

The CHAIRMAN. It places the responsibility on you to confer with the farmers, and to collaborate with them.

Secretary FREEMAN. That is correct.

The CHAIRMAN. If we do not pass this bill you can do a lot of things by Executive order that we would not have anything to do with on the Hill.

Secretary FREEMAN. That is right.

Mr. BELCHER. The gentleman from Texas laid great stress on the proposition that this is going to take the program back to the farmer and give the farmer an opportunity to help write the programs. In



what respects will this bill give the farmer any more authority than he has today?

Secretary FREEMAN. Well, it will call for the establishment of such committees in the development of programs to be submitted to this committee in various commodities when the farmer asks for it and wants the program, or when the Secretary feels the occasion calls for it.

Mr. BELCHER. Under the present law the Secretary has the authority to obtain advisory committees, just the same as he would under this law, does he not?

Secretary FREEMAN. Well, no; not really. This adds a dimension. I would view this as the will of the Congress that the Secretary should consult with advisory producer groups, No. 1, and No. 2, this sets forth the procedure for the selection of those groups which does not exist at this time and which would bring a democratic grassroots aspect to this law that it does not now have.

Mr. BELCHER. Under the present laws then, you as Secretary would have the authority to appoint an advisory committee composed of any group of individuals you want, would you not?

Secretary FREEMAN. As a matter of fact it provides more than that. The law says that he shall consult and advise with such committees.

Mr. BELCHER. That is right. But it does not put the Secretary under any obligation whatsoever to approve any program that this advisory committee suggests, does it?

Secretary FREEMAN. No. The final judgment in connection with it would rest with the Secretary of Agriculture.

Mr. BELCHER. If they should consult with you and say, "We need a program," you can do that today, can you not?

Secretary FREEMAN. Yes.

Mr. BELCHER. Under the present law?

Secretary FREEMAN. Yes.

Mr. BELCHER. Under this new law, they can do the same thing?

Secretary FREEMAN. You mean that they could?

Mr. BELCHER. They could consult with you and say, "We need a program for certain things."

Secretary FREEMAN. I cannot answer these questions yes or no.

Mr. BELCHER. I think you misunderstood the question. Under the present law—

Secretary FREEMAN. They can always consult with me.

Mr. BELCHER. They can consult or—

Secretary FREEMAN. I am willing to talk to anybody.

Mr. BELCHER. Anybody can consult with you and present to you a program?

Secretary FREEMAN. That is correct.

Mr. BELCHER. They can urge you to accept that program, in other words, you are willing to see any group that has any suggestions to make?

Secretary FREEMAN. Yes, sir.

Mr. BELCHER. That concerns agriculture?

Secretary FREEMAN. Yes.

Mr. BELCHER. Under the new law they can do the same thing, can they not?



Secretary FREEMAN. The difference, really, I think is a very important one, that there would be established by law such a committee, selected according to a given procedure, and it would become mandatory upon the Secretary to consult with them. I would always try to see as many as I could of any commodity group and listen to them and try to contribute to their needs and wants. But in this instance a formal structure would be set up.

Mr. BELCHER. Wait just for a moment. You suggested a while ago that the turkey raisers first would consult you, would they not; in other words, are you now going to the country groups and telling them the program they need or are you going to wait until they come to you with a suggestion?

Secretary FREEMAN. Well, as a practical matter they would come to the Secretary.

Mr. BELCHER. That is right. And then you could or could not, as you saw fit, set up an advisory committee; you are not under any obligation to set up an advisory committee for any commodity group in America that wants it?

Secretary FREEMAN. No.

Mr. BELCHER. You can move or not move?

Secretary FREEMAN. Yes.

Mr. BELCHER. If you decide to move then you have, as I understand it, the duty to ask the county ASC committees to nominate nominees for the advisory committee?

Secretary FREEMAN. Yes, sir.

Mr. BELCHER. How many nominees will there be?

Secretary FREEMAN. This would depend upon the commodity, the geographical area, and the problem involved. It would depend upon a number of things.

Mr. BELCHER. Let us take wheat, for instance. They raise wheat now commercially in about 46 or 47 of the States. Would the ASC committee in every State of those 46 or 47 States make a nomination or would you have certain committees make it?

Secretary FREEMAN. Every one—take wheat, for example, and this is something that we would need to work out in great detail—there are five main wheat-producing areas, as you well know. Within those areas there are a number of county committees. It would appear to me that an effective advisory committee ought to be limited to not more than 17 or 25. You would then apportion to the given areas the number that would be allotted to that area.

You would then call the ASC committee together in a nominating convention, where they would make recommendations—from each of the five areas—three nominees for every one. If you made it a 50-man committee, you might, say, for example, for each of the three major wheat-producing areas, you would have three people on the committee. Then nine would be nominated from that area.

Mr. BELCHER. Is there a provision in the law that sets that forth?

Secretary FREEMAN. No, sir; this is just in general.

Mr. BELCHER. That is up to you?

Secretary FREEMAN. Yes.

Mr. BELCHER. You can select the area, you can select the number of nominees, you can select the ones to make the nominations?

Secretary FREEMAN. I could not select the people who make the nominations. They are democratically elected.



Mr. BELCHER. You say to this area here, you can nominate, but this area cannot nominate, because they will not have representatives from Mississippi—they will have one from Kansas, which is a good wheat State.

Mr. ABERNETHY. Do not count Mississippi and me out.

Mr. BELCHER. But does this not still give you the authority to say what area can even nominate?

Secretary FREEMAN. There was no way that we knew of to try and put into a bill the procedures for a committee, for some 250 different commodities. So this is flexible in relation to the Secretary's discretion, but the guidelines are clearly laid down with consideration to areas and commodities and values, et cetera, so that these factors as a practical matter would be taken under advisement.

Mr. BELCHER. That still gives you the power and the authority to almost get any kind of an advisory committee you want, does it not?

Secretary FREEMAN. I suppose I could get together any kind of a nominating committee I wanted.

Mr. BELCHER. And the Secretary of Agriculture some day might do that.

Secretary FREEMAN. I think he would have to be awfully careful, because in the first place, he would have to bring before this committee whatever they finally agreed upon.

Mr. BELCHER. Oh, no; that does not answer the question. You do not have to bring any proposal that you do not want to.

Secretary FREEMAN. In order to have any action on it, we would need to.

Mr. BELCHER. Yes; but you can turn down this commodity here and say, "I do not approve; I will not submit it." You can say to another group, "I will submit it."

Secretary FREEMAN. Yes.

Mr. BELCHER. And you can submit that and if this committee accepts it we would have no chance to change that at all.

You talk about a gag rule of the Rules Committee—this is a gag rule of the Secretary of Agriculture, is it not?

Secretary FREEMAN. No, sir.

Mr. BELCHER. Can we amend it?

Secretary FREEMAN. The Congress can change and initiate, as pointed out, any law they see fit to.

Mr. BELCHER. But to start your program it would have to go to Congress?

Secretary FREEMAN. It would take a majority negative vote in either House of Congress.

Mr. BELCHER. Under the present law, if you sent down a request which the former Secretary did on many occasions, and it never was reduced to a bill at all, he made a suggestion—nobody introduces a bill—it is stopped right there; that was the authority up to now. You can send one down tomorrow, and if no Member wants to introduce it, it just never gets any further, that was under the former law. Under this you send it down and we would have to get a majority vote of the Congress to oppose it.

Secretary FREEMAN. After it is submitted to referendum; yes, sir.

Mr. BELCHER. But you can always submit a bill to referendum and the farmers do not always vote for it.



Secretary FREEMAN. No, sir.

Mr. LATTA. Will you yield at that point?

Mr. BELCHER. Yes.

Mr. LATTA. Also under this bill it designates who the people are who are going to vote in the referendum.

Mr. BELCHER. I am not familiar with that.

The CHAIRMAN. Mr. Secretary, does the bill provide for who is eligible to vote in the referendum?

Secretary FREEMAN. There is here the authority to determine at what level of production producers ought to participate.

Mr. LATTA. You can cut off the little fellow from the referendum then?

Secretary FREEMAN. If he produced a very insignificant amount, you might very well.

Mr. LATTA. The 15-acre farmer is what I was thinking about.

Secretary FREEMAN. This is a mechanical thing. If you are going to let everybody into a marketing order—suppose you had one for carrots, and there were those who produced them in the back yard, you would have an impossible situation.

Mr. BELCHER. Mr. Secretary, under this bill the gentleman from Texas apparently made the point here that we are not surrendering any authority at all. That is, if we are able to get the majority of the Congress to agree with us. Otherwise, if you write the bill and send it down here and if we cannot get a majority of the House of Representatives to stop that bill, that becomes law. That is surrendering authority.

You know there are many times when this Committee on Agriculture has gone to the floor of the House to try to get a majority of the Members of the House to agree with us.

If the Secretary sends one down—I am not talking about you as an individual; I am talking about the Secretary of Agriculture—if he decides to send a bill down here and every member of this committee was opposed to it and we could not get a majority of the House to oppose it, it would become the law.

The CHAIRMAN. The majority of the Congress could vote it down.

Mr. BELCHER. If this committee was against it and the Congress was for it, we would have absolutely no authority on the bill at all. The Congress could very well, of course, veto it.

Secretary FREEMAN. Conceivably, Mr. Belcher, the confusion on this comes to this—the differences between the program as distinguished from a bill. We are not usurping in any sense the right of Congress to legislate. We are attempting to establish a procedure here so we could send to the Congress for its approval or disapproval a program, not a bill, but a program, and the Congress could act on it. If you turn it down or it went into effect, all right, but if you wanted to initiate legislation, of course, you could always do that.

Mr. BELCHER. If we could get the House to agree with us.

This is the only bill I have ever known of that gave a Cabinet member the authority to introduce a bill into Congress.

The CHAIRMAN. No, sir. Every reorganization bill submitted to us is exactly in the same situation, and you have voted for all of them, I think.



Mr. BELCHER. That was from the President of the United States. The CHAIRMAN. The President does send up the reorganization bills.

Secretary FREEMAN. The President sends this up.

Mr. POAGE. It comes from the President.

The CHAIRMAN. Every reorganization bill is such and you have voted for those.

Mr. BELCHER. The President of the United States cannot introduce a bill in the Congress under the present law, but you, Mr. Secretary, can introduce it under this—you can write a bill and submit it. What would keep you from doing so? Supposing that you were a conservative—

[Laughter.]

Secretary FREEMAN. Sir, what do you mean by that remark?

[Laughter.]

Mr. BELCHER. Mr. Secretary, you could send down a program which would in effect abolish all farm programs unless we were able to stop that on the floor of the House, and if so, there would be no farm program, would there?

Secretary FREEMAN. This would mean 256 advisory committees and 256 programs that would have to be submitted.

I suppose conceivably you could come to that horrendous construction.

Mr. BELCHER. Does the law say that you cannot put two commodities in one program? Is this a part of the program that you have to submit 256 different programs, or can you put all commodities into one program if you so desire?

Secretary FREEMAN. I honestly cannot answer that question. I would have to reread it.

Mr. BAGWELL. We would have to submit a program for each commodity or a group of related commodities, such as feed grains.

Mr. BELCHER. The president of the National Wool Growers Association said that they are all related commodities.

Mr. BASS. You would have to have individual referendums.

Mr. BAGWELL. Yes, sir. So the law would continue as now—you would have to have individual referendums. If as a result of what the farmer committee said the Secretary decided there ought to be no farm program for a particular commodity and the Congress did not override this decision, there would not be a farm program for that year.

Mr. BELCHER. The difference between this and the present program is that there is no burden on us to act at all, so far as a request from the Secretary of Agriculture is concerned, but under your proposal, if we are not able to get a majority of the Congress to stop the program, as you suggest, then the program becomes the law. That is a great surrender. And you will, certainly, have to admit that is a great surrender of the authority of the Committee on Agriculture and of the House of Representatives?

Secretary FREEMAN. In a real sense I do not think so. Honestly I do not. Let me respond to this. I think that when we look at the nature and the dimension and the increasing complexity of this area. I believe that the import and the time and the ability of this committee and the Congress to act in the public interest in agriculture



will be substantially furthered and further strengthened by the bill. The Secretary, for example, in a number of instances could today, under the law, take action that would bring about horrendous results.

No Secretary has. We have to assume judgment and integrity. Any piece of legislation can be carried to an extreme, if you wish to.

Mr. SHORT. Will you yield?

Mr. HOEVEN. I would like to clear up one matter.

Secretary FREEMAN. Yes, sir.

Mr. HOEVEN. When a commodity program or proposal is submitted to the Congress, can the Congress amend or change such program?

Secretary FREEMAN. No; the Congress would vote it up or down.

Mr. HOEVEN. Now, you are not answering my question. Can the Congress amend or revise the proposal which you send to the Congress before it is submitted to the referendum?

Secretary FREEMAN. Under the terms of the bill you would vote it up or down—not amend.

Mr. HOEVEN. The Congress could not amend or change it?

Secretary FREEMAN. But the Congress could introduce, of course, at any time, any legislation.

Mr. HOEVEN. I understand that, but I am directing my specific question to you when I contend that the Congress could not amend or change the proposal?

Secretary FREEMAN. Right.

Mr. HOEVEN. We could vote it up or down, and that is it?

Secretary FREEMAN. Yes.

Mr. BELCHER. If the proposal could not be changed unless the majority of the Congress voted it down, it would be law under this. Under the present law if we bring a bill to the floor, or we decide not to bring it to the floor, it never becomes law until the majority of the Congress approves it. Under your system a majority of the Congress would have to reject it?

Secretary FREEMAN. Yes.

Mr. BELCHER. Or it becomes law?

Secretary FREEMAN. Yes. After the referendum.

Mr. BELCHER. From a practical standpoint it looks to me like it gets back to this—it is just a question of whether the Secretary of Agriculture and the advisory committee can write a more satisfactory bill down there without public hearings than this Committee on Agriculture can write up here with public hearings and with executive hearings. In other words, maybe the gentleman from Texas believes that the Secretary of Agriculture can write a better bill and provide in every provision of that bill better than this committee can. I do not know, but I have found that we do not write better agriculture legislation because we cannot get the farmers to agree.

And I do not believe that you will get the farmers to agree any more among themselves than we can. The farm organizations are split up. They will be split up on your bill. We will sit for the next week or 10 days and listen to the farm organizations who will come in. There will be those who will come in for it and there will be those that will come in against it. And some of the times the members will be of both organizations for and against it. The difficulty is one of getting the farmers themselves together. I do not think the Secretary is going to be able to do that any better than this Committee on Agriculture can.



That is the only change that you are making, except that we cannot take a bill to the floor and say, "This is the law." We are giving you the authority to take a bill to the floor and to say, "Unless Congress rejects it, this is the law." We are giving you a lot more authority than we ourselves have today. That is the way it seems to me. But it is, certainly, giving the Secretary authority that the Committee on Agriculture does not possess today.

The CHAIRMAN. What does it give them?

Mr. BELCHER. It gives him the authority to write a bill and make it law, unless the Congress vetoes it.

The CHAIRMAN. Two-thirds of the farmers involved must approve it in a free, unfettered referendum, is that not right?

Secretary FREEMAN. Yes.

The CHAIRMAN. If you send up an amendment tomorrow and we have hearings and everything else, and say, "This is my proposal," I can call the committee together and we can pass a bill entirely opposite to what you propose.

Secretary FREEMAN. Yes, sir.

Mr. GATHINGS. I would like to ask you this question, Mr. Secretary: If the cotton interests of this country were to get together on a program something similar to this compensatory payment idea and that were sent to the Congress and if all segments of the industry were to approve of the particular procedure that could be written into law?

Secretary FREEMAN. Yes; into law.

Mr. GATHINGS. They could submit it to the Secretary of Agriculture?

Secretary FREEMAN. Yes.

Mr. GATHINGS. How would this system work out—what would be done if these various segments of the cotton industry were to decide on a proposal for cotton?

Secretary FREEMAN. Well, the procedure is, first, that the different segments of the cotton industry would come to the Secretary of Agriculture and say, "We believe that a program for cotton different than we have would be beneficial."

The procedure then would be established for the selection of the committee to work with the Department to develop that program. And then when that program was developed—

Mr. GATHINGS. How would the cotton industry decide that; how would those committee members function?

Secretary FREEMAN. Those committee members would be selected as set down in this bill. Again, you would take a look, generally speaking, into the cotton industry and generally speaking it seems to break down into the Southeast, the Delta area, and the irrigated areas.

So let us say that each area would have five representatives on a committee to try to work out a common program. So then in each of those areas you would call a nominating convention of the ASC county committees who would then meet and would make recommendations to the Secretary, that is as to nominations, and he would then select a committee which would be representative of each of these three different areas. That committee would then meet with the Secretary.



We would seek to work out a program that would meet with their approval, giving proper consideration for the public interest as well. And if there were agreement reached on such a program it would then be referred to this Committee on Agriculture.

Mr. GATHINGS. Would it go to a referendum vote?

Secretary FREEMAN. It would go, first, to this committee after the elected and selected representatives—or let us say that the committee consisted of 15, 5 from each of these three areas that were finally selected—they will develop the program, working with the Secretary and with his staff and the technical people. That program would then be submitted to the President, then by the President to the Congress. If the Congress did not turn down that program it would then go out on referendum to the producers. If two-thirds of the producers voting voted for it, the program would be authorized.

Mr. GATHINGS. And the same situation would be true for rice and other commodities?

Secretary FREEMAN. Yes, sir; that is right.

Mr. GATHINGS. You have made a most convincing statement this morning, Mr. Secretary. I have been hearing that your lights have been burning late at night in the Department.

My view is that you have studied this program well, that you brought to us this morning. Although I came here with the idea that I was opposed to it, after hearing you I think that we ought to go into it more carefully.

Secretary FREEMAN. Thank you.

Mr. BASS. Mr. Secretary, there is one thing that strikes me, and I hope that you have given this consideration, that is, to reverse the procedure for the referendum. I think that it would be wiser—I think the Congress would have more to go on—if the referendum was held before the program was submitted to the Congress. And then if the Congress did not act on it, it could be put into action. Why not submit it to the referendum before it comes to the Congress?

Secretary FREEMAN. There are a number who agree with you on this, Congressman Bass. It is a matter of judgment as to which way would serve the purpose best.

Mr. BASS. I think the very fact that the Committee on Agriculture had the sentiment of the people, from the farm groups, would help if you put this to a referendum beforehand. We would know that it was the program of the commodity group itself, before we would have to act for or against the program.

Mr. TEAGUE of California. On page 31 of the bill—I refer you to that—it says this:

Farm marketing quotas, including acreage allotments and other production-unit allotments, may be transferred to such extent, in such manner, and subject to such conditions as the Secretary may prescribe by regulations.

It is possible, it seems to me, that we might have a Secretary who was a party politician, let me say—would it not be possible for such a Secretary to allow the transfer of these allotments in various parts of the country, having in mind political considerations? For instance, is it not possible for the Secretary to say that Mississippi and Arkansas are safely in the Democratic camp and Arizona and California are kind of borderline States, let us send their allotments to



California and Arizona and sew up these States in the Democratic camp—is that not possible?

Secretary FREEMAN. Well, there are presently a number of applicable laws. This provision for transfers is included in order to accomplish a supply adjustment goal with the flexibility necessary to meet changes in trends, so that we would not get into a rigid mold. It is one of those things where I think discretionary authority is necessary. It could possibly be subject to abuse, of course, but I do not think any secretary would ever dare to do this because if he did, the programs that would come before this committee and the Congress would soon become so suspect that they would just not receive any credence.

Mr. TEAGUE of California. But you do agree that the wording is broad and gives the Secretary such a power?

Secretary FREEMAN. Well, yes. This is true now. I have had called to my attention that in connection with wheat in the Agricultural Adjustment Act of 1938, the farm marketing quotas for wheat shall not be transferred in accordance with the regulations prescribed by the Secretary except under unusual circumstances. That has been in since 1938, in both Republican and Democratic administrations, with both Republican and Democratic Secretaries of Agriculture, and I do not think that I have heard, at least, an accusation that quota transfers were made as a matter of politics.

The CHAIRMAN. May I interrupt here? He had reference to a transfer from one producer to another.

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. You would not take up the North Carolina allotment and transfer it?

Secretary FREEMAN. No; this is from one producer to another.

The CHAIRMAN. Yes; from one to another.

You could not just arbitrarily take it from "A" and give it to "B."

Mr. TEAGUE of California. Does not this language allow a farmer in California to secure a farm crop allotment in Mississippi and in Arkansas and move it to California?

The CHAIRMAN. Only if the Secretary approves.

Mr. TEAGUE of California. I understand that. But if a producer wants to purchase the allotment, he would have to approve it, and then the man that sells has to agree to sell it.

Mr. ABERNETHY. Will you yield?

Mr. TEAGUE of California. Yes, sir.

Mr. ABERNETHY. I do not think you need have any fear about that, because Mississippians do not plan to sell California any of their cotton acreage. [Laughter.]

Mr. TEAGUE of California. I am sure that you do not. But there are other people around. Mr. Hagen has very wealthy cotton farmers who might make it very tempting.

The CHAIRMAN. You might make a note of that, because we would not want that to happen, and you do not, either.

Secretary FREEMAN. There are many things in this bill that you may, in your judgment, seek to change and adjust. There may be limitations that you would find reasonable and appropriate at this point. In this instance, I think the flexibility that is possible under some transfers, with appropriate supervision, is important.



Mr. BELCHER. Will you yield?

Mr. TEAGUE of California. Yes.

Mr. BELCHER. There are things, in writing this agriculture legislation, that do come up like these, do they not? If we pass this, there will not be any opportunity for us to suggest any changes. It will be a bill that we can take or leave, just as it is.

Secretary FREEMAN. All you have to do, I think, is write a two-line bill that would say, "The Agricultural Adjustment Act of 1961 is hereby repealed, period." That would take care of anything.

Mr. BELCHER. That is, if we get a majority of the Congress to go along with us on it, we could do it. We could not do it in this committee. We would have to go before the Congress and have them repeal it.

Secretary FREEMAN. Yes.

Mr. BELCHER. There is one thing that I would like to get cleared up, and maybe we can get this from your counsel. At the present time we have a wheat program. If you would suggest a new program under this law and it came down here and was not rejected by the Congress and you held a referendum and the farmer would not have an opportunity to vote for either the new program or no program—if the farmer rejects the new program, he would automatically repeal the present wheat program, would he not?

Secretary FREEMAN. That is correct.

Mr. BELCHER. In other words, if you wrote a program that the farmers in my district did not want, they would be put in the position of voting for your program or no program at all.

Secretary FREEMAN. I would not have a program—the program would have been written by the elected representatives—it would have been written by and shared in its preparation by them, that is, of your farmers. It would have been passed and concurred in by them.

Mr. BELCHER. And I have never been able to get three of them to agree on a program yet. I do not know what group you would have write that program that you are going to submit, but under the law you do not have to submit that program at all—you can submit any type of program that you yourself desire and send it here—you can disregard the committee's suggestion—you can send it here and the farmers can either vote for that program or no program at all, because your bill will repeal the present program.

Secretary FREEMAN. As a practical matter I can assure you that I would not. And I cannot conceive of any Secretary of Agriculture sending to this committee a program which did not follow in good faith the procedures called for in this bill, with the democratic nomination of groups through which he would work in developing the program, because I am sure that either (a) this committee and the Congress would turn it down; or (b) before he got through trying to administer it he would have himself the biggest headache you could conceive of and would be committing suicide, which I do not think anybody wants to do.

Mr. BELCHER. I am not saying that. What I am saying is that, supposing this committee you have—a committee of about 25 members—and suppose you would have 17 members from the Farmers Union and 9 members from the Farm Bureau—the Farmers Union program would be the one that would be selected to send up



here, if you act in accordance with this. But suppose you have 16 members of the Farm Bureau and only 9 members of the Farmers Union, then we would get the Farm Bureau bill, would we not?

Secretary FREEMAN. I believe that out of this could well grow the kind of unified approach to agricultural programs that we have all been seeking. I believe in the county committee system; I have seen it work. I know the people in my State and in some other States that work in it. I have rubbed shoulders with this very closely. This is not an academic observation.

The county committees are elected by the community committee chairmen within the county. These county committeemen, by and large, are people with a deep interest and responsibility in the community. They are the ones who are going to meet and make these nominations.

In the process, I think they are going to assume this responsibility seriously and are going to recommend the best kind of a program for that commodity and for their community in which they live. I do not know that this will work perfectly, but I would suggest to you that this is a democratic procedure that goes right down to the grassroots. It involves the election process and participation by the producer himself. I believe he is going to respond to this responsibility—he is going to make serious nominations—he is going to be concerned with the people that he has elected and what they do; and he is going to be concerned with that program; and he is going to be in touch with this committee and the Congress and he is going to be prepared to work in administering it. I believe that from this can come the kind of grassroots democratic involvement in agriculture that is essential, I believe, to a sound agriculture program.

Mr. BELCHER. I think that you are trying to get conscientious support. I believe you will get from the Farmers Union a program in which they will be conscientious and one in which they believe and by the same token when the Farm Bureau comes in and advocates a completely different program, I believe that they will be conscientiously advocating a program that they think is perfect for the American farmer. And then we have the Grange and the milk producers and the wheat raisers and the cotton council and everybody else—I think they are all conscientious. I think they are all presenting a program that they think is the best program, but they, certainly, do differ a lot in their viewpoints.

The point I was making is that a program that comes down here is going to be the program if you accept the advisory committee program, a program that will be influenced by the various group organizations that consult with the advisory committee and we will get either a Farm Bureau program or a Farmers Union program or a wheat producers program or a rice producers program or somebody else's program. And then the American farmer, the wheat farmer can take that program or no program. They will not have the present program. His vote on it will kill the present program, and then he either accepts the new one or no program at all.

Mr. JONES of Missouri. I think that you are wrong. Section 141 of this bill, subsection (c) states that the submission of the program to Congress and its subsequent disapproval by the Congress would



not affect the operation of any program authorized or required by law. They will still have the program they had in effect.

Mr. BELCHER. I would like to have him answer that.

Secretary FREEMAN. That is correct. Counsel can answer it better, but what Congressman Jones has said is correct. If the Congress disapproves the program, the present program would continue.

Mr. BELCHER. I want to ask that counsel, do you say that if a program is submitted and that wheat program is voted down, that the present program will continue in operation?

Mr. BAGWELL. If a wheat program goes to Congress, and Congress disapproves, we go back to the old law—the program under the old law.

Mr. BELCHER. That is not my question.

Mr. BAGWELL. The second situation is that if a program is submitted and Congress does not disapprove, it goes to the producers for referendum and if the producers vote it down, that is the end.

Mr. BELCHER. And it repeals the present law?

Mr. BAGWELL. It does not repeal—just for that year they do not have a program.

Mr. BELCHER. They do not have any program?

Mr. BAGWELL. That year.

Mr. BELCHER. It is done.

Mr. JONES of Missouri. Then the next year the program goes back.

Mr. BAGWELL. That is correct.

Mr. BELCHER. But for that year there will not be any wheat program—they will take that one or nothing.

Mr. BAGWELL. That is true under the law today.

Mr. BELCHER. They have an opportunity today to vote for the present program or against it. Under the new law they would vote for your program or against it.

Mr. BAGWELL. Well—

Mr. BELCHER. They could not keep the present program if they wanted to.

Mr. BAGWELL. That is right. If they have a program under this new authority, of course, they would have to vote on that program or no program.

Mr. BELCHER. In other words, for that 1 year the program is just out—there is no program; in other words, a farmer does not have the opportunity to vote for the new program or the present program—he takes the new one or no program.

Mr. JONES of Missouri. He does that same thing when he votes for the referendum. If he votes it down, he does not have any program.

Mr. BELCHER. I know who the present law was written by. I do not know who this other one is going to be written by.

Mr. LATTI. I have one question. Is it not a fact that in this bill the 1962 program would not be subject to review by the Congress?

Secretary FREEMAN. Yes, sir.

Mr. LATTI. That is true?

Secretary FREEMAN. Yes, sir.

Mr. LATTI. This would be a complete abdication of the powers of Congress, would it not?



Secretary FREEMAN. In this instance; no. In this instance because of the pressure of time the Secretary would be empowered to select the committee without going through the selective procedures to develop a program and to submit it to the referendum.

Mr. LATTI. They would actually be writing a program for wheat without being passed or reviewable by the Congress?

Secretary FREEMAN. The Secretary would be authorized to do so.

The CHAIRMAN. Let me interrupt. I thought that that provision after 1962 was only applicable—

Secretary FREEMAN. For 1 year.

The CHAIRMAN. Only applicable for the selection of the advisory committee—you still have no program—

Secretary FREEMAN. No; in this instance so far as the wheat program is concerned because of the pressure of time, it would provide that the Secretary would be authorized to name and call together an advisory committee.

The CHAIRMAN. That is right. And then you submit the program to the President and—

Secretary FREEMAN. No. This would be directly by referendum, in this instance, so far as wheat is concerned, because there would not be time.

The CHAIRMAN. Very well, we will recess now until 2:30 this afternoon.

(Whereupon, at 12:20 p.m., the committee recessed, to reconvene at 2:30 p.m., the same day.)

#### AFTERNOON SESSION

The CHAIRMAN. The committee will please be in order.

Mr. McMillan, do you have any questions?

#### STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE—Resumed

Mr. McMILLAN. Mr. Chairman, I just want to congratulate the Secretary on the fine statement he made this morning. I do not believe the bill could have been presented to the committee in a more effective fashion than he did this morning. I realize that this bill will be gone into thoroughly by a subcommittee, and there are a lot of things we would like to learn about it.

I think that will be the proper time to ask my questions.

Thank you.

Mr. FREEMAN. Thank you, Mr. McMillan.

The CHAIRMAN. Mr. McIntire?

Mr. MCINTIRE. Thank you, Mr. Chairman.

Mr. Secretary, I am sorry that I missed some of your hearing this morning.

I would like to inquire in this area of marketing agreements, and orders.

Now, I would like to start off by asking you, Mr. Secretary, what term we are using here in connection with agreements and what term are we using in connection with orders? Because as we discuss this, I think we need to know that we are thinking of the same terms. So in this legislation as it is proposed, the term "order," does it mean



the administrative vehicle by which, under the present marketing-agreement legislation, the agreement is implemented?

Secretary FREEMAN. Yes, sir.

Mr. McINTIRE. All right, then. In relation to the term "agreement," while I do not think this is technically correct, do we understand that this is the overall vehicle which is first placed into effective law, and is the framework by which the administrative orders are subsequently issued under the agreement? Is this what we mean by "agreement" in this connection?

Secretary FREEMAN. Well, I do not quite follow you. We are directing our attention here primarily to marketing orders which have followed a procedure that I am sure you are familiar with in terms of the preparation, hearings, promulgation, and administration. That would not be changed. The scope of the marketing orders would be broadened to include both more commodities and more activities. If a marketing order were nationwide, or if it involved some kind of supply adjustment applicable to producers, in that event, the procedure of preparing and submitting it to the Congress would be followed. Otherwise, the procedure which has been in effect since 1937 would continue.

Mr. McINTIRE. But you are changing the basic law here, are you not, even to the extent to which these might not be national orders?

Mr. FREEMAN. I would think it might conceivably be more accurate to say that we are adding to the basic law rather than changing it.

Mr. McINTIRE. Well, let us refer to page 8 of the bill and in the section listed there as (3), you say:

Section 8c(1) is amended by striking the period at the end thereof and adding the following: "and the findings relative thereto made in section 360b of the Agriculture Adjustment Act of 1938, as amended, are adopted for the commodities to which such findings are applicable under that Act and the products thereof with the same force and effect as if set forth in full herein."

Secretary FREEMAN. What that means, Mr. McIntire, is that in the event of a marketing order that was either national in its scope or involved some supply adjustment factor for producers, that instead, then, of having the hearing that would be held under present marketing order procedures, the procedure followed would be that of submitting it to the Congress and then submitting it for referendum to the producers, and there would not be a hearing except in compliance with the informal procedure of the Administrative Procedure Act of soliciting comments in connection with it.

To that extent, the marketing order procedures are modified, and I would repeat, when, (a) it is nationwide in its scope, and (b), when it involves some supply adjustment factor involving producers.

Does that answer the question?

Mr. McINTIRE. No. What about this provision here that says "and the products thereof"?

Secretary FREEMAN. This language was exactly the same as existed before, and includes no products not already covered by that particular proviso.

Mr. McINTIRE. Then this does not refer to any use of these in, let us say, in processing or anything of that sort?

Does this cover any processed commodities by this term, "and the products thereof."



Mr. BAGWELL. Mr. McIntire, it would cover only such of those products as are already covered. However, fruits and vegetables for canning and freezing are not excluded. This bill would cover those.

Mr. MCINTIRE. I beg your pardon.

Mr. BAGWELL. This would cover vegetables for canning and freezing under the language which you referred to a moment ago, at the bottom of page 8 of the bill, but not the products.

Mr. MCINTIRE. So this means only if there was a national order?

Mr. BAGWELL. Either national or regional.

Mr. MCINTIRE. And in the establishment of a national order you do not proceed as under present law?

Mr. BAGWELL. Well, you would not have to. Proposed section 8g of the act, which would be added by this bill and which is found on page 13, authorizes national orders without the hearing procedure which is followed at the present time.

Mr. MCINTIRE. There is no legal basis for national orders at the present time, is there?

Mr. BAGWELL. National orders would be authorized with the hearing procedure which we have now, or without the hearing procedure if issued under new section 8g.

Mr. MCINTIRE. You could establish a national order without a hearing?

Mr. BAGWELL. That is correct, or with a hearing, depending on which way the Secretary and the Advisory Committee finally concluded would provide the most effective program.

Mr. MCINTIRE. This is not, then, the jurisdiction or within the choice of the commodities group, this is the decision of the Secretary as to whether or not he shall establish this national order through the vehicle of hearings, or send it up to Congress for their approval?

Mr. BAGWELL. It would be the Secretary's decision, working with the commodity group, of course, as he is required to do under the new procedure.

Mr. MCINTIRE. Over on page 9 of this bill—

Secretary FREEMAN. May I clarify this just to be sure that we have not in any way mislead you, Mr. McIntire?

The same procedures in marketing orders that have applied previously would continue to apply, with the exception that if it is a nationwide order or if it involves some supply adjustment on the part of producers, why, then, the additional steps of submitting it to the Congress would be added as a check; in other words, this is a further limitation in the event of a national order or one involving supply adjustment of that sort.

Mr. MCINTIRE. Well, I disagree with you, Mr. Secretary most respectfully as to whether it is a further limitation or not. Because it would either be done through a national hearing, or you could take the legislative route.

Is not this the decision?

Secretary FREEMAN. No, sir. If it is a national order, you have to take the legislative route and present it to this committee and the Congress.

Mr. MCINTIRE. Then I misunderstood Mr. Bagwell.

Mr. BAGWELL. There are two sections under which we could issue national orders.



We could issue national orders under section 8c of the present law, with the hearing procedure, and under new section 8g, which is added by this bill, without formal hearings. But in either event, those orders would have to be submitted to the Congress before they could become effective.

Mr. McINTIRE. All right.

I would like to ask the question in regard to what is the administrative authority that rests now in the hands of the marketing agreement administrative committee under this act?

What change are you making in the administrative authority of these administrative committees?

Secretary FREEMAN. None.

Mr. McINTIRE. Then why do you have, on page 10 of this bill, that any order applicable to all production or marketing areas of any commodity or product thereof shall be issued only after consultation with and advice from the national farmer advisory committee?

Secretary FREEMAN. That is true now under marketing orders.

Mr. McINTIRE. No; I beg to differ, Mr. Secretary. We do not have the national advisory committee?

Secretary FREEMAN. Oh, under national—I misread it.

Well, this actually, as Mr. Bagwell said, would be preliminary to the application and the procedure of the marketing order proper. In other words, this would be an additional early step. In effect, this formalizes—and you correct me now, Dr. Ralph, if I am wrong because I am not an expert on marketing orders——

Mr. McINTIRE. I am not, either.

Mr. FREEMAN. Previously, it is my understanding a group of producers of a commodity would come together and solicit the assistance of the Department to develop a marketing order. They work out an order that seems to make sense, and they would hold hearings.

It would formalize this in the sense of calling for the farmer advisory committee as the first step in developing the order.

Is that correct?

Dr. RALPH. (Nods.)

Secretary FREEMAN. So what has been done informally before, you could say, is now done formally through the process of democratically selecting producers to work out the first step.

Mr. McINTIRE. Then we need to go back to definitions, because you have said that if a group were interested in initiating an order, all right, I understand what you mean by that. But what do you call the particular vehicle by which you put an action into effect?

Secretary FREEMAN. Well, I think we go step by step. A group of producers would come in and say, "We would like a marketing order."

If that was generally the judgment of the producers of that commodity, we would provide for the nomination and appointment of an advisory committee.

The advisory committee and the Secretary would prepare a marketing order. That marketing order would, in all likelihood, involve hearings if it were not nationwide and did not require supply adjustment on the part of producers. If it involved supply adjustment, it would then probably be submitted first to this committee and then would go to referendum.



If it were not nationwide and it did not include supply adjustment on the part of producers, the same procedure would be followed as previously—the hearing, and after the hearing, the referendum, and then, after the referendum, assuming it was favorable, the selection of the producers who would then be a part of the administrative committee for that particular commodity.

Is that right, Dr. Ralph?

(Dr. Ralph nods.)

Mr. McINTIRE. All right.

What do you call the particular vehicle the administrative committee uses to implement what you are now calling an order? Just so we shall understand the terminology.

Secretary FREEMAN. The vehicle would be the marketing order. It might call for research, it might call for promotion, it might call for quality control or supply adjustment.

Mr. McINTIRE. Yes, and here again, I am not trying to be difficult, but you see, you have used the term “marketing order,” as this other vehicle too, and this is where we get into some confusion. But what I am coming at particularly here is you do have an administrative committee chosen by the people who are involved.

Secretary FREEMAN. Right.

Mr. McINTIRE. And they, in turn, have the responsibility of making such recommendations from time to time which they think are constructive in the effective use of the order. But they, in turn, make a recommendation which, in turn, is called an order, and so here we get a use of the word “order” in a couple of different positions involved here.

But what I am interested in primarily is in this language on page 10.

Does this mean that such implementing recommendations as a marketing administrative committee may make to the Secretary, are subject to the language of this section, in which it is said that it shall be referred to the National Farmer Advisory Committee of that commodity group.

Secretary FREEMAN. No.

Mr. McINTIRE. But if it is on a national basis, it does, is that right?

Secretary FREEMAN. No. Because now I think we are talking about the administrative committee after the marketing order has been promulgated and approved by referendum. You are now talking about, the details of carrying out the order, and to that extent it would be done exactly the same as it was prior to this under the Marketing Agreement Act.

Mr. McINTIRE. And the National Advisory Committee has absolutely no jurisdiction whatsoever in connection with it?

Secretary FREEMAN. Nothing to do with it.

Mr. McINTIRE. All right. One other question.

In this bill, you are proposing to define all producers as handlers. Will you give me some background on the reason for that?

Mr. BAGWELL. Mr. McIntire, the reasons for that are twofold. First, the new authority would provide for quotas or allotments on producers. That is not now authorized except in the case of hops. The order might provide for producer quotas or allotments similar to



what we have in the farm marketing quota law today with reference to the basic commodities.

The reason for defining the producer as a handler is to bring him within the enforcement provision of the present law, which makes any handler who markets a commodity in excess of his allotment or quota subject to forfeiture of a sum equal to the market price of the excess.

The second reason for including them as handlers is to make them subject to the provisions regarding assessments for the cost of administration of the order and for the promotional and research activities provided for under the order.

Mr. McINTIRE. Well, they are subject to assessments now.

Mr. BAGWELL. Only if they are handlers.

Mr. McINTIRE. And this would make the producers subject to assessment?

Mr. BAGWELL. If producers are covered by the order, yes.

If they are not, of course, they would not be subject to assessment.

Mr. McINTIRE. Is there any background of court decisions which is inherent in the reasons why the original Marketing Agreement Act was set up to be administered at the handling point, rather than the producer.

Mr. BAGWELL. I must say at the moment I do not know, Mr. McIntire. It was in fact set up as a type of marketing regulation, and the control impinged on the handler.

But there is authority now for controlling or regulating the marketing of producers of hops.

Mr. McINTIRE. Is there a marketing agreement and order on hops?

Mr. BAGWELL. There was one on hops, but I believe I am right in saying that the controls have never extended down to the producer.

Mr. Si Smith is here. He could probably answer that.

Mr. SMITH. We did have a marketing agreement order on hops that was terminated. Allotments were issued to producers pursuant to the special provisions under the Marketing Agreement Act of 1937 which relates to hops only.

Secretary FREEMAN. Si, there is a chair up here. You are the real expert on this. Why do you not come up here? If Mr. McIntire has questions on this, you could answer them better.

Mr. McINTIRE. Now, on the question of the existing marketing agreements, whether they are on fruits or vegetables or dairy, under this legislation, you are proposing to provide that there could be established a national order in these commodity groups?

Secretary FREEMAN. Yes, sir.

Mr. McINTIRE. If this is done, either by legislation or by hearings, you do hold the referendums subsequently?

Mr. BAGWELL. That is correct.

Mr. McINTIRE. Now, if the referendum is favorable, what is the legal status of those orders which were previously in effect on a regional basis?

Mr. BAGWELL. Well, this would not necessarily affect those unless the order subsequently developed by its terms either made unnecessary or made ineffective the earlier orders.

Secretary FREEMAN. It would depend on the order. It would depend on the nature of the referendum and the program developed.



It might or might not change a given marketing order under the present procedure.

Mr. McINTIRE. Well, then, are you envisioning an order we shall say in a fruit or vegetable item wherein you are operating on a regional basis in the framework of one agreement and on a national basis in the framework of another agreement?

Secretary FREEMAN. I do not think that would be feasible or practical.

Mr. McINTIRE. I do not think so, either.

Mr. BAGWELL. The present orders, Mr. McIntire, would continue until superseded by orders issued under the new authority. The bill itself does not in any way repeal any existing order.

Mr. McINTIRE. No, but action under the bill would.

Mr. BAGWELL. Yes.

Secretary FREEMAN. It could.

Mr. BAGWELL. It could.

If producers working with the Secretary developed a new type program which came before the Congress and went back to the producers for approval and was approved, in a referendum, of course that could replace the old order.

Mr. McINTIRE. And you could have producers in one area interested in the national program and producers in another area not interested, and by the result of your referendum you could, in effect, liquidate the existing marketing agreement in their area, could you not?

Mr. BAGWELL. We rarely have unanimity of opinion among the producers.

Mr. McINTIRE. But this is entirely possible under the provisions?

Mr. BAGWELL. Yes.

Secretary FREEMAN. It is possible, but I think it is not probable.

Mr. McINTIRE. Well, what would be the effect in the dairy industry if a referendum were voted down? Do I understand correctly that price supporting activity is cut to 50 percent?

Secretary FREEMAN. Yes, sir.

Mr. McINTIRE. So that if it were considered desirable on the part of a group which constituted your National Advisory Committee that there be a national order in the commodity milk, and this went through the various steps which were required here, the alternative available to a producer now operating in one of the 79 milk order territories would be to go along with that program, or, the program failing, that his support price would be cut 50 percent?

Secretary FREEMAN. Yes, sir, this could happen.

Mr. McINTIRE. And this is what is, perhaps, may I say, intended to happen if his National Advisory Committee determines that there ought to be production management in milk; then this vehicle sets the stage for this type of alternative as far as a producer in a milkshed who is entirely satisfied with his existing regional order is concerned, am I right?

Secretary FREEMAN. This could conceivably happen, although, as a practical matter, the selection of the advisory committee representative of the industry making a recommendation for a total program would, I am confident, represent the overwhelming majority of the producers, or it would not receive the favor here of Congress, nor would it receive the favor of producers in the referendum.



Now, there might, democracy being what it is, there might be a vote of 99 to 1, and if so, the 99 would prevail.

Mr. McINTIRE. Well, you have a very important difference in the production pattern of a commodity like milk, and this would just simply be a matter of how you, as Secretary, determined this referendum was going to be designed, would it not? Because you have to determine who is eligible to vote? Dairymen in production areas which are not operating under the marketing order have reason to examine all of these possibilities in relation to their own area, do they not?

Secretary FREEMAN. Surely, very much so.

Mr. McINTIRE. And these are some of the possibilities, are they not?

Secretary FREEMAN. They are possibilities.

Mr. McINTIRE. Now, under this language, you provide for assessments which are retained for promotion and advertising and education. What is your plan under this legislation as to how those funds would be administered?

Secretary FREEMAN. Well, one of the keys, I think, to the success generally of the marketing order system has been the management and financing of the marketing order by the producers. I would not envisage any change in that so long as it was responsive to the will of the producers and the procedures were sound. If you had elected a management group that wasted the resources and failed to carry forward the purpose and intent of the order, why, as the law now stands, it would be incumbent upon the Secretary to do something about it.

Mr. McINTIRE. Well, I grant that, Mr. Secretary. But my question was directed at the fact that there is authorized in existing marketing agreement legislation, the opportunity to amend it to provide for the collection of sums for use as research money. When this act was amended this committee rejected the proposal that these moneys could be used for promotion and advertising.

This bill provides for the specific use of it in promotion and advertising.

Secretary FREEMAN. That is correct.

Mr. McINTIRE. Now, my question is, Who is going to administer those funds for promotion and advertising within the commodity group to which the order is applicable?

Secretary FREEMAN. The elected management committee under the general supervision of the Secretary, exactly as the present marketing orders are being administered.

Mr. McINTIRE. But the present marketing orders do not permit promotion.

Secretary FREEMAN. No, this would broaden the powers of the marketing order. But it would leave the administrative responsibility with the same group that has administered the order previously under more restricted terms.

Mr. McINTIRE. If you were setting up a national marketing order, does this act provide that a national order can use the authorization of assessment for promotion and advertising?

Secretary FREEMAN. Yes, sir.

Mr. McINTIRE. Then if that were included in the order, then you would have a fund for use at a national level and advertising?



Secretary FREEMAN. Yes, sir.

Mr. McINTIRE. What would be your recommendation to several commodity groups who already are doing this with their own money, of the State legislatures who have set up some of these vehicles separate and apart from marketing agreements?

Secretary FREEMAN. I think that would be a matter that would need to be worked out according to the pattern of the particular commodity and the history of it. They may very well, under those circumstances, if they were adequately carrying forward research and promotion, not wish to include that in the order.

If they expressed the desire to do so, and if it were affirmed by referendum, why, then, it would be done under the nationwide procedures.

Mr. McINTIRE. We thrashed this matter of promotion out quite thoroughly in considering some amendments to the Marketing Agreement Act. What is your particular reason for bringing it into this legislation?

Secretary FREEMAN. Well, it has been expressed to me that this is something that a number of commodity groups feel would be most helpful in expanding their markets and strengthening their particular industry.

Now, Dr. Ralph, do you want to comment on that question? You worked with these groups a good deal more than I have.

Dr. RALPH. Mr. McIntire, in some of the commodities that we would like to promote, some of the State legislatures have provided machinery for this, but other States have not. I believe some of them are interested in using national legislation if it is available so they will have coverage of the entire industry; that is so that all producers over the country will be participating in and contributing to the promotion.

The main commodity group which would like to use this immediately, I believe, is the turkey industry. They are quite interested in a national promotional program.

Mr. McINTIRE. What about of these groups like national dairy organizations, who are in the promotion field—you have many poultry groups. Turkeys are having some promotion on their own. Where would these groups, who are organized to do this work, fit into this picture? Am I to assume correctly here that this sum of money—and it would be very, very substantial—is to be under the administrative jurisdiction of the national administrative committee of the marketing order subject to approval of the Secretary, and that these funds would be put out to contract with advertising concerns and promotional vehicles of one type and another? And how are you going to separate these into the function which is now served of providing specific promotion by regions on the basis of some of the regional and State assessments? How are you going to effectively do this kind of a job, which many industries are doing right now?

Dr. RALPH. The marketing order itself—that is, the administration of a promotional program authorized under a marketing order—is quite flexible.

The national administrative committee could contract with a State commission to carry out part of the promotional work. It could contract with the National Dairy Council or the other going promotional organizations for this work. Quite often, marketing order boards,



operating under State law, do contract with some of the types of organizations that you are speaking of to do promotional work.

Now, this would be up to the board to recommend to the Secretary the management of the promotional funds.

You mentioned advertising. I think a greater part of these people spend very little money on advertising. Most of the money is spent on publicity, trade relations, and consumer education type work. Advertising comes in for only a very small share of these funds.

Mr. McINTIRE. How many marketing orders are in existence right now that provide for the accumulation of any funds in this field?

Dr. RALPH. I believe all of the marketing orders that provide for this are State orders, such as the cotton promotion organization in North Carolina.

Mr. McINTIRE. Is there a marketing agreement on cotton?

Dr. RALPH. It is similar to a marketing agreement.

Mr. McINTIRE. You say similar, Mr. Secretary, but it is a Federal marketing agreement or a State marketing agreement?

Dr. RALPH. They have a State law.

Mr. McINTIRE. They have a State marketing agreement organized in North Carolina, and this is a State marketing agreement act?

Dr. RALPH. They have a labeling act. I do not know the exact title of the law in North Carolina. In Washington, they also have one. In California, they have a State marketing act which is now operating in about 20 separate commodity promotion programs. I am not acquainted with the titles of the laws in these various States.

The CHAIRMAN. Will the gentleman yield?

Mr. McINTIRE. Yes.

The CHAIRMAN. We have an organization called the Tobacco Association. This is financed by a tax on farmers. The tax is levied and funds are made available to the Tobacco Association through the Public Law 480 funds. The same thing may be true with reference to our cotton promotional committee. But the North Carolina Promotion Committee has no connection whatever with the Federal Government, the way I understand it.

Mr. McINTIRE. Mr. Chairman, I should not take more time, but I just want to say that I think this whole area needs careful study, Mr. Chairman—is it your purpose to defer sections of this, including the marketing agreement sections, to subcommittees for further study?

The CHAIRMAN. I think so. I thought we would try to restrict these hearings to the first part of the bill, which we have been discussing, and then, at a later date, I assumed we could hear the Secretary and perhaps some other witnesses; I shall try to refer different sections to different appropriate subcommittees.

Mr. McINTIRE. Well, thank you very kindly. Because of long interest in some of the efforts that are made both in marketing agreements and in promotion, each of which are financed by the producers in the areas, this provision of the bill, Mr. Secretary, I believe needs careful understanding. We have some rather effective vehicles here which are not being financed through the Federal Government. They are not administered by the Federal Government. I think you would agree with me that they are constructive and effective, and I think we should be very, very careful how we superimpose. We should not simply destroy some very effective vehicles that we already have.



Secretary FREEMAN. I would certainly agree wholeheartedly, and would merely say that I think as each commodity was evaluated by the producers in that commodity, why, due consideration would be given, and certainly there should not be duplication or replacement of ongoing effective efforts. I am sure that the producers themselves would not want or support any such actions under this general authority.

Mr. McINTIRE. Yes, but it just so happens that you will have some regional interests who can be outvoted, and the very program they have been working on for a generation can go down the drain just because they are outvoted. This is the thing that disturbs me when you move over and put a national program on here on top of the existing marketing agreements and authorize them to assess and go into the promotional field. A great many things that we already have here, and that I think are working rather constructively, need to be protected in here somewhere.

Thank you very kindly, Mr. Secretary.

The CHAIRMAN. Mr. Teague?

Mr. TEAGUE of California. One more question, Mr. Chairman.

Mr. Secretary, it seems to some of us that you have proposed a revolutionary method of handling farm legislation. My question is this: If it is a sound principle for the Secretary of Agriculture, with the advice of a group of farmers, to propose a program and submit it to Congress on a take-it-or-leave-it basis—if we do not take it, it becomes law, as I understand it—if this is a sound principle, why should not the same thing apply in other fields? Why should not, for instance, the Secretary of Labor, Secretary Goldberg, with the advice and consent of the committee, let us say, made up of Mr. Reuther, Mr. Meany, Mr. Hoffa, do the same thing, submit it to Congress? Unless we veto it, it becomes law? If this is a good principle, why is not it good also for the railroads, for the heads of the railroads, also with the cooperation of the Secretary of Commerce?

Secretary FREEMAN. I am not prepared, Mr. Teague, to comment on other areas. I would leave that to your judgment. I would say in this instance, this provides a procedure and a mechanism that is important and will be effective in the field of agriculture.

Mr. TEAGUE of California. I am sure you consider it so or you would not have recommended it. But many of us are concerned with the basic principle involved, and this point I just made is rather relevant. If we started here, why do we not do it in all the other fields?

The CHAIRMAN. Mr. Abernethy?

Mr. ABERNETHY. Mr. Secretary, first, I want to congratulate you for the campaign that you have initiated to sell the people of this country of the truth of the fact that agriculture has done a good job in taking care of them exceedingly well in providing them food and fiber. I have read so much in recent years—I do not mean to say in only the last 8 years, but back even further than that—to the effect that most of our farm people are just a bunch of leeches and living off subsidies at the expense of the consumers and taxpayers. The facts are that our farmers have done as fine a job as any group in America. I just want to thank you for the effort you are making to sell the Nation on what farmers have done for it.

Secretary FREEMAN. Thank you, sir.



Mr. ABERNETHY. Now, I want to ask you about these advisory committees. Under this bill, who would actually write the program, the advisory committee or the Secretary, or both?

Secretary FREEMAN. Both.

Mr. ABERNETHY. Could one veto the other?

Secretary FREEMAN. Well, the final responsibility would rest with the Secretary.

Mr. ABERNETHY. I realize that, but could the advisory committee veto the decision of the Secretary?

Secretary FREEMAN. For all practical purposes, yes.

Mr. ABERNETHY. All right. Suppose the advisory committee came up with a program of ABC, and the Secretary submitted program XYZ. Then there is not a meeting of the minds. Nevertheless would it be possible for the Secretary to enter an order on some sort of a docket—and I am sure there would have to be something like that—to the effect that your proposal would be the program of this committee, even if it were the contrary of that which the advisory committee has submitted? Or vice versa? Would it be possible for a situation of that kind to develop?

Secretary FREEMAN. Well, I suppose the Secretary could just say to the advisory committee, like Abraham Lincoln reputedly said to the Cabinet one time, the vote is 9 to 1 and the 1 has it. But by the same token, the Secretary of Agriculture would be in a position of having to carry the program, first, to the Congress, and then to the producers. If he ever did that, why, I think, as I said, he would be committing suicide. So I cannot see any practical likelihood.

Mr. ABERNETHY. I agree with you that he would, and someone would have to guard his door. At the same time, I have very serious reservations about that. If the objective is to have democratically elected committees—committees designed to give farmers a voice in their programs—and if their voice is not to be an equally controlling factor, then I think we have a very serious objection in this bill.

Now, the referendum; is that referendum to be held each year, or only once?

Secretary FREEMAN. The bill provides that a program could run for a period of 3 years, up to 3 years.

Mr. ABERNETHY. And the referendum could be for whatever period of time the Secretary might submit in the referendum—for 1 year, for 2 years, or for 3 years?

Secretary FREEMAN. The period of time, I think, would be an integral part of the program that was developed and would be worked out by the producer committee and the Secretary.

Mr. ABERNETHY. All right. Now, at the end of the 3 years, does the program still exist from the standpoint of statutory law?

Secretary FREEMAN. I think we would have had to submit another program which would have been reviewed by the committee and submitted to the Congress, and go back for referendum again.

Mr. ABERNETHY. Go through the same channels?

Secretary FREEMAN. Right.

Mr. ABERNETHY. In other words, at the end of the 3-year period, which is the maximum extent to which the program could function, the statute would then have expired. I believe we used to use the expression that it would be *functus officio*, it would be dead.



Secretary FREEMAN. Yes, sir.

Mr. ABERNETHY. All right.

Secretary FREEMAN. May I just say this, in regard to your earlier comments, Mr. Abernethy, and I would like to say this on the record, that I do not know that this procedure is one that will bring forth the kind of programs that we want. I think that it can be done. It is going to be hard work. It will take great patience. It will take a lot of give and take in order to do it. I present it to this committee as no panacea, and no easy solution.

It is, rather, a procedure which will have flexibility in an effort to find some answers, and that we shall seek to find them. But I would submit to you, sir, that there are very adequate checks in terms of any Secretary abusing this power by the very nature of our political system, and by the very vigilance and ability of this committee in the Congress.

Mr. ABERNETHY. Mr. Secretary, I understood you to express this morning, and I also understood you to express on another occasion before the committee, a spirit of cooperation which I appreciate and which is greatly refreshing, that is, that you, like the rest of us, do not claim to know everything about farm legislation as some we know of so often have done. I understood you to say this morning as on another occasion that your proposals were not to be accepted as the only method, but that you are willing to consider, and may even yield in your views, to amendments proposed by this committee. In other words you do not take the position that it must always be your proposals or nothing.

Did I understand you to say that?

Secretary FREEMAN. Yes, sir.

Mr. ABERNETHY. Thank you. Your attitude is so refreshing when compared with what we have had to live with for the past 8 years.

The CHAIRMAN. Mr. Hoeven?

Mr. HOEVEN. Mr. Secretary, did I understand you to tell Mr. Abernethy that the advisory committee could override the Secretary?

Secretary FREEMAN. No, sir.

Mr. HOEVEN. Is not that the question you asked the Secretary, Mr. Abernethy?

Secretary FREEMAN. Not legally, but as a practical matter. I think both legally and constitutionally the delegation involved here is one that final authority would necessarily reside in the duly designated executive office. But I would say as a practical matter, in trying to work out a program, that if the advisory committee was close to unanimity on something in an area, they would certainly be more than persuasive with the Secretary if he were realistic in connection with making a program work.

The CHAIRMAN. And the reverse of that is true?

Secretary FREEMAN. Yes, sir.

Mr. HOEVEN. Of course, there is nothing in this bill which gives the advisory committee the authority to override the Secretary?

Secretary FREEMAN. No.

Mr. HOEVEN. All the Secretary does is to consult and advise with the committee? Do you mean to say now that the advisory committee can override the Secretary's proposal?



Secretary FREEMAN. I suggest, Mr. Hoeven, that the procedure would not work quite that way. The Secretary is not going to come up with a program and hand it to the advisory committee and say, "Please rubber stamp this." He is rather going to take the advisory committee and sit down, and say, "Here's a problem; what do you recommend? Here are some things that have been developed that have been recommended; let us kick this around and see what we can come up with, drawing upon your experience." The Secretary is not going to want to shove down the throat of an advisory committee a program that they do not want. As a practical matter, he is going to solicit their help. That is the whole purpose of it.

Mr. HOEVEN. I think it could all be spelled out in the bill so that we will not get the wrong impression.

Secretary FREEMAN. There is a constitutional problem here that I am sure you are well aware of. But I think as a practical matter, and I think you will agree, no Secretary is going to run roughshod over an advisory committee or it is not going to work at all. It is going to be hard enough to make this work holding their hands, without throwing salt in their face.

Mr. McINTIRE. Would the gentleman yield? I just wanted to ask one question of Mr. Abernethy.

The bill provides, on page 19, that the national marketing quota so proclaimed for any agricultural commodity may be for one or more marketing years, not exceeding three. But does not the bill also provide that the marketing orders shall be permanent? I mean, they are permanent features anyway?

Secretary FREEMAN. I think you are right; yes, sir.

Mr. McINTIRE. So anything that is done within the framework of marketing order legislation is permanent legislation, and if volume controls were set up in a national marketing agreement, then they are permanent also?

Secretary FREEMAN. This is a good question.

How about that, John?

Mr. BAGWELL. Until we issue some sort of amended order, in the course of things, they would—

Mr. McINTIRE. Until they would be substituted by a modification or a complete change. But in the context of the law, they do not have a terminating date?

Mr. BAGWELL. They do not have to be reissued every year or 2 years or 3 years, as when we are dealing with farm marketing quotas for the basic crops under the bill.

Secretary FREEMAN. I think this would bear some careful reading. I do not want, for a moment, to take any kind of an issue with the general counsel here. That is his business. But I think we might reread this.

If we have a national marketing order, to follow the procedure of submittal to the Congress and then the national referendum, this provision might limit that to 3 years.

Mr. BAGWELL. The one you are reading is not in the part dealing with marketing orders.

Secretary FREEMAN. Well, he is right as usual.

The CHAIRMAN. Mr. Quie?



Mr. QUIE. Mr. Secretary, most of the questions I am going to ask you have not been answered before, but I would like to start on one that was asked by the gentleman from Oklahoma, Mr. Belcher, this morning.

In the case of similarity of some of these commodities, they could be lumped together and called one commodity, like feed grains. You stated or Mr. Bagwell stated, that the referendum would be held separately amongst each commodity. I cannot find anything in the bill which would allow you to do that. I would assume that all commodities called feed grains would have the same referendum and be voted as a block.

Mr. BAGWELL. I did not know I said that, Mr. Quie.

What I said this morning was the programs would be on a commodity basis unless the Secretary elected to group related commodities such as feed grains. Then feed grains would become one commodity and you would have one referendum.

Mr. QUIE. So, if all the rye producers voted it down, but all the corn producers voted for it, it would go into effect?

Mr. BAGWELL. That is right, sir.

Mr. QUIE. Going to the bill on page 4, the only criterion I can see for setting up one of these commodity committees is that the Secretary determines the action would be necessary or desirable. Was this intentional, that he can set it up if he thinks it is necessary but undesirable, or desirable but unnecessary?

Mr. BAGWELL. I think the words were used to give some flexibility there, Mr. Quie.

What we had in mind was when the Secretary sees a commodity in trouble, he would set up a committee. If the commodity is not in trouble—I mean, the supply in balance with demand—why, of course, there would, I assume, be no occasion for the Secretary to set up a committee. What would the committee have to do?

Mr. QUIE. Did you put an “or” in there on purpose, or would an “and” have been just as acceptable?

I wonder if this has meaning in draftsmanship?

Mr. BAGWELL. There is nothing hidden that I know of there. It is just a matter of choice of words.

Mr. QUIE. What would the Secretary use, what kind of factors, to determine whether this is necessary or desirable?

Mr. BAGWELL. Well, I think from the standpoint of the objective of the law, since this whole title has as its objective to get supply and demand into balance. If the Secretary sees a commodity in trouble—

Mr. QUIE. Well, there is more of an objective than that.

On page 2, it says, “to revitalize and stabilize the overall economy at reasonable costs to the Government.”

This means to balance the budget, to increase the national growth and increase production of the steel industry, and all the other factors as well, is not that right?

Secretary FREEMAN. Yes, it would very definitely, yes.

I think that until we have reversed the downward trend of farm income, as is pointed out, I hope, in some detail in the statement this morning, we are not going to have adequate national income or ade-



quate expansion. I think this is important to the total economy and not just to the farmer. The answer would be "Yes."

Mr. QUIE. Then we could expect the programs set up for just about every commodity?

Secretary FREEMAN. No.

Mr. QUIE. Well, which commodity is already so well off that it does not need a program?

Secretary FREEMAN. Let me be specific in connection with it, if I may.

First, we know certain commodities which presently have problems, quite clearly. Those that we have in heavy supply, feed grains and wheat would be the outstanding example.

Second, we know a number in which farm income is lower than it ought to be; dairy is one.

Now, in this instance where the grains are concerned, I would feel that the Secretary ought to take the initiative and do something to protect the taxpayer and the economy.

In a number of other areas the initiative would come from the commodity groups themselves.

If they did not wish action, why none would be instituted. And as such, it would be a matter of just feeling your way along, commodity by commodity.

Mr. QUIE. How big would these committees likely be?

Secretary FREEMAN. It would depend a bit upon the commodity. I would think a desirable working size would be 9 to 15. If you had a wide geographic distribution involving different interests, you may very well have a bit larger committee.

Mr. QUIE. How big would you expect the dairy committee to be?

Secretary FREEMAN. I have not thought a great deal about it, but considering the different areas involved I think it would be a pretty big one. As a matter of fact, there is a dairy committee right now under the chairmanship of Dr. Nourse, as you know.

Mr. QUIE. Yes.

That is not representative of farmers the way this would be?

Secretary FREEMAN. No. That is primarily a technical study committee.

Mr. QUIE. Now, further down, you implied in your testimony this morning that the wheat crop for 1962 is so important, and the planting is coming on so soon, that there would not be time for you to set up an election for nominees and you would appoint them directly?

Secretary FREEMAN. Yes, sir.

Mr. QUIE. Why is this any different from the feed grain crop for 1962?

Rye will be planted at the same time as winter wheat, and there are winter barleys and oats as well?

Secretary FREEMAN. I think you have placed your finger on something that needs to be considered by the committee and adjusted in the bill. Given the leadtime of 60 days here, and 120 days' notice, I believe we are going to run on a tough time schedule with feed grains, and I would appreciate the committee taking a good look at feed grains in this regard as well.

And, if our consideration of the time involved warrants it, I believe the bill should be modified.



Mr. QUIE: On the next page, in eligibility for nomination and appointment, the farmer must receive 60 percent of his gross income from farming.

But from the commodity it must be established as a significant part of his total farming operation. How would you define "significant part"?

Secretary FREEMAN. I think you would really have to take a look, commodity by commodity, at the interrelations in the area.

This is a matter of providing some flexibility. We would want to have someone who is knowledgeable and active in this area. A significant part might, in some instances, be relatively small.

We would prefer to have it substantial, and as such, we have left it general.

Mr. QUIE. Could you be specific on the commodities you are most familiar with, dairying and feed grains?

Secretary FREEMAN. Well, we have talked about 25 percent. I hate to get on a discussion of percentage. The whole purpose of drafting this bill this way was to leave it flexible.

If the committee saw fit to make it definite, that would be your option but we would hope there would be flexibility here in connection with it.

They are going to be elected, after all, by the county committees, and we do not want to tie their hands unduly.

Mr. QUIE. Does this mean 25 percent of his income, in the case of dairying, must have come from dairying or, in feed grains, must have come from feed grain production?

Secretary FREEMAN. Yes, sir.

Mr. QUIE. Or would it be feed grain sales?

There is quite a difference.

Secretary FREEMAN. There would be quite a difference. This will probably have to be set down more specifically.

Mr. QUIE. Would there be any participation in the case of a feed grain program of a person who, perhaps, raised very little or no feed grains, but had as great an interest in the program as a person who produced a great deal of feed grains, as came up in our work on the recently passed emergency feed grains bill?

Secretary FREEMAN. Well, the emphasis on this is for producer representation on these committees. Now, this would not preclude a very real concern for help and advice from others. But the bill as it now stands emphasizes producer representation. I think this is sound. If this bill were passed and I were administering it, we would be very anxious to consider all relevant interests, and might well have sitting in ad hoc a non-voting group representing a variety of related interests. We would want to get as broad advice and participation as possible. But the final determination would be with the producers, as it stands here.

Mr. QUIE. As I would understand from your comments, then, the majority on these committees in the case of feed grains would likely be the people who sold feed grains rather than those who fed it on the farms, or who purchased feed grains for their livestock?

Secretary FREEMAN. Well, I would say certainly those who produced it and fed it.



I would be inclined to believe those who bought it and fed it, as well, also would have a very real interest in it.

Mr. QUIE. How would they get on the committee, though, if a significant part of the whole operation was not raising that feed grain but using it?

Secretary FREEMAN. It may be that that section ought to be modified.

Mr. QUIE. Going down to the next section, it says "the Secretary shall provide by regulation for the manner in which elections of nominees for appointment to the committees shall be conducted, and his determination of the eligibility of any nominee and the results of any such election shall be final and conclusive." That means there is no opportunity for appeal and review, in case there is disagreement?

Secretary FREEMAN. That is right.

Mr. QUIE. On the next page, when you mention that one additional member shall be representative of the consumers, by this you mean the consumer public, or do you mean, in the case of feed grains, the person who consumes the feed grains by feeding it to his livestock?

Secretary FREEMAN. No, this means the consumer public.

Mr. QUIE. In the case of a program there is a great interrelatedness, we have seen it happen with cotton, for instance, where production or acreages of cotton were reduced, by and large, those acreages went into feed grains, and they compete with us up in the Midwest, where we raise mostly feed grains to feed it to livestock but can't compete by raising cotton. Also in the case of a beef program, there would be interest by dairymen and interest by hog men. In the case cattle-men reduce their beef herd, they might put in dairy cattle. If some people reduce feed grains, they might put in grasses and raise dairy cattle. How would these affected people be represented by a vote? Not ad hoc, but by a vote?

Secretary FREEMAN. In this instance, they would be represented by the Secretary of Agriculture in an effort to synthesize the problem of relating commodities and get a result that would be fair and conducive to the total economic well-being.

Mr. QUIE. There are two other places; one in the case that a producer member did not serve out his term and you could appoint anyone from that area to replace him. Also, you will provide regulation of the manner or extent to which the committee shall exercise their functions. I am concerned, as many of the others are, that this committee will be like other appointed committees. They likely would be a rubber stamp of what the Secretary wants them to do. They would come into Washington, or wherever you hold the meeting, and not have any of the background information that the technicians of the Department would have. They are in here for a couple of days or a week, and it is pretty hard to assimilate all the details of a program in that short time. I am wondering if this would not give you an opportunity to pick the men you would want, anyway, that there would not be any problem of some of them disagreeing with you to any meaningful extent?

Recently, my colleague from Wisconsin, Congressman Laird, put in the record an article from the Wisconsin State Journal. He quotes one of your recently appointed ASC chairmen, Wallace Mehlberg, and he says that—

the ASC is not and shall not become a political organization. However—



he says—

we all recognize the direction we are all taking. We need and we shall find people who are and will be dedicated to this new approach; let there be no doubt about that.

Then he went on to say that—

it is the duty and responsibility of all ASC personnel to take personal inventory of "your" activity in the past 8 years and conscientiously determine if you are an asset or a liability to the progress and promotion of the liberal form of legislation to be advanced.

Do you not believe that this will be the same feeling in selecting the committees, so that they will, in this way, be representing or promoting the ideas of the Department of Agriculture?

Secretary FREEMAN. No, I do not think so, Congressman Quie. The selection of these nominees will be by the vote of the county committeemen, and I think that you would be the first to acknowledge that this is a very independent, very well informed, and very active group. They, in turn, are elected by the community committeemen, and I do not see that they would send a rubber stamp to Washington for anyone.

Mr. QUIE. Would they be making those nominations in the county or would they all meet together in the region, whichever region you set up, as a unit or large group of county ASC committeemen than making the nomination?

Secretary FREEMAN. I expect it would depend upon the particular instance. It may very well be in the county, in some cases. It would be on a larger basis in other cases, as a very practical matter.

Mr. QUIE. Well, take feed grains again. If you set up a feed grain committee, undoubtedly some of those committees might be in a number of States.

Secretary FREEMAN. I think so, yes.

Mr. QUIE. Perhaps Iowa would be one region by itself. Would it not be pretty likely, when all those county committeemen got together, that they would be depending pretty largely on the State ASC committee for men they should select, and these are men you would appoint?

Secretary FREEMAN. I do not think so.

Mr. QUIE. Who would call them together? Would not the State ASC committee be calling these people together?

Secretary FREEMAN. The Secretary would call them together.

Mr. QUIE. But the State ASC committee are your representatives out there.

Secretary FREEMAN. The procedure may very well be that.

Mr. QUIE. You would not bypass your State ASC committees, would you?

Secretary FREEMAN. In this instance, I could.

Mr. QUIE. But would you?

Secretary FREEMAN. I have not thought about it.

Mr. QUIE. Think about it now.

Secretary FREEMAN. I am thinking.

Your question assumes two things, one, that the ASC committeemen could work their will on the county committeemen in the process of making these selections, and two, that this would become a very important function. I honestly believe that we would find that this



would constitute the giving of real responsibility to county committeemen; their selection would be one that was given careful consideration with prime attention being given to the problem concerned, and, as such, that they would be representative of the will of the people that they represent, and, as such, I would suspect and would believe that they will exercise independent influence in connection with it. My guess would be that they would be telling the ASC committeemen what to do rather than vice versa.

Mr. HOEVEN. Will the gentleman yield to me at that point?

Mr. QUIE. Yes, sir.

Mr. HOEVEN. Mr. Secretary, you would control the committee, would you not?

Secretary FREEMAN. No, sir.

Mr. HOEVEN. Numerically?

Secretary FREEMAN. No, sir.

Mr. HOEVEN. What does this mean, lines 12 to 15, on page 4?

The Secretary shall provide for the election of nominees from which he shall appoint at least two-thirds of the members and alternate members of any such committee.

Secretary FREEMAN. Well, it means that they would be the nominees from whom the Secretary would select.

Mr. HOEVEN. But it says the Secretary shall appoint at least two-thirds. This gives you control of the committee, does it not?

Secretary FREEMAN. You would select two-thirds of those who had been democratically nominated.

Mr. HOEVEN. You would appoint two-thirds which would give you complete control.

Secretary FREEMAN. Of those who had been democratically nominated.

The CHAIRMAN. Off the list supplied to you?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. On this—

Mr. QUIE. I shall yield to the chairman.

The CHAIRMAN. You do not attempt to influence the election of county committees, do you?

Secretary FREEMAN. No, sir.

Mr. McINTIRE. Will the gentleman yield at that point?

Mr. QUIE. Yes, sir.

Mr. McINTIRE. I have information, not from my State, of a county committeeman to whom it was suggested that he change his registration if he wanted to stay on the county committee. Somewhere along the line, there is some influence on the county committee.

The CHAIRMAN. That man just does not have any sense.

Secretary FREEMAN. I really do not know what everybody is saying to everybody.

Mr. McINTIRE. I realize you do not, but I am telling you what somebody is telling somebody.

Secretary FREEMAN. The fact is, as you know that the county committeemen are selected by the community committee.

Mr. BELCHER. In what sense are you using that word, "democratically"?

Secretary FREEMAN. Not in the sense that you have in mind.



Mr. BELCHER. Are there any Republicans left on the ASC committees?

Mr. ABERNETHY. I hope not.

The CHAIRMAN. Let us get back to the regular order. Mr. Quie has the floor, and I am not going to permit him to yield all over the face of the earth.

Mr. QUIE. I was just going to yield to my colleagues who have questions on the same subject.

Mr. Secretary, down on page 6, I think you have a contradiction. It says there that members of the national farmers' advisory committees shall not be entitled to compensation. Then the bill goes on to say that they shall receive up to \$50 a day for each day's attendance at meetings and also the necessary travel expenses.

As a farmer, I would be very happy to work for the Government for 65 days out of the year for \$50 a day, plus traveling expenses. I am not objecting to the amount of money, because I think we have to bring in qualified men, but I think there is some contradiction there to the statement that they shall not be entitled to compensation.

Secretary FREEMAN. I think this means that they shall not get a salary which has a traditional meaning in the statutes, and in the historic interpretation of the statutes.

Mr. QUIE. Well, this is not important; it was just something I wanted to bring up.

Going on to page 7, I think there is a substantial change in the Agricultural Marketing Agreement Act. On this, I am quite happy, because you have taken out the words "other than milk and its products" in the setting of minimum quality standards.

You took "minimum" out, too, and said, "quality standards," section 2 of the act provides for the setting of quality standards, minimum quality standards, on other commodities except milk and its products. I am glad to see you took out the prohibition against the Secretary using his authority to set sanitation standards for milk in Federal milk marketing orders. I have bill H.R. 2058, which does the same thing, to enable the Secretary to have jurisdiction over quality standards in the milk marketing order areas.

Secretary FREEMAN. May I comment? I am glad you and I agree.

Mr. McINTIRE. Mr. Quie, will you yield on that point?

Mr. QUIE. Yes.

Mr. McINTIRE. I am sure the Secretary is familiar with Mr. Quie's bill. Is it the purpose of the Secretary to fulfill the objective of that bill with this language?

Secretary FREEMAN. No, it is not. This is not involved in there. It is an entirely different subject.

Mr. QUIE. Why would not the same objective—why would not the objectives be the same?

Secretary FREEMAN. The purpose here—what sections specifically?

Mr. QUIE. I want to give the Secretary permission to set quality standards in my bill, and you do in your bill. Why would not the purpose be the same?

Secretary FREEMAN. This has, in this instance, Mr. McIntire, a technical meaning that, regardless of parity standards, you could have quality standards in addition. In other words, in order that the application of marketing orders for research, quality standards, et cetera,



would not be precluded by the fact that the product in question might bring in more than 90 percent of parity in the marketplace. That is the purpose of it.

Mr. QUIE. Mr. Secretary, do you think this provision—in fact, the whole provision of title I—in any way jeopardizes the future of the special school milk program, the Veterans' Administration milk program, that is, programs that are in the last part of this bill?

Secretary FREEMAN. No, sir.

Mr. QUIE. I am glad to hear you say that, because there is a part of this bill which removes the restriction against the Secretary setting quality standards in Federal milk marketing orders. The National Milk Producers Federation has stated that similar provisions in my bill, H.R. 2058, jeopardized the chances of the special school, veterans', and Armed Forces milk program extension.

I am glad to see you take that position.

Now, to get back to the bill, you took out the words "in interstate commerce," the agricultural commodities in interstate commerce. Why was it necessary to take those words out?

Secretary FREEMAN. Would you mind identifying the section to which you refer?

Mr. QUIE. Yes, it is on page 7, line 25, at the end, and then line 1 on the next page. In the present law agricultural commodities are enumerated in section 8(c)(2) which now, under this bill, would include all commodities.

So it should have read, "for agricultural commodities in interstate commerce as will effectuate such orderly marketing," and so on, if the words "in interstate commerce" were left in.

Secretary FREEMAN. I cannot really answer that.

Mr. QUIE. That is on page 243 of the compilation there.

Mr. BAGWELL. Page 243?

Mr. QUIE. Yes. In fact, you submitted to us a Ramseyer of subtitle (b), marketing order, I believe, which came from the Department, on the bottom of the first page. It shows which language is new and which is stricken from the bill. See section 2, subsection 3. You take out the words "other than milk and its products in interstate commerce." "In interstate commerce" does not refer to milk and its products, it refers to all agricultural commodities.

Mr. BAGWELL. Well, that just took out milk, you see, as an exception. This authority would permit market research and development programs or orders when prices are above parity.

Mr. QUIE. No, you are in an altogether different subject there. This is just why you took out the words "in interstate commerce," in brackets on the third and the second line from the bottom of the first page.

Mr. BAGWELL. This indicates we took out "other than milk and its products in interstate commerce."

Mr. QUIE. No, as you read the law, "in interstate commerce" does not refer to milk and its products; it refers to all agricultural commodities.

Mr. BAGWELL. That may be a mistake in the bill, Mr. Quie. I will check that.

Mr. QUIE. OK, if you will check that.



Then, going on to page 14, line 16, of the bill, paragraph 18, and subparagraph (g) of paragraph 5, it says—

shall not be applicable with respect to any marketing order relating to milk or its products containing provisions regulating volume to be marketed.

Now, paragraph 18 enables the Secretary or the Administrator to set the class I price of milk higher than 100 percent, or parity. In case they accept restrictions, that means that they can only enjoy a price support or a price set in the marketing order of 90 percent of parity or less, is that right?

Mr. BAGWELL. Well, parity is the objective. Under the Agricultural Marketing Agreement Act, you see, parity is the objective.

Mr. QUIE. Other provisions of the bill say it shall not be more than 90 percent.

Mr. BAGWELL. Paragraph 18 permits the minimum price to go higher under certain circumstances in order to get a sufficient supply of milk.

Mr. QUIE. That is right.

Mr. BAGWELL. This says when you are regulating volume, that would not be one of your objectives.

You see, this is a volume control, this paragraph on page 14, paragraph 4. It says:

(4) Paragraph (18) and subparagraph (G) of paragraph (5) shall not be applicable with respect to any marketing order relating to milk or its products containing provisions regulating volume to be marketed.

Mr. QUIE. Does that mean if any producer group accepted marketing quotas in milk, or any order area accepted that, no longer could a class I price be set, using the paragraph (18) but, rather, the restriction of 90 percent of parity limit would apply?

Secretary FREEMAN. It would mean just the opposite.

Mr. BAGWELL. You go back to parity as your objective, which is the objective of the act generally.

Mr. QUIE. In other words, under the marketing order provision of this title, your limitation of 90 percent of parity does not apply, is that right?

Secretary FREEMAN. That is right.

Mr. BAGWELL. There was no 90-percent limit in the Marketing Agreement Act.

Mr. QUIE. Further on in your bill, you specify that the 90 percent limit does apply.

Mr. BAGWELL. Well, price support, yes. But you see, under the Agricultural Marketing Agreement Act, you achieve your price by supply regulation, except in the case of milk, of course, where it may be direct. But the objective is parity, not 90 percent.

Mr. QUIE. When you start regulating volume, then you start regulating price, in the same way you do under the price support mechanism.

Mr. BAGWELL. You regulate volume. If you can balance supply with demand well enough, you can achieve your price objective, of course. But that would be parity, that objective.

Mr. QUIE. It would be 100 percent parity in those order areas; where now the price is higher than parity, it would be reduced to parity for them?



Mr. BAGWELL. You would not be required to take paragraph (18) into account.

Mr. QUIE. Also, subparagraph (G), which is an old, Andresen amendment, which prohibits the marketing agreements or orders from in any way prohibiting the marketing in that area of any milk or product thereof produced in any production area of the United States—

Mr. BAGWELL. Well, you see, we are talking now only about orders that have nationwide application. So (G) simply could not have any application if you had an order that applies all the way across the country. Would it?

Mr. QUIE. Well, it may have. I understand that you can have areas that you do not consider produce enough to be considered in a nationwide order area.

Mr. BAGWELL. The idea was that (G) would not apply because it was a nationwide order. The Andresen amendment was designed, as I understand it, to prevent an order which regulated a limited area from prohibiting milk outside the area from moving into it. If you have your area extending across the board, across the country, that would not have any application.

Mr. QUIE. I yield to Mr. McIntire.

Mr. McINTIRE. Then coming back to my question of the Secretary a short time ago, it is assumed or can it now be assumed that when a national order is put into effect, all of the regional orders are, for all practical purposes, not, maybe, legally suspended, but they are out of business?

Mr. BAGWELL. I would say this, Mr. McIntire, that would depend on the nature of the national order. Obviously, if the national order is inconsistent with the regional order, something would have to give. But it is conceivable to me that you might have a national order that would not be inconsistent with the continued application of regional orders.

Mr. McINTIRE. Well, if your national order is going to provide for volume control, and your regional order is a price order, then immediately, they are inconsistent.

Mr. BAGWELL. Well, if the local order is a minimum price order and the other is a volume order, conceivably, they could be consistent, could they not?

Mr. McINTIRE. What would happen if the national order were voted down? What happens then to the existing order?

Mr. BAGWELL. I would say that existing orders would continue in effect if the national order is voted down. The producers would have said, we do not want the national order, we want to continue with the other ones.

Mr. QUIE. Coming back to my question, if the regional orders were still in operation when there was a national order, why would (G) have to be repealed?

Mr. BAGWELL. Well, I think that (G) would not apply anyway to a national order. I would not see any objection to taking that out of there, actually. If you have a nationwide order, it seems to me that any provision like the Andresen amendment would not have application anyway, whether you said so or not.

Mr. QUIE. Well, the regional orders still existed?



Mr. BAGWELL. If you still had regional orders, yes.

Mr. QUIE. You answered Mr. McIntire's question that they could still exist.

Mr. BAGWELL. Well, if that is the case—

Mr. QUIE. What would happen, Mr. Secretary, under this program where first the farmers, through the Secretary, really it would be the Secretary who set up this program and Congress accepted it and then there would be a referendum held—

Secretary FREEMAN. Yes, sir.

Mr. QUIE. Then if farmers wanted an order or marketing agreement, they would have another referendum?

Secretary FREEMAN. No, the referendum would be on the marketing order.

Mr. QUIE. But if they wanted to have marketing quotas on their order, that would be an additional referendum?

Secretary FREEMAN. No, that would be a part of it. In other words, when the advisory committee was brought together and it would work out, let us say, a marketing order, there is no marketing order that included the quotas.

Mr. QUIE. All these answers would be voted on at one time?

Secretary FREEMAN. Yes.

Mr. QUIE. Would you permit block voting under that situation?

Secretary FREEMAN. Under this situation; no. It is not called for here.

Mr. QUIE. Why does the bill still provide for block voting?

Secretary FREEMAN. When you get to the selection of the managers of this program, you come to another question. You would continue to have a marketing order which was instituted through the medium of an advisory committee, the Congress, and a referendum. Then you would call for a management board, such as we now have for marketing orders. Under it, we could conceivably have block voting from the groups themselves.

Mr. QUIE. This does not make sense. You said that the original referendum vote, there would be no block voting. But on page 15, where you speak of producers' acceptance or rejection of the order, which would be resolved at the same time they chose or rejected the new program, at the same time that they accepted or rejected the quotas, it refers to 8c(19), which refers to 8c(12), which provides for block voting, and therefore block voting would be permissible.

Secretary FREEMAN. General Counsel informs me that I have been in error in this respect and that the voting provisions on the marketing orders have not been changed. As such, if there was so-called block voting previously, it could be done under this proposal as a part of the base referendum.

Mr. QUIE. Do you believe yourself—take other commodities than milk—that we ought to permit block voting?

Secretary FREEMAN. I have some questions in my mind in connection with it.

Mr. QUIE. Could there be a price-support operation with orders?

Mr. BAGWELL. Sure.

Secretary FREEMAN. Yes.

Mr. QUIE. In that case would they be limited to 90 percent of parity as the bill provides?



Secretary FREEMAN. Yes.

Mr. QUIE. I am just about done, Mr. Chairman. I have to get back to the end of the bill here—I refer to the section where the eight factors are taken into consideration for setting the price support.

On page 36 of the bill, in order to determine the price support of the commodities, which shall not be in excess of 90 percent of parity, you list eight factors that should be taken into consideration. Presently, one of the eight factors is the relationship of one commodity to another, as in the case of feed grains.

Why is that no longer taken into consideration? The feeding value of one commodity as relates to the feeding value of another, I mean?

Secretary FREEMAN. I believe that was—

The CHAIRMAN. That is on line 25, the levels at which the price of other commodities are being supported. Then it deals with what the other commodities are.

Mr. QUIE. Except not the relationship of feeding value.

The CHAIRMAN. In fixing the price supports, would not the Secretary take into consideration the feed values of the commodity?

Mr. QUIE. It does not say so. For some reason, they must have changed it from the eight factors in the present law.

The CHAIRMAN. I agree with you it is not very clear. But page 36, down at the bottom of the page, the third factor, the level at which the price of other commodities are being supported—would you not tell by that consideration at the time you fix the prices—

Secretary FREEMAN. This is the way I read it, Mr. Chairman. One of the basic, I think, factors in all of this would be the relationship of other commodities. I would have so read it. I do not think there is any particular reason except just trying to sharpen up the language.

Mr. QUIE. Would it be possible for you to take that factor into consideration only?

Secretary FREEMAN. I beg your pardon? What factor?

Mr. QUIE. Would it be possible for you to take in one factor of the relationship of feeding value from one commodity to another, as the only factor you take into consideration in setting up the price support level?

Secretary FREEMAN. I do not think so under this reading. It indicates that all these factors should be taken into consideration, as I read it.

Mr. QUIE. Why, in the present, law, did you take only one factor into consideration when you set the price support on grain sorghum in which it is stated in your release that that is the only factor you took into consideration, and why did you set grain sorghum prices at 78 percent of parity, while corn is set at only 74 percent of parity?

Secretary FREEMAN. It was the relation between—

Mr. QUIE. The feeding value of grain sorghum in its relation to corn is 90 percent. Now, we discussed this many times in the subcommittee and even in the committee, and at all times turned down the proposition of the gentleman from Texas, Mr. Poage, that we set the price support on grain sorghums with only one factor in mind, the relation of its feeding value to corn.

Mr. POAGE. When did we turn this down?

Mr. QUIE. In the subcommittee. You and the other gentlemen decided to pass it by and not press for that.



Mr. POAGE. It may well be true that a subcommittee did not act, but that is a good deal different from turning it down. I ask you what action we took turning that down?

Mr. QUIE. The subcommittee took action in turning it down.

Mr. POAGE. Voting?

Mr. QUIE. Yes.

Mr. POAGE. Are you sure of that?

Mr. QUIE. Yes.

Mr. POAGE. I do not think so. I have no recollection that we ever acted at all.

Mr. QUIE. Previous to that, when we took up the feed-grains bill, when the past Secretary of Agriculture set grain sorghums at whatever level he did for the last year, there was a bill up here which would have increased the price support. At that time the subcommittee refused to take action which would set price supports for grain sorghum taking only relative feeding value into account.

Mr. POAGE. I do not remember that the subcommittee has ever taken any action on it at all. Of course, I will admit that I have always insisted that the Secretary should take the action that this Secretary has taken.

Mr. QUIE. I know.

Mr. POAGE. And the Secretary has not, possibly, taken any affirmative action on that, but I am sure you will not find the subcommittee taking any negative action on it, either.

Mr. QUIE. When the proposition was made that we do that and it never reached the full committee or the floor, I would also assume that the subcommittee refused to take action.

Mr. POAGE. Why would you assume that? There are a great many things that the subcommittee does not take action on that they did not act on either way.

Mr. QUIE. That is true, but when it comes up and is proposed by one member, the only way it can be resolved is for the subcommittee to take action.

The CHAIRMAN. Then you did not push for action. Let us not waste time on this question.

Mr. QUIE. I only have two more questions: Are you going to agree with these provisions or will you take only one factor into consideration? The other question is, are you going to continue to give preference to the crops from the South, as you did with grain sorghums?

The CHAIRMAN. Mr. Secretary, let me interrupt. On line 22, it says, "Taking into account the following factors."

Mr. QUIE. It also says, in the present law, eight factors that should be taken into consideration, and he did not.

Secretary FREEMAN. I can only say to the gentleman from Minnesota that I took all factors into consideration in connection with the establishment of the price supports.

Mr. QUIE. Your press release did not say that. It says you set grain sorghums at 90.2 percent of the feed value of corn. That is why grain sorghums support price came out as 78 percent. Why should the price support of grain sorghums be set at 78 percent of parity and corn at 74? Grains sorghums were set too high in the past, and the Government took over practically 50 percent of the crop. When



it was set at a more realistic level, the Government took over less of the crop, less than 25 percent.

|                     | <i>Percent</i> |
|---------------------|----------------|
| 1957:               |                |
| Corn carryover----- | 7.5            |
| Grain sorghum-----  | 49.3           |
| 1958:               |                |
| Corn carryover----- | 6.1            |
| Grain sorghum-----  | 43.8           |
| 1959:               |                |
| Corn carryover----- | 12.4           |
| Grain sorghum-----  | 19.7           |
| 1960:               |                |
| Corn carryover----- | 13.8           |
| Grain sorghum-----  | 25.9           |

Secretary FREEMAN. I can only say I considered all the factors in making the judgments, and made them as soundly as I could in considering the relationship between these commodities and the factors as set down by the Congress.

Mr. QUIE. The reason why I bring this up is, it looks to me in this bill, tremendous authority is given to the Secretary. These committees will only be advisory, and this will enable you to take preference of one crop over another. I think that we have been harmed in the Midwest, where we are feed-grain producers for these many years.

The acres that went out of wheat went into feed grain; the acres that went out of cotton went into feed grains. All of this is piled on to our problems of livestock production. You have talked about feed grain control programs before. There have never been any control programs before on feed grains. More feed grains have been raised because there were controlled programs on other commodities.

This has had its effect on the livestock industry. It has been able to exist, by and large, without the programs, and the livestock producers have not been regimented to date.

I think if we had a good feed grain program, and practically all of the emergency feed grain bill is good. I am in agreement with it.

If we developed a permanent feed grain and wheat law, we wouldn't need all of these 79 pages. If we followed the lines of the present feed grains laws it would have the most salutary effect on all of agriculture.

The CHAIRMAN. Mr. Albert?

Mr. ALBERT. Mr. Chairman, I would only want to commend the Secretary upon his fine statement and the aggressive and dedicated manner in which he is facing the difficult problems of American agriculture.

Secretary FREEMAN. Thank you, Mr. Albert.

The CHAIRMAN. Mr. Short?

Mr. SHORT. Mr. Chairman, I, too, would like to commend the Secretary for making the very forthright and able statement he has made.

You, Mr. Secretary, have certainly done your homework, and you have been able to answer, perhaps not to the complete satisfaction of some, but certainly have been able to answer all these questions that have been thrown at you.

It has been stated here a couple of times today that you should be commended for the general information that you have been instrumental in disseminating in the country about the agricultural situation. I think you have performed a very valuable service to the



country, but I think, sir, that I must add, up to a certain point. You have very well outlined the part that agriculture plays in our national economy. You have done a very excellent job of clarifying the contribution that agriculture has made to the cost of living to the consumers in the country, and I think it is an important aspect of agriculture for people to understand.

The only criticism that I could offer to your presentation is that I believe there has been an implication in all of this that there was an agricultural problem that could only be dealt with by intervention on the part of the Government. I do not agree to that, sir, and I think that it did not necessarily serve the best interests of agriculture by leaving that implication.

I get back to the fact that I do think we have to recognize that all farmers are not second-rate people; that they are not all living under second-rate conditions; that they are not all living under substandard housing conditions; that they are not all living with inadequate incomes. I think that you would agree with me on that.

To get on to something a little more specific, we have been around this morning, but I do not think we have ever gotten specifically to the point of clarifying just how the consideration of one of these programs, such as is provided for in this bill, would be initiated. Could a program that would affect, for instance, production in almost every State of the Union, one or the larger commodities, could that be implemented by a request from, say, one State, or, in a smaller area, could the implementation of a plan come about upon a request from a small group? What I am trying to clarify, Mr. Secretary is how large an interest in the consideration and formulation of a national program do you need, or would you consider was necessary, before you would take the step of initiating the further development of the program?

Secretary FREEMAN. Well, I think it would need to be a very substantial interest. I think that when inquiry was made and the request was called to the Secretary's attention, he would take a look at that commodity, its problems, who made the request, the nature of the overall circumstances, and then make a decision as to whether there was a need and substantial requests for action. I do not think it is subject to precise definition.

Mr. SHORT. I realize that it would be a question that was not always easy to determine. The thing that I have a little concern about here is the possibility for a small group within an industry or within an agricultural agency, to initiate consideration of a program which might tend to put all of the rest of the industry which had no particular interest in a program in the position of having one more unknown to be considered in their operations until such time as the question whether or not the program being implemented would find itself.

Secretary FREEMAN. I do not think that would happen. I can assure you that, first, I do not think that any Secretary would respond to a definite minority group; and, second, in the process of selecting the advisory committee itself, it would be representative of all interests; and, third, of course, both the President and the Congress and finally, the referendum, I believe, are adequate safeguards that the tail would not be able to wag the dog.



Mr. SHORT. I am sure that I can give you the benefit of trying to do your best not to upset the balance of the economy of some particular commodity group. I do think that you are going to be faced sometime with a situation where there would be a small area in which a very acute situation might arise which might have to be resolved but would not necessarily be applicable to the entire production of that commodity over the whole Nation. That is the thing I am wondering about. Again, I do not think we have to pursue this much further.

There is one other question that we have been around and around on. It has been mentioned many times during the consideration of this bill that you were bringing into play here the completely democratic processes, that this is going to stem from the farmer democratically selected advisory groups and yet it seems to me that a small modification in the bill is needed to assure that.

The bill says that the community committeemen or the State committeemen—I do not know which level we are going to start with here—will nominate the slate from which the Secretary shall select maybe one, maybe two, if I understand it correctly. Why would it not have clarified this thing completely to have just said shall elect somebody who shall be the advisory committeeman?

This gets back to the question I believe Mr. Teague was speaking about a little bit ago.

Secretary FREEMAN. It has been my experience as a Governor and now in this particular responsibility to ask for some alternative in decisionmaking, and I think that the opportunity to select from a panel of three, all of them democratically selected, will strengthen the committee and will also, I think, meet this question which is that there is also a constitutional problem here in terms of the scope of the Secretary of Agriculture in relation to it.

Mr. SHORT. Again, without pursuing that much further, I do think that we have to recognize that we are all human. If I were the Secretary of Agriculture, and had the authority of selecting these people, I would be inclined to select people whom I thought were perhaps a little bit more agreeable to my point of view.

I think that you or any other Secretary is going to have the same reaction.

That is just a natural thing which leads me to the point that the Secretary is going to have a considerable part perhaps, more than a considerable part in shaping these programs, than if these advisory people were elected, period, and the Secretary had no chance to select from a slate of nominees those who might in their philosophical belief agree with the Secretary.

To get back to some more general aspects of what we are considering: It has been pointed out, I believe many times, that there have been differences in the commodity programs. It has been implied—certainly stated—that the commodity programs that worked are the ones—and when I say the commodity programs that have worked it is inferred that those are the programs that have resulted in the best income for the farmer. The tobacco program has always held up as one where the controls have been effective, where the controls have been strict, where the program has not been responsible for building up any sizable surplus in the hands of the Government.



Could I ask you this question?

Has the income accruing to the tobacco producer, the individual farmer, been larger? Has the individual tobacco farmer enjoyed a greater degree of prosperity than other groups of farmers—than the wheat farmers, we will say, or the cotton farmers?

The CHAIRMAN. I can answer that, sir.

Secretary FREEMAN. Would you?

The CHAIRMAN. Certainly, we have tried to bring about a balance between supply and demand. The main thing is that fair prices, and it does not make any difference to the consuming public whether we get 15 or 50 cents for the crop. That is the reason we are so devoted to the program, because it has meant so much to the tobacco producer. It has not been a burden on the Government, nor on the consumer.

Mr. SHORT. Now, Mr. Chairman—

The CHAIRMAN. The consumer does not pay any more.

Mr. SHORT. I do not mean to put words in your mouth. But if I understood you correctly you said that this has been a very fair program to the consumer. What I was asking here was, has the tobacco program resulted in any more stable income and a better, higher degree of prosperity for the tobacco producer than it has for the wheat-growers and others?

The CHAIRMAN. Absolutely; there is no question about that. That is the reason the program is so popular. It has resulted in what the gentleman has said.

Mr. SHORT. In other words, as the former Secretary of Agriculture said, it was not a program of rationing poverty.

I still do not think that I quite got an answer as to whether or not this program has been instrumental in actually giving the farmers who produce the tobacco a higher degree of income than other farmers.

There is another consideration in this bill that seems to me to be a little bit self-defeating, Mr. Secretary. The bill provides, I believe, that the price supports shall not be set at a figure above 90-percent parity; is that correct?

Secretary FREEMAN. Yes.

Mr. SHORT. We have some commodities, and I believe that wheat would be one good example, where our overproduction, I think, is at least 25 percent above our domestic needs, plus what normally would be considered I believe, reasonable export. If we are going to cut the production 25 percent with the present price support on wheat at 75 percent of parity, it means that you could only increase the price under the terms of this bill 15 percent which would mean that you would actually further reduce the wheatgrowers' income. Is my reasoning wrong or cockeyed? It seems to me that it is not.

Secretary FREEMAN. Mr. Short, if you felt that it ought to be raised to 100 percent of parity, the Secretary would not object.

Mr. SHORT. That is not the consideration, Mr. Secretary. I have always said that is the kind of a program that I would like to have, would be 100 percent of parity and no controls.

That is just exactly the kind of program the cattle people have. I think cattle without any program are enjoying a higher percent of parity than any other major commodity.



Some of the citrus crops are enjoying prices above 100 percent of parity.

Mr. TEAGUE of California. No.

Mr. SHORT. This brings me, Mr. Secretary, to the \$64 question, as far as I am concerned. Why were cattle included in the provisions of this bill? You could have eliminated a terrific amount of opposition in this field by eliminating just one little word and that is, "cattle." Again, I cannot see why we should even consider in this legislation anything which might affect an industry which has done a pretty good job of taking care of itself. It does not look like there is any calamity facing us in the future. This is just one of those psychological things. There was no need to stir up opposition. This industry is very ardent and very sincere in its belief that it wishes to be left alone. I believe for the first time beef cattle are mentioned in a piece of production-control legislation. They are included at long last in the provisions of this bill.

Mr. POAGE. Would you yield for a question?

Mr. SHORT. Yes.

Mr. POAGE. Do you know a member of this committee, who would change his position if we adopted the provisions you refer to?

Mr. SHORT. Change what provision?

Mr. POAGE. If we would amend the bill to suit you?

Mr. QUIE. I would like to ask the Secretary just one question along that line. Would it be acceptable to you to have this changed, so that some of these commodities would be exempted in order that this bill would have a better chance?

Secretary FREEMAN. Very possibly; whatever this committee decides, of course, is determinate, so far as the Secretary of Agriculture is concerned. But I would make it very clear, as I did this morning, Mr. Short, that this is not a program for any commodity. This is merely a set of tools to be used when needed and desired and voted for by the group in question. And, as such, I would hope that it would properly cover all agricultural commodities so that we would have the resources in the event the producers desired a program.

I have told the cattlemen that there is no intention by the Secretary to institute or instigate a program in connection with them. They could vote down a program and I am sure that the Congress would vote down any such program and this is just, I think, an apprehension that is not founded on sound reasoning.

Mr. QUIE. Will you further yield?

Mr. SHORT. Yes.

Mr. QUIE. I ask this because in similar legislation last year, if the tobacco people wanted out, the cotton people wanted out—and soon most every commodity was exempted from the bill so the proponents would get enough votes to get the bill out on the floor of the House. I wonder if you would accept letting most every commodity being exempt from the bill?

Secretary FREEMAN. I have already learned that I do not determine for this committee—I take what you vote out. I hope you will vote out the whole bill.

The CHAIRMAN. Do you have any more questions?

Mr. TEAGUE of California. If you leave out commodities, I think I could mention several in my own district who, also, would want out.

Secretary FREEMAN. Exactly.



Mr. SHORT. Mr. Chairman and Mr. Secretary, there is one other question I have. We were talking this morning about the producers assuming the prerogative of Congress and in effect in legislating. The gentleman from Arkansas, Mr. Gathings, this morning brought up the question of compensatory payments.

This brings up this question in my mind. Would a commodity group in shaping up a program which included compensatory payments not be getting into a field where they were obligating the Congress of the United States to appropriate money to carry out the compensatory payments aspect of this plan if adopted—would not that be almost beyond the prerogative of this committee?

I can see where the committee or the Secretary could devise a plan for promotion and for marketing or something like that but when he enters into the field of compensatory payments, you are dealing with the responsibility of Congress to appropriate the money which is a specific congressional responsibility. If you implemented this plan you would find Congress in the position where they had to appropriate the money.

Secretary FREEMAN. There are two things. First, the provisions for compensatory payments is sharply limited, so that our supply adjustment—it has other limitations, of course—and any proposal is subject to congressional review and turndown and as such I think that it is on a par with any other device that might be used and subject to the same kind of limitation.

Mr. SHORT. But, Mr. Secretary, Mr. Belcher was pointing out that when this plan comes before the Congress they do not have any opportunity to tear the plan apart and decide how much the compensatory payment aspect will be, how much money would be incorporated that they would agree upon that Congress should provide; they would not even have that opportunity.

Secretary FREEMAN. Sir, I do not want to deal in what has happened before, what the Secretary has been obligated to spend. May I say to you that as Secretary of Agriculture, I am chairman of the board of the world's biggest corporation and its assets are pretty seriously committed and exhausted. And in the process there has been legislation, particularly in corn, calling for supports and unlimited production and it costs enormously. And as such I have had no alternative, since there was no limitation whatsoever. And in this instance we have operated under that law. And in this instance, with compensatory payments, there are very sharp limitations as to what the Secretary could do and it is much less an open door than there has existed in the corn program, for example.

Mr. SHORT. The only difference, Mr. Secretary, is that this price support law which put you in this position was enacted by Congress.

Secretary FREEMAN. Yes, sir.

Mr. SHORT. Perhaps, it would be an unusual circumstance, but it seems to me that it is still within the possibility of the bill for a plan to be offered to Congress which might have the aspect of the compensatory payments in it where Congress would only have the obligation to vote the money.

Secretary FREEMAN. That could very well be.

The CHAIRMAN. Should that happen, and the plan was submitted, on the question of compensatory payments, you would then know the approximate cost involved.



Secretary FREEMAN. Yes, sir.

The CHAIRMAN. Because you could require certain adjustments to be made.

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. Of course, Mr. Short points out you would have no right to appropriate the money—that is, this committee would not have that right—but the Congress itself would have to appropriate the money, and the program would have to be contingent upon that.

Secretary FREEMAN. It may very well be, sir.

Mr. SHORT. Provided—

The CHAIRMAN. We could not do it. He could not do it, unless the Congress authorized it and provided the money.

Mr. SHORT. Or we could take it out of some other appropriation. They could do that.

The CHAIRMAN. The Commodity Credit Corporation has to operate under certain restrictions. They could not do it.

Mr. HOEVEN. Will you yield?

Mr. SHORT. Yes.

Mr. HOEVEN. It would have to be an authorization for funds necessary to carry out the programs—it would have to be that and Congress would be obligated to furnish the money.

The CHAIRMAN. The Appropriations Committee would have to provide the money.

Mr. HOEVEN. They have usually taken the position that if there is an authorization, it means a commitment.

The CHAIRMAN. They have to do that.

Mr. POAGE. What is the difference between compensatory payments and any other program payments?

To me this is just somebody building up a smoke screen, because it does not make any difference what kind of program you have if it costs money, the Congress has to appropriate the money. It does not make any difference whether you call it compensatory payments or call it loans or call it export subsidies like we are paying right now. There is not a bushel of wheat moving into export today without an export subsidy on it and every member of this committee knows that. And that subsidy cannot be paid unless the Congress of the United States appropriates the money to pay it. You cannot pay it, nor can anybody else without the funds, you cannot get the money without the Congress appropriating the funds.

Secretary FREEMAN. Yes.

Mr. POAGE. It is just eyewash to talk about this direct payment program, compensatory payment program as imposing some kind of obligation that other programs do not impose, because they all impose exactly the same obligation on the Treasury, and no one then can function without appropriation.

Mr. SHORT. Mr. Chairman, I am not trying to blow up a smoke screen here. What the gentleman says is absolutely true. The only difference is that the programs that we are operating under now, which bring about the necessity of these appropriations, are passed by the Congress. The one I am talking about might just not have been disapproved by Congress.

Mr. POAGE. That is very true, but you pick out only compensatory payments. Anything authorized under this program is subject to the same criticism—that is the Congress might not pay it.



Mr. SHORT. I am just mentioning compensatory payments as an example. There might be others.

Just one more question, Mr. Chairman, and I will be through.

On page 37, in the middle of the page, in the section that deals with payments, there is this rather interesting language that I would like to have explained and I think it needs to be explained. It says, on page 37—

provided, that such payments shall be limited to an amount determined to be necessary to support the price on that part of the production on the farm necessary to maintain and strengthen the family farm system of agriculture.

I do not quite understand. Could this be construed as giving authority here to provide some restriction on the payments made to the large farms, or is it in the complete opposite category, of trying to provide some authority to give a little better price break to the small farmer?

Secretary FREEMAN. If I understand your question correctly, this would provide a limitation on compensatory payments to the farm that would be defined in the particular commodity as being a size which would be considered a family-sized farm.

Mr. SHORT. This is the size of the payment, not the rate of the payment.

Secretary FREEMAN. This is the size of the recipient.

Mr. SHORT. The size of the operation of the recipient?

Secretary FREEMAN. That is right.

Mr. SHORT. That is all, Mr. Chairman. Thank you very much.

The CHAIRMAN. Mr. Abbitt.

Mr. ABBITT. I want to thank you for your very comprehensive statement and for your efforts here to assist the family farmer to obtain his fair share of income.

Some of my people are worried how this proposal could affect their milk program. How would it affect the milk commissions in the various States?

Secretary FREEMAN. How would it affect?

Mr. ABBITT. Yes.

Secretary FREEMAN. Under this, as in any other, if the committee group got together that was elected under the procedures outlined and recommended a program, why that program might very well, I expect, be the program that would affect some of the present programs, after it had gone through the process of development and submission to this committee and the Congress and then to the referendum of the producers.

Mr. ABBITT. Conceivably on a national basis it could wipe out the State milk commissions?

Secretary FREEMAN. It would not have any effect on the States, as such, within a particular State boundary. It could have effect on our present Federal programs, obviously, depending upon what was worked out in a course of developing the program.

Mr. ABBITT. This morning there was a question as to the cost but, frankly, I am not very familiar with how much this would cost. There was testimony here today on that. If this bill is enacted, what does it do to the present milk program?

Secretary FREEMAN. Nothing.

Mr. ABBITT. Nothing.



Secretary FREEMAN. The bill does absolutely nothing to any farm program. It merely provides the machinery to develop a program, commodity by commodity, in the event that the producers desire to have such a program and the Congress approves it.

Mr. ABBITT. It does not affect the milk program, that is, the present milk program at all?

Secretary FREEMAN. Not a bit.

Mr. ABBITT. It does not?

Secretary FREEMAN. It does not affect it at all, it does not affect any program at all. This is not a program for any commodity. This is a method to develop programs commodity by commodity.

Mr. ABBITT. If accepted by Congress, explain to me what happens when you have a national milk order—what happens by way of Congress acceptance?

Secretary FREEMAN. If this were rejected—it would have to be up to the Congress—it would end right there. The present program would continue if Congress does not want the proposed program.

Mr. ABBITT. It would come to the Congress before it is submitted to the growers or the producers?

Secretary FREEMAN. Yes, sir. That is correct. It is first submitted to the Congress, and then it goes out for referendum to the producers.

Mr. ABBITT. I will yield for a question.

Mrs. MAY. Mr. Secretary, I would like to say for the record I believe that there is certainly no member of this committee who could say in good conscience, any more than I myself could, that you have not made an excellent evaluation and analysis of the serious situation in which agriculture finds itself today.

And everyone of us would agree that there must be action on the part of Congress to correct those parts of present farm legislation, certainly, that hurt rather than help the farmers.

However, in this omnibus legislation you are giving the responsibility to this committee which we already have under the law, of evaluating and analyzing it ourselves, on behalf of our district people. And we, in turn, have to sell this legislation to the American people whom we represent.

That is the reason, of course, for these hearings.

So far this committee has been questioning you on a very important title of this bill that has been interesting many groups throughout the country. It has to do with the delegation of power and authority and where it is and who will have it under this legislation.

It concerns the farmer himself, first of all, because perhaps under this legislation many segments of American agriculture may or could possibly come under Government control programs that have never been under Government control programs before.

I should like to question you a little bit on what I think is going to be the other big question the members of this committee will have posed to them in letters from home and on the floor of the House and on the floor of the Senate. This has to do with the potential costs of this program.

You have already testified, and I agree with you, that this is legislation that may or may not result in the setting up of maybe 256 separate programs. So naturally at this time you do not know what the actual cost might be as compared to the present farm program costs. We will just leave it at that.



But it occurs to me that we might get some idea of the potential cost, if we introduced into the record some of the present costs under the present programs. We, certainly, have the present costs that you could provide for the record—a breakdown of the costs of some of the present commodity programs, whether it be wheat, cotton, etc., and include, please, administration costs. Costs would differ greatly on the type of programs they are.

I do not expect you to have that information today but I would like to ask consent of the chairman that we put into the record some of these costs. Costs of the present programs that are now operating and to break them down commodity by commodity. Would it be possible, also, if you have the facts and figures, to include the amount of personnel involved in administering the different programs under the U.S. Department of Agriculture, not only in Washington, D.C., but out in the field?

Secretary FREEMAN. We would have that.  
(The information referred to follows:)

U.S. DEPARTMENT OF AGRICULTURE

*Net expenditures or receipts (—) for price-support, supply, and related programs distributed by commodities or programs, fiscal years 1960 and estimated 1961 and 1962*

(Millions of dollars)

|                                                                                                                        | 1960    | 1961    | 1962    |
|------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|
| Price-support programs:                                                                                                |         |         |         |
| Basic commodities:                                                                                                     |         |         |         |
| Corn.....                                                                                                              | 529.6   | 370.7   | 335.0   |
| Cotton.....                                                                                                            | -35.4   | -313.5  | 187.4   |
| Peanuts.....                                                                                                           | 11.5    | 10.6    | 20.5    |
| Rice.....                                                                                                              | 7.5     | 5.3     | 25.6    |
| Tobacco.....                                                                                                           | -170.0  | -72.7   | -38.0   |
| Wheat.....                                                                                                             | 240.3   | 360.6   | 339.1   |
| Total, basic commodities.....                                                                                          | 583.5   | 361.0   | 869.6   |
| Designated nonbasic commodities:                                                                                       |         |         |         |
| Dairy products.....                                                                                                    | 171.2   | 164.0   | 210.5   |
| Barley.....                                                                                                            | -22.8   | -33.5   | -21.6   |
| Grain sorghum.....                                                                                                     | 157.8   | 186.3   | 187.6   |
| Honey.....                                                                                                             | -.2     | -       | .1      |
| Oats.....                                                                                                              | -26.7   | -9.2    | -4.1    |
| Rye.....                                                                                                               | -2.4    | 2.8     | -1.2    |
| Tung oil.....                                                                                                          | .2      | -1.3    | -1.2    |
| Total, designated nonbasic commodities.....                                                                            | 277.1   | 309.1   | 370.1   |
| Other nonbasic commodities:                                                                                            |         |         |         |
| Beans, dry edible.....                                                                                                 | -2.4    | 2.5     | 2.9     |
| Cottonseed oil.....                                                                                                    | -5.4    | -       | -       |
| Flaxseed and linseed oil.....                                                                                          | -26.3   | .2      | -.2     |
| Naval stores.....                                                                                                      | -20.0   | 1.1     | -.3     |
| Soybeans.....                                                                                                          | -98.7   | -49.7   | -       |
| Total, other nonbasic commodities.....                                                                                 | -152.8  | -45.9   | 2.4     |
| Exchange commodities (strategic and critical materials).....                                                           | -16.7   | -6.9    | -4.3    |
| Total, price-support programs.....                                                                                     | 691.1   | 617.3   | 1,237.8 |
| Supply and foreign purchase program.....                                                                               | -.6     | -.1     | -.1     |
| Emergency feed program.....                                                                                            | .1      | .1      | .1      |
| Commodity export program.....                                                                                          | 311.1   | 259.4   | 265.9   |
| Storage facilities program.....                                                                                        | 14.1    | 17.8    | 15.5    |
| Vegetable oils purchase and donation program.....                                                                      | -       | -       | 15.0    |
| Other net expenditures not distributable by commodity or program, including interest and other operating expenses..... | 464.4   | 330.5   | 336.0   |
| Total, price-support, supply, and related programs.....                                                                | 1,480.2 | 1,225.0 | 1,870.2 |
| Average annual employment for price-support, supply, and related activities.....                                       | 5,110   | 5,303   | 4,911   |



Mrs. MAY. And the cost of the referendum. I am sure that these are questions that will be posed to us from different groups. And I think we ought to have, at least, roughly some of the costs as to committee members which I think is \$50 per day, which is pretty much comparable to other programs.

Secretary FREEMAN. Surely.

Mrs. MAY. These are all questions that we must have answers for—we will be questioned on them. We should have the answers so that we can tell our constituents, and give them the answers as well as our colleagues on the floor.

I would like then to ask you a question that was asked, but not answered.

If we set up these different programs where will the funds come from—will they come out of the Treasury, or would it depend on the type of the program that the commodity group would set up?

Secretary FREEMAN. Fundamentally, I think that the cost factor will be one which will steadily decrease, because by definition the purpose here is to accomplish supply adjustment which will mean that we will try to bring supply and demand into balance at a fair price to the consumer and a fair return to the producer.

In effect, I could see over a long run, conceivably that the Government could be getting out of the farm program business altogether.

In the marketing orders today the cost to the Government is very, very minor. It is purely administrative, supervisory. The programs themselves are financed and managed by the producers and those who are in that particular commodity area.

Mrs. MAY. I join with you in hoping that this would produce that result. But you are a practical man—and you have been a member of a legislative body as we are. I think, perhaps, that the American people today have little faith in the agricultural programs we have had in the past where I am sure that the original intent of Congress was never to result in the tremendously mounting costs we have today. So I know how very important it is that we make our case very strong if we are going to pass this legislation.

It will be one of our toughest jobs.

It seems that we are asking Congress to give away quite a bit of power and authority in this bill. I think we should come up with some answers as to what the price tag will be, too.

I should like to go to a question that Mr. Short asked you a moment ago. I would like to clarify in my own mind—perhaps I did not get the answer correctly—and this concerns the family farm—do I understand that under this legislation you will have the authority to limit a payment or a loan, depending on the size of the farm?

Secretary FREEMAN. First, the bill states in its purpose the strengthening of the family farm structure. This is a matter of general philosophy.

The specific provision is tied to compensatory payments.

Mrs. MAY. What is your definition of the family farm?

Secretary FREEMAN. Well, generally, the size farm that can be operated with the present day equipment by one family.

Mrs. MAY. By one family?

Secretary FREEMAN. Yes.



Mrs. MAY. Would you have any idea at this time what relationship the compensatory payments might be to a family farm?

Secretary FREEMAN. I would hesitate to speculate in the commodity area, honestly, Mrs. May. I think this is one of the things one should take a very careful look at before he starts to conjecture. I would honestly hesitate to give an estimate, or to guess as to the relations of various commodities, as to what it ought to be.

Mrs. MAY. One last question, Mr. Chairman. This is a special interest of mine. On this legislation you have the right, I understand from your testimony, and from reading the bill, to present a wheat bill for 1962 only. What is the wheat program going to be?

Secretary FREEMAN. If you want to stay here all evening, Mrs. May. [Laughter.]

Mrs. MAY. I am sorry.

Secretary FREEMAN. Well, this is something that is under active study and process now. There have been various interested groups working on it. We have been in consultation, for example, with the Wheat Growers' Association in connection with it. There has not been a final decision. There are a number of points that are under consideration, and I honestly could not say, because it has not boiled itself down to a final determination on the number of critical points.

Mrs. MAY. Thank you.

Mr. HOEVEN. Will the gentlewoman yield?

Mrs. MAY. I yield to the gentleman.

Mr. HOEVEN. I understand that the Wheat Growers' Association is in favor of the two-price plan for wheat—is that right?

Mrs. MAY. Yes.

Mr. HOEVEN. Such a program is rather detrimental to the corn areas in this country, is it not?

Mrs. MAY. Are you questioning me?

Mr. HOEVEN. I am asking you now and also the Secretary.

Mrs. MAY. I yield to the Secretary.

Secretary FREEMAN. I yield to the gentlewoman. [Laughter.]

Mr. HOEVEN. Mr. Chairman, I do not want to prolong the questioning, because the gentlewoman has been very kind to yield to me. I think the Secretary should be ready tomorrow to advise us just what he proposes in his 1962 wheat plan.

The CHAIRMAN. Tomorrow?

Mr. HOEVEN. Yes, tomorrow. The Secretary has mentioned a 1962 wheat program.

I want to know what the Secretary is going to propose and how such plan is going to affect the Corn Belt.

Secretary FREEMAN. I would only say, Mr. Hoeven, I do not think that the Secretary will be prepared tomorrow to make a recommendation of a wheat program. I would be happy to do so and to come before this committee when we have reached some determination as to what we think would be the best program, but we are not that far along.

Mr. HOEVEN. I think the Secretary has some rather definite ideas right now of what it might be.

Secretary FREEMAN. I am sure that you would not expect me to start speculating as to what it might be at this point before this committee.



The CHAIRMAN. Mr. Secretary, I will say now—and I am glad that Mrs. May questioned you—that you will provide the information that she asked you to provide and I think that we should know what the programs have cost in the past and how much personnel has been involved and how much administrative costs have been involved so that we may have that for the record and for our own information.

It is now 5 o'clock. You have given us  $2\frac{1}{2}$  hours of your time. I think that we will recess now until 10:30, instead of 10 o'clock because some of the members have another meeting at 9:30—so we will recess until 10:30 tomorrow morning.

(Whereupon at 5 p.m. the hearing recessed to reconvene at 10:30 a.m. on Tuesday, April 25, 1961.)



# AGRICULTURAL ACT OF 1961

TUESDAY, APRIL 25, 1961

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met, pursuant to recess, at 10:40 a.m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Grant, Gathings, Albert, Abbitt, Thompson of Texas, Jones of Missouri, Johnson of Wisconsin, Jennings, Matthews, Breeding, Stubblefield, McSween, Inouye, Harding, Hoeven, Dague, Belcher, McIntire, Teague of California, Quie, Short, Mrs. May, Latta, Harvey, Findley, Dole, Beermann, and Reifel.

Also present: Representative Nelsen of Minnesota.

Hyde H. Murray, assistant clerk; John Heimburger, counsel; Francis LeMay, consultant; and Betty Prezioso, staff assistant.

The CHAIRMAN. The committee will please be in order.

We appreciate your coming back again, Mr. Secretary.

## STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE, ACCOMPANIED BY JOHN BAGWELL, GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE—Resumed

Secretary FREEMAN. I am grateful for the opportunity to be here again.

The CHAIRMAN. The Chair recognizes Mr. Thompson of Texas.

Mr. THOMPSON of Texas. I have been trying to straighten out in my own mind the authority which exists in the present law compared with that which you are seeking in the new law. In the case of commodities other than basic what authority do you have now to set price supports?

Secretary FREEMAN. Mr. Thompson, the present authority of the Secretary is very, very broad, as you know. I might make reference to it specifically in terms of the statutory designation in the Agricultural Act of 1949, to title III which points out in section 301 that—the Secretary is authorized to make available through loans, purchases, or other operations price supports to producers for any nonbasic agricultural commodity not designated in title II at a level not in excess of 90 percentum of the parity price for the commodity.

And section 302 goes on to say—

without restricting price supports to those commodities for which a marketing quota or marketing agreement or order program is in effect, price support shall, insofar as feasible, be made available to producers of any storable nonbasic



agriculture commodity for which such a program is in effect and who are complying with such a program.

And again, the maximum level is 90 percent which is very extensive authority, Mr. Thompson.

And I might add that under the marketing agreements, as they now stand, there is broad authority as well. And so in all of these commodity proposals the program would be worked out by the elected advisory committee and submitted to this Committee where, under present procedures by law, the Secretary acts unilaterally.

Mr. THOMPSON of Texas. Let us take one commodity that comes under the jurisdiction of a subcommittee that I had, in which I have an interest, soybeans—

Secretary FREEMAN. Yes, sir.

Mr. THOMPSON of Texas. Suppose under the present law, with the authority you have, you decided to increase or establish support prices. What authority is there under the law, that is, under the present law? Can you tell us very briefly just how you would go about it?

Secretary FREEMAN. Well, sir, that is a very good example Mr. Thompson, because I went about that not very long ago. There were some differences of opinion about it. I raised the support price on soybeans, if I recall, from \$1.78 a bushel to \$2.30 a bushel. I did so after carefully reviewing this with the soybean industry, discussing it with the Members of Congress.

I reported to this committee that I had this in mind. But the final determination was one that was made upon the discretion and within the power of the Secretary set down by law.

Mr. THOMPSON of Texas. Do you have to refer that to someone else?

Secretary FREEMAN. No, sir.

Mr. THOMPSON of Texas. Under the new proposal, what would be the difference in handling it?

Secretary FREEMAN. The difference here would be that in developing a program for soybeans we would provide for the election of an advisory committee. The Secretary would sit down with that advisory committee and work out a program. That program would be submitted to the Congress. It would come to this committee, and then would be submitted to referendum.

Mr. THOMPSON of Texas. That is under the new law?

Secretary FREEMAN. Yes, under the new law.

Mr. THOMPSON of Texas. Under the proposed law?

Secretary FREEMAN. Under the proposed law; yes.

Mr. THOMPSON of Texas. Under the new law the Congress would have a say in it?

Secretary FREEMAN. Yes.

Mr. THOMPSON of Texas. Thank you.

The CHAIRMAN. Mr. Harvey.

Mr. HARVEY. I would like to ask you first of all, in pursuance of the questioning Mr. Thompson had, what is the difference actually between an order and an agreement? I have heard both terms used rather freely back and forth here. I confess that I am not real sure that I understand the difference.

Secretary FREEMAN. Is it my understanding that an agreement is something that a number of producers can enter into, but would not then require compliance by the balance of the producers.



An order is something that has been submitted to referendum, which has gone through strict procedures and then is required of all producers.

Mr. HARVEY. In the prior activities, so far as the Department of Agriculture has been concerned, what has been the relative use—I do not mean exactly—but in a general way have agreements been more freely used than orders?

Secretary FREEMAN. Orders, because agreements are not, generally speaking, too useful, because if everyone does not cooperate why, obviously, the practicality of a particular program is sharply limited.

Mr. HARVEY. Do you have an illustration for me to have in mind of an agreement that was entered into?

Secretary FREEMAN. An example of an agreement?

Mr. HARVEY. Yes.

Secretary FREEMAN. I have with me an example of all of the orders. I do not know as I have an example of an agreement. I am informed, Mr. Harvey, that there are no agreements in effect now.

Mr. HARVEY. There are not?

Secretary FREEMAN. No.

Mr. HARVEY. In other words, all of the efforts to date have been through the avenue of orders?

Secretary FREEMAN. There are some 121 orders—is that right? There are 42 on fruits and vegetables, and 79 on milk that are presently in effect, and they are orders.

Mr. HARVEY. That is the area where they are at present limited; in other words, you have none affecting commodities other than milk and fruits and vegetables, is that right?

Secretary FREEMAN. That is correct; yes, sir.

Mr. HARVEY. I am much interested in the possible impact of this legislation on the livestock industry, particularly. I am thinking of the products of the livestock industry.

Would it be your opinion that under the provisions of this bill it would be possible to put anyone of these various livestock commodities, like hogs, under an order?

Secretary FREEMAN. So far as orders are concerned, the products are not covered under the proposal. It is the initial commodity itself, not the product of the commodity.

Mr. HARVEY. Well, would it be possible to put hogs under an order?

Secretary FREEMAN. It would be.

Mr. HARVEY. And I presume by the same token then, also cattle or sheep or poultry, all of them would be eligible. There would be authority there to put them under orders?

Secretary FREEMAN. There would be, theoretically, authority. Directing attention to your first enumerated one, cattle, it would be practically impossible at this time, because I think it is quite clear that there is no desire for such; and, therefore, why there would be no program.

Mr. HARVEY. That is right. I am happy to hear your statement to that effect that you have that feeling.

A thing that has troubled me a very great deal is that I do know that in the past there have been certain minor segments of hog producing industry that have leaned toward the idea of trying to put hog production under some type of order, such as would be envisioned in this bill.



Would it not be a very plausible conclusion that as the Secretary it would be very difficult to try to put hogs under an order without likewise, also, putting cattle under an order?

Secretary FREEMAN. I have not thought about that, Mr. Harvey. I do not really feel prepared to answer that question offhand. It would seem to me that it would be. If two-thirds of the hog producers wished to develop a national marketing order, it would appear to me that this could be done for them without in any way affecting the cattlemen who might not wish to have an order. That would be up to the producers.

Mr. HARVEY. In other words, it would be your thought, in connection with the administration of this bill, should it become the law, that it would be feasible to try to control one phase of the livestock industry without controlling another?

Secretary FREEMAN. It might be. I do not think that question could be answered categorically, until the nature of the program involved was known. For example, if the hog producers wanted to have a national marketing order on research, on promotion, or on quality control, it would appear to me that this would not conflict in any.

Mr. HARVEY. I think that is right. Certainly, in thinking of all of the potentials of an order it is easy to see that only when you got into the area of actual limitation of production would you run into a conflict of interest that might make for a severe market dislocation. This is a matter that has concerned me a great deal.

I have been a livestock producer all of my life, in both cattle and hogs. I think that most of the bulk of the livestock producers of both commodities would much prefer to have a free market operation than to try to run a controlled program for either one or both of them. It has always been my opinion that if you are going to attempt to try to regulate the supply of livestock, and to permit a proper freedom of operation, that the only place in this whole pipeline where you can start to control it is at the feed grain level—it is at the farm where you start growing the grain; in other words, we have always felt that you cannot control it through some device other than as you control the total production of grain. If you had not produced the grain, it would not have happened, because a logical outlet has to be through the livestock. Trying to put a check valve in that pipeline at the livestock level would not be the right place to put it. I think in essence it would only complicate the problem, rather than to be one of major helpfulness.

Particularly, that is one thing that has troubled me a great deal about this piece of legislation. I am very hopeful that before this action is concluded that we can have a proviso in it that will eliminate the two very important livestock commodities from the possibility of a marketing order. I say that to you quite frankly, because I do not think that we ought to have a provision of that kind in the bill. I would be very reluctant to support any piece of legislation that carried that proviso in it.

Secretary FREEMAN. Might I just respond, Mr. Harvey, and say that there would be under this bill no program if it were not desired by the producers, by a two-thirds vote. And I think it would be a very grave mistake to attempt to delineate various commodities, and to foretell, or to attempt to, what might take place in the future in



relation to trying to work ourselves out of what is a very serious problem in agriculture. The checks and balances in terms of the election of the committees, in terms of the consultation that is called for by law, in terms of the submittal to the Congress, in terms of the two-thirds vote I think can assure any group, whether it be those dealing in hogs, cattle, dairy products, grain, or any other, that there will not be a program unless two-thirds desire such a program. This is consonant with sound democratic principles, and should have the confidence of the producers themselves.

Mr. HARVEY. I think, under normal circumstances, the conclusion would probably be a very logical one. I happen to know, however, that insofar as the livestock producers are concerned their past history has not been one of too much in participation. I happen to know, also, that in various instances the livestock industry, being subjected to cycles, as you well know, that in depression periods there is always a minority that complains very loudly and complains to the Secretary, and I know at times, although they are a minor segment, they become a very vocal segment and put a great deal of pressure on the Secretary to take action of that kind. Although they represent only a minor segment, they can very often make a great deal of noise. There is a tendency of the localized stock producers to take a hands-off attitude. I think it presents a great danger to you in this respect.

Secretary FREEMAN. I am pleased that the proviso for a two-thirds referendum is such that the Secretary can adequately be protected from himself.

Mr. HARVEY. He will need it very definitely.

[Laughter.]

Mr. POAGE (presiding). We are trying to get through with this by noon, if possible.

Mr. HARVEY. That is all.

Mr. POAGE. Mr. Breeding was asking for recognition. Mr. Jones of Missouri is next.

Mr. Jones of Missouri.

Mr. JONES of Missouri. I think that instead of trying, Mr. Secretary, to ask you a lot of questions I would like to see if I have the correct interpretation of what I think this bill means, and then have the benefit of your checking my views. I am not trying to make a speech.

I think, unfortunately, there has developed in this room in the last few days apprehension which has been expressed here over something that is not likely to occur. And I think much of the opposition to this bill was developed and started before the bill was introduced and was directed toward some of the things that were discussed as probably being in the bill.

Let me see if I have this correct in my mind as to what has been done with the introduction of this bill and what would happen if we adopted this legislation.

We are setting up here, if I understand the machinery, the guidelines under which various programs could be developed. Before a program could be developed there would have to be shown to the Secretary that there was widespread support for it and your recognition that some program would be effective in correcting a situation which would help the American farmer regain his position and to obtain his fair share in the economy of this country.



In this bill it seems that many people have become alarmed because of the mechanics that have been provided under which a program could be developed. And I refer to the fact that the Secretary is authorized to support prices through commodity loans, compensatory payments, diversion payments, incentive payments, and any other operation which he deems appropriate.

I have had one or two calls from people saying, "I do not like incentive payments. I do not like compensatory payments. And if that is the way you are going to develop the program, then I am going to be against this bill."

Well now, as I understand it this bill does not direct that any program include all of these various types of payments. That is correct, is it not?

Secretary FREEMAN. Absolutely correct, yes, sir.

Mr. JONES of Missouri. We have in this bill, as I understand it, tried to cover every type of program that has been suggested for the various commodities through various types of programs that could be made effective, at least, some people think could be made effective.

I was glad Mr. Thompson brought out very well the fact that contrary to what some people have felt that we were making a czar out of the Secretary of Agriculture, that in many instances we were actually removing some authority which you have at the present time. And in the case of the agreements and the marketing orders, if this legislation is adopted, those would have to come before the Congress before they would be approved, is that correct?

Secretary FREEMAN. Yes, sir.

Mr. JONES of Missouri. Whereas at the present time you have the authority to work with the various commodity groups in developing those programs, and Congress does not have any veto power over that?

Secretary FREEMAN. That is correct.

Mr. JONES of Missouri. Is that correct?

Secretary FREEMAN. Yes.

Mr. JONES of Missouri. It seems to me—and see if I am correct on this—that the representatives of the farm or commodity groups would come to your office, and they would say, "We think that the situation in relation to a certain commodity could be improved by the development of a program." And they would outline to you what they feel should be and what could be done, and then it would be up to you to decide whether their plan was, shall I say, one to influence you sufficiently to feel that it would be in the best interests, not only of that commodity but of the Nation at large, to consider the development of the program?

Secretary FREEMAN. That is correct.

Mr. JONES of Missouri. And then you would select from a group of nominees presented by the farm groups, the commodity groups, and also from the farmer-elected committees in the States—and they would select those people as nominees—you would select from them?

Secretary FREEMAN. Right.

Mr. JONES of Missouri. And then these people would get together and develop a program with, of course, I think the consultation of your Department. And I think here is the thing that has not been brought out, and I want to see if I am correct in this assumption,



that if in the development of the program the public would be conscious of the fact that the program was being developed?

Secretary FREEMAN. I am sure they would.

Mr. JONES of Missouri. And then I think that we would begin hearing as Members of the Congress, the representatives of the people, particularly, if we were located in an area that would be affected, we would begin hearing from those people, also?

Secretary FREEMAN. That is right.

Mr. JONES of Missouri. And I think it would be reasonable to anticipate the Members of Congress would, at least, be seeing that their views were given to the Department. And I think that while they would not be members of that committee, that through their connection with these representatives, and the Department, you would have a pretty good idea as to whether or not Congress would be inclined to go along with the program, particularly if it involved an appropriation. Am I correct in thinking that the Department would be interested in an advisory capacity, at least of telling these people, "You are, probably, trying to go too far with this—you are proposing a program that is too extensive," and keeping in mind all of the time that this program has to be approved by the Congress or, at least, it is going to be rejected or vetoed, if it does not come within that?

Secretary FREEMAN. Yes.

Mr. JONES of Missouri. Do you not think that would be brought to bear in the development of this program?

Secretary FREEMAN. I think it would very definitely be. And any Secretary of Agriculture who was cooperating with the group to develop the program would be deeply concerned with those representatives in Congress who have special interest in this area because of their constituency.

Mr. JONES of Missouri. Getting down to another point, and I appreciate the fact that you have not been here in the Washington climate as long as some other people have, certainly you recognize the fact that there is more involved in writing a farm program than taking into effect the agricultural economics.

I made a statement to a farm group some time ago that I felt I could write a farm program very easily if I did not have to take into account two factors. One would be the social problem involved and the other the political problem involved.

I think we have to recognize that those are two influences that will bear not only on any agricultural program, but on any other program that is developed in the Congress.

Unfortunately, we have apparently gotten a lot of politics into this. Before these programs were developed, we would first have to have these committees, a majority of the members, to approve this program. Then they have to be approved by the Secretary of Agriculture?

Secretary FREEMAN. Yes, sir.

Mr. JONES of Missouri. And then it has to be approved by the President?

Secretary FREEMAN. Yes, sir.

Mr. JONES of Missouri. And then it is sent to the Congress?

Secretary FREEMAN. Yes, sir.



Mr. JONES of Missouri. And the Congress has, I believe, 60 days in which to reject the program or to accept it?

Secretary FREEMAN. Yes, sir.

Mr. JONES of Missouri. And if it does not reject, then it becomes the law. At that time it is not just this particular bill or anything, but it is that program you have sent up that has been developed?

Secretary FREEMAN. Correct.

Mr. JONES of Missouri. That is the thing the Congress acts on?

Secretary FREEMAN. Yes, sir.

Mr. JONES of Missouri. If the Congress does not act, if the Congress does veto that, then what happens then?

Secretary FREEMAN. It would go back and there would be no program.

Mr. JONES of Missouri. And we would have the existing law?

Secretary FREEMAN. That is right. The existing law would continue. That is right.

Mr. JONES of Missouri. I want to ask you this question and see if I am correct.

Say that you send it, or, rather the President sends a program up here which had been approved by an advisory committee. It has been approved by the Secretary. It has been approved by the President. It comes up here. I do not know whether this bill makes it specific or not, but I would imagine that it would be as with the reorganization plans. I presume that this would follow somewhat a similar course, that it would be referred to the House Committee on Agriculture and to the Senate Committee on Agriculture. Is that your understanding that the program would be referred to those two committees?

Secretary FREEMAN. That is my understanding; yes, sir.

Mr. JONES of Missouri. And at that time I think that the committee would have an opportunity to give study to it. As I anticipate this thing working out, I think that is one of the advantages that will be helpful, in that these hearings will have been conducted by the advisory committees, and everyone will have had an opportunity to come in and the record will have been made during the development of the program. I think that in this committee here we will have been relieved, so to speak, of the tedious, long hearings that ordinarily are held in this room. Every Member of Congress has, in addition to his duties as a member of this committee, many other problems in the Congress. I think, as a matter of observation, that when hearings become drawn out we do not have too many people on the committee to attend, and the interest declines. We have a fine attendance this morning because the Secretary is here. We will have a fine attendance when the Farmers Union and the Farm Bureau and the Grange witnesses are here.

Then when we get down to the smaller people, those in this room will start to decline, that is, the attendance will start to decline. But if we have the programs already prepared and brought into this committee, this committee will be in executive session. Is that the way you envisioned that the committee will study it, and we will not have the necessity of having a duplication of the hearings, or do you anticipate that there will still be those hearings?



Secretary FREEMAN. I would not presume to advise this committee, but it would appear to me that they may very well want to start in in executive session.

Mr. JONES of Missouri. It seems to me that is what actually will happen. Then, after, say, a couple of days here we get the feeling of this committee here, and it develops that there is a lot of opposition to certain phases of the bill, maybe we have provided for a support price which the majority of the members feel is too high or maybe we have made a provision for certain restrictions in acreage or we have left out this, or this program has anticipated certain other features and the majority of this committee does not like them, then instead of a veto, would it be possible for the chairman of the committee to convey to you the feeling that the program was not going to be adopted, and rather than wait for the 60 days, is there any prohibition against the Secretary or this advisory committee, or for the President to withdraw that program, say, and to make some modifications, or some changes in it before it is actually approved or vetoed? Is that possible under this bill?

Secretary FREEMAN. It would appear to me that could be done. And as a practical matter might well happen.

Mr. JONES of Missouri. In other words, as a political matter and we will put it this way, because I do not think that necessarily it is partisan politics, but because of the political impact that might be brought, we might convince you and the members of the committee who developed it, that rather than have it vetoed you might review what you have done and perhaps take into consideration views or suggestions of this committee. Would that be possible?

Secretary FREEMAN. That would be possible, I think, yes, sir.

Mr. HOEVEN. Will the gentleman yield?

Mr. JONES of Missouri. Yes.

Mr. HOEVEN. The gentleman understands that when the plan or the proposal comes to this committee that we cannot change or amend it, we have to take it or leave it?

Mr. JONES of Missouri. That is the point I am trying to bring out. I am trying to develop this, because as I have studied this, and I can find nothing in this bill on it, I call this just a guideline as to what can be done.

Mr. HOEVEN. May I ask the gentleman one more question?

Does the gentleman feel that a legislative committee such as ours should at any time be required to go to the Department of Agriculture on bended knee to implore the Secretary to make some changes in a program with which we do not agree?

Mr. JONES of Missouri. It is not a question of that, Mr. Hoeven. I think the majority of the members of this committee are dedicated in their efforts to try to provide a better climate for the agricultural economy to operate in. And I think that this committee is interested in trying to have legislation which will be helpful. And I think if a program comes to us with something in that program that we, after we have discussed it, feel the Congress, or the House or any other body would not accept and we could give some advice at that time, I do not think that we are going on bended knee when we do that—I think that we are in partnership—I think that this committee, as I see it, has a dual responsibility with the Department of Agriculture.



We have, as I look toward the organization of our Government, that relationship. We look to the Treasury Department, we look to the Labor Department, we look to the other departments for the help that they can give us. And if the Department of Agriculture, through the help of these advisory committees, can develop a program and bring it to us I think that we should want to cooperate with them to the extent of suggesting changes.

I am not trying to give up my authority as a Representative or to abandon my legislative responsibility, but I think that throughout the years I have been on this committee I have felt that we have tried to be helpful to the farmers. In other words, I am not an expert on wheat, I am not an expert on potatoes, citrus or anything like that. I know something about crops that are raised in my section, but I think that those people who have been reared around and who depend upon that particular commodity for their livelihood know what will work; what program will do the least damage, and what program will be the most helpful. And if they can develop that program through the Department and we can be helpful in suggesting changes; why not? What I try to bring out is that in addition to having just a veto power there would be the possibility, without waiting, say, for this to be vetoed, which would be within 60 days, or it would go into effect, but if we wanted 60 days to veto it and sent it back to the field to develop another program, it would then have to go through this long process again, and then we would still have to have the referendum and we could just wear the farmer out waiting for the program to be developed. That is what I was trying to get from the Secretary this morning, that is the way I envision this. And if I have stated anything that he thinks would be contrary, or not in compliance with what we have set forth in this bill, I should like to know so.

Secretary FREEMAN. I think what you have outlined—it would be a very logical result of the course of action that would be followed.

Mr. JONES of Missouri. I think—and I am impressed about this—in other words, there will be no program brought to this Congress for either its approval or rejection, and it would be by rejection, of course, because if we approve it, we do not do anything about it—there will be no program brought here unless it has first been initiated in the field—it has to start down there with that commodity in that area, something like that, before it can start, is that not correct?

Secretary FREEMAN. Yes, sir.

Mr. JONES of Missouri. Then it has to go through your Department to see if this is sound; in other words, if you think the Federal Government is justified in the cost of that program to meet this need, in other words, a representative of the cotton area, that is, representing them, might be for 90 or 100 percent support without restrictions, but I realize that we cannot have that. I was, also, interested in one part of the bill—I think it is a good thing that you have it in here—for instance, compensatory payments shall not be made to producers as a means of price support unless there is in effect for the proper production of the commodity with respect to which payments are made a supply adjustment program. I think too many of us have not realized that that is one of the guidelines in this bill. I think that it is necessary and is the basis upon which we are going to have to determine whether the price we pay is such that we are getting a sufficient amount of benefits from the program.



I think the American people, the taxpayers, the consumers are going to demand that. I think that is where this committee can be helpful to you and helpful to those producers who have developed this program. And that is, before we actually take a vote on rejecting a thing we give you an opportunity to take it back and bring it out again. In the House here sometimes we have a bill and want some changes in it. We do not vote the bill down. We may resubmit it to the committee for further study. We may recommit it with an amendment at the time.

As to this, I think that we can speed it up by doing that. I did not want to start bringing this out as a question and answer proposition. I think you are to be commended for the way you have approached this problem. I think this bill does afford an opportunity to give us guidelines to follow in developing a program. And I want to tell you that I, certainly, appreciate it and the opportunity to have you come here and answer our questions.

I want to apologize to the chairman for taking so long in trying to develop this one point, that nothing is going to be done which does not go through all of the procedures this committee would have done and it will relieve it of the tedious time-consuming work and will give us time to act more intelligently on a program that has been soundly developed in the field which has been approved by the Department as being sound, which does have the approval of the President, and in the final analysis the Congress has not abdicated its power. We are still the people who are going to pass the laws of this land.

I want to get this in, too. There is nothing in this bill which would prevent Congress from initiating legislation at any time on any kind of a program they wanted, and it would not be restricted by the guidelines in this legislation.

Secretary FREEMAN. Yes, sir.

Mr. JONES of Missouri. In other words, Congress still has the authority to legislate on anything pertaining to agriculture any time a bill is referred to us. I think that we would do well, if we followed this procedure. I thank you very much.

Mr. HARVEY. Will you yield?

Mr. JONES of Missouri. Yes.

Mr. HARVEY. I think the gentleman should consider this, that not too many years ago the Congress was persuaded to surrender its authority with respect to tariff rates. They said, "we have a safeguard—it will protect us—and the Congress can be relieved of this onerous burden." We surrendered that power, and now we find many of our colleagues on the floor of the House complaining loudly about the very autocratic administration of the program. I do not want to be saying that Secretary Freeman is going to do that. I just say that the history of these surrenders has been of that nature. This may not happen now. It may not happen next year. But that is the history of these surrenders of power by the Congress.

Mr. JONES of Missouri. I want to remind the gentlemen that this year and every year you have had an opportunity to vote on that, and if you surrendered authority then voluntarily it was on the part of the majority of the people who have done that, because they can take it back any time they want it.

The CHAIRMAN. Mr. Findley.



Mr. FINDLEY. Thank you, Mr. Chairman. Mr. Secretary, I do not see your name anywhere in the bill, so I hope you will pardon me if I ask questions to determine the worst that might happen in this bill. I am not suggesting that the worst would happen under your administration, but who knows, we might have somebody in that office one of these days—we might have a Republican—

[Laughter.]

Secretary FREEMAN. No comment on the last part.

[Laughter.]

Mr. FINDLEY. I do not intend it to be personal.

Secretary FREEMAN. I understand that.

Mr. FINDLEY. We are concerned about the restraints which the bill might impose upon your freedom of action in farm legislation. One of these is the congressional review authority. I am guessing, but I assume that this would come before the Congress in the form of a resolution, is that correct?

Secretary FREEMAN. I would assume this might well be. I really do not know enough about your procedures here to give an opinion.

Mr. FINDLEY. I think that we ought to investigate that clearly. That is deeply involved in the bill. Suppose it goes through the procedure of the House, and let us suppose that the Speaker of the House takes a favorable attitude on the commodity program brought in that resolution. What would be his inclination as one believing in that program—would he be inclined to push it along through the Congress or maybe to sit on it and to delay it a little bit? In other words, if he saw fit to, could he delay any referral of that resolution—would that be possible under this bill?

Secretary FREEMAN. I really had not thought about it. I suppose that the Speaker can sit on anything that he wants to sit on unless the Congress votes him out of being Speaker.

Mr. FINDLEY. What is your thinking on it. What is your thinking on the right of review?

Secretary FREEMAN. Then I think it would come—

Mr. FINDLEY. That would be with the Speaker?

Secretary FREEMAN. That would be my understanding.

Mr. FINDLEY. It is possible under this bill for him to delay action on the resolution for weeks, if he so chose?

Secretary FREEMAN. That is correct.

Mr. FINDLEY. Would that not be possible?

Secretary FREEMAN. I suppose so.

Mr. FINDLEY. In assuming that he would refer it to a committee, and assuming that the chairman of the Committee on Agriculture would take a similar attitude, and he would want to see this program brought into effect, is there anything in this bill that would hurry along the chairman of the Committee on Agriculture in seeing to it that it was promptly acted on by this committee so as to get it before the full House?

Secretary FREEMAN. It is assumed that the usual procedures of providing access to legislation to the members that are well established will be followed in the case of this type of legislation.

Mr. FINDLEY. He could delay it. And then the next ordinary step—



Mr. ALBERT. If I may interrupt, I think it is important that we note that any such resolution is privileged. I think that is the procedure.

Mr. FINDLEY. It is, also, possible that it might follow the usual procedures, is that not right?

Mr. ALBERT. Most resolutions of that type, I think, are privileged. I do not know, we would have to check.

Mr. FINDLEY. This brings up a question on the whole thing. The point I am trying to make with the Secretary is if this follows the ordinary constitutional congressional procedure there is ample opportunity for people who favor a commodity program to delay it well beyond the 60-day time limit and the like?

Secretary FREEMAN. I would, certainly, defer to your judgment and knowledge of the operating rules. It might well be that this committee, in its wisdom, would provide procedural safeguards to assure access of the committee to such a program.

Mr. FINDLEY. If we set up restraints on the time that the Committee on Agriculture, for example, could consider it and hold hearings, would that be in the public interest?

Secretary FREEMAN. I do not quite understand the question.

Mr. FINDLEY. In other words, if we would adopt rules restraining ourselves on the time that we could devote to studying whatever proposal you have, would that be in the public interest—public hearings, are they in the public interest?

Secretary FREEMAN. Well, in this connection I would defer this again to your judgment, according to the nature of the plan and the program and what in your wisdom and independence of action would dictate. I would not presume to tell the Congress or this committee how to set up its own procedures. We merely set a time of 60 days. I would assume that if it were abused, and this committee had not access to the bill, that the Congress would quickly have its own remedies to take care of that abuse.

Mr. FINDLEY. But the effect of this bill is to twist the role of the legislative with the role of the executive, and when you do that the rules of procedure which are designed to prevent hasty enactment, work in favor of hasty enactment—is that right or wrong?

Secretary FREEMAN. Again, you are asking me questions that I am not qualified to answer.

Mr. FINDLEY. But it is deeply involved in this bill, do you not think?

Secretary FREEMAN. No, sir, I really do not.

Mr. FINDLEY. Is not congressional review one of the prime elements in this bill?

Secretary FREEMAN. Yes.

Mr. FINDLEY. And that is important?

Secretary FREEMAN. Yes.

Mr. FINDLEY. I think that is deeply involved in this bill.

Secretary FREEMAN. Then I would only say, Mr. Findley, if you feel that there ought to be some procedural safeguards to insure that within 24 hours after the reception in the Speaker's office of a program there should be a hearing on such a program in the Committee on Agriculture, why, certainly, the Secretary of Agriculture would have no objection to such a provision.



Mr. FINDLEY. As a practical matter, I cannot image the House of Representatives getting through any rule change which would tie the Speaker's hands. We have been dealing with one of the restraints on the action of the Secretary considering what might happen.

The other portion deals with the advisory committees. You spoke about making it possible for the producers to participate democratically in forming the farm policy. And yet our discussion has brought out the fact that you are not compelled by this bill to take the recommendations of any advisory committee. I am thinking of the words and not thinking of how you might act. Are you compelled by this bill to accept any of the nominees who might be presented to you by the county committee?

Secretary FREEMAN. Yes, sir.

Mr. FINDLEY. Are you compelled to accept any of them?

Secretary FREEMAN. Yes, sir. I would have to; I would be limited to the nominees that come from the county committees.

Mr. FINDLEY. But are you compelled to accept any of the nominees who might be presented to you? Could you not, in fact, say, "Well, I do not like these fellows, I will not have the committee." Would that not be possible?

Secretary FREEMAN. No, I do not think so. Once we proceeded to call the elections, and these nominees were made, it would be incumbent upon the Secretary of Agriculture to follow through with the selection and the consultation and development of the program.

Mr. FINDLEY. I have read the bill, and I could not see anything which would compel you to accept any of these nominees that you might not choose to accept. So there is a question I think ought to be answered eventually.

Then in the matter of paying the members of the advisory committees would they be entitled to this sum of \$50 a day and for transportation and the like prior to your selecting them on the advisory committee?

Secretary FREEMAN. As I would read that, pursuant to no procedures, it would be while they were acting on official duties, pursuant to the bill.

Mr. FINDLEY. But suppose that a county committee elects certain nominees for your advisory committee, would they on that day of election of the county committee be entitled to payment or not?

Secretary FREEMAN. No, sir.

Mr. FINDLEY. They would start getting pay only when you choose to pay them, right?

Secretary FREEMAN. When they were chosen and sat and devoted their time to the purpose in mind.

Mr. FINDLEY. But they would be qualified for pay only after you have taken the initiative to name them to the advisory committee?

Secretary FREEMAN. If they are not to be paid until the advisory committee met, obviously, they would have to be named.

Mr. FINDLEY. But the power to pay, in other words, lies in your hands—there is no payment beforehand while in the status of an elected nominee?

Secretary FREEMAN. No.

Mr. FINDLEY. Are the nominees from whom you would select the advisory committees to be elected directly by the farmers?



Secretary FREEMAN. They are elected by the county committee members who are elected by the farmers.

Mr. FINDLEY. Are the country committeemen elected directly by the farmers?

Secretary FREEMAN. They are elected by the county committeemen who are elected by the community committee—

Mr. FINDLEY. So the nominees from which you choose the panel are actually thrice removed from the farmer vote, are they not? They have to go through the township committeemen, then to the county committeemen, and then become nominees?

Secretary FREEMAN. That is correct.

Mr. FINDLEY. And once he reaches that step, he only becomes selected on your own initiative, right?

I am reviewing this in the light of your statement that the farmers participate democratically in the establishment of these committees.

The township committeemen are elected by a direct vote of the farmers, right?

Secretary FREEMAN. Yes, sir.

Mr. FINDLEY. Would you give us an idea of about what percentage of the farmers normally vote in such elections?

I am trying to get into this democracy again.

Secretary FREEMAN. It would vary, I think, in accordance with the importance of the farm program, and of the committeemen in the given areas.

Mr. FINDLEY. What is the highest percentage of farmers who have ever voted? Do you have any idea?

Secretary FREEMAN. I really do not know the highest percentage.

Mr. FINDLEY. I can tell the experience of my district. I do not know of any vote that exceeded about 25 percent, and most of them are around 5 percent. So a fraction of the farmers actually participate in the selection of township committeemen who selected the county committeemen, who select the nominees from which you choose your advisory committee, is that correct?

Secretary FREEMAN. If you say so in your district, I certainly would not dispute it.

I would make this point that I think is very important in connection with it. I believe the foundation of democratic representation and participation by producers is very important. I believe one of the reasons why we have not had the turnout and participation in elections has been because the county committees and community committees have not been involved in activity and have not performed a meaningful function in many areas. It would be my estimate that under this procedure this would become a very meaningful function, and one of the byproducts of this whole procedure would be the involvement and activation of producers in a democratic way, looking to strengthened farm programs and improved administration of those farm programs. I think it is very important.

Mr. FINDLEY. Why not make it even more democratic and let the farmers participate directly in the election of these advisory committees?

Secretary FREEMAN. This is conceivable.

Mr. FINDLEY. Why not do it?



Secretary FREEMAN. The procedures as laid down have tried to make some allowances for the practical problem in what may be an extremely large geographical area involving very significant numbers of people, something that would be as a practical matter both democratic and workable.

Mr. FINDLEY. Another problem is that in selecting an advisory committee you are trying to get a broad representation, I assume, of the thinking of the producers of one single commodity?

Secretary FREEMAN. Not only of one single commodity—

Mr. FINDLEY. Or, a combination of commodities?

Secretary FREEMAN. But also of good judgment and experience in the community and in agriculture in general.

Mr. FINDLEY. You want them to have a balanced attitude on the whole farm question?

Secretary FREEMAN. Yes, sir.

Mr. FINDLEY. Looking at it from the position of the consumer and the city dweller and the farmer and everyone, right?

Secretary FREEMAN. Yes, sir.

Mr. FINDLEY. Well then, I think you have overlooked a real excellent source of members for your advisory committees. Did you ever consider selecting all of your advisory committees from the Members of Congress?

Secretary FREEMAN. Frankly, no.

[Laughter.]

Mr. FINDLEY. Well, you know, I think it would be a good time to review some of our qualifications for the job as a member of your advisory committee. For one thing, there are about 430 some of us, and we are right here in Washington. We represent every corner of the 50 States. So we are pretty well in touch with all of the various problems of our Nation.

Secondly, some of us are farmers. Here is Ralph Beermann and Don Short and Ralph Harvey, and Mr. Poage—all farmers—and many others of course who have farming interests. So they would be pretty close to the thinking of the farmers.

Wouldn't that commend them to you? Wouldn't that be a good qualification to add?

Secretary FREEMAN. They are commended to me for that reason and many others as well.

[Laughter.]

Mr. FINDLEY. Well now, here is another thing. If you get advisory committee members from among people that you do not know personally, and have no reference on the record of their thinking, why they are kind of unknown, but as to all of the Congressmen here you know pretty well the way we think and the way we would act, the way we would approach any commodity plan you might present. And there are plenty of us, too. There are plenty of Democrats for one thing. I do not think you would have any difficulty getting enough Congressmen to serve on any advisory committee you might want.

Do you think you would have any trouble?

Secretary FREEMAN. Well, I have been told that you are very, very busy.



Mr. FINDLEY. Well, actually, if this bill goes through I think we are going to be out of business on this committee so I am going to have a lot of time.

[Laughter.]

Now here is another point. We like to save money, and you would not have to pay us a penny. You would not have to pay us this \$50 a day, per diem or travel expenses as we are right here. I think that would reduce the taxes.

Now here is another thing. Most of us have had some legislative experience. Now do you think that would be valuable to a person on your advisory committee which is concerned with developing a new farm law?

Secretary FREEMAN. Well, I think any kind of experience would be useful. I had not considered legislative experience as a prerequisite for serving on a farm advisory committee.

Mr. FINDLEY. Well, when the task at hand is writing a law or commodity program, it would not hurt any, would it?

Secretary FREEMAN. No, sir.

Mr. FINDLEY. Well I think there is another qualification, perhaps the most important one of all, and that is that all of these Congressmen are elected directly by the people. And your advisory committee would not even be selected by a person who is elected by the people, and would be thrice removed from any actual voting by the farmer. So if you are hunting for advisory committee members who are really in touch with the people, I would like to recommend the Members of the Congress to you. We get a lot of mail, we get a lot of correspondence back home—

The CHAIRMAN. I object to Members of Congress being placed on these committees. We have enough to do without that.

Mr. FINDLEY. I think this is a very serious problem, Mr. Chairman, and I think we ought to consider the possibility of amending the bill so that the Secretary would make his entire selection of advisers from the Members of Congress.

Do you see anything wrong with that?

Secretary FREEMAN. Yes.

Mr. FINDLEY. Now do not hurt our feelings, but go ahead and tell us why. [Laughter.]

The CHAIRMAN. He has answered the question yes, that he sees something wrong with it. Now let's go on to something else. We have other members who want to be heard and we are running out of time.

Mr. MATTHEWS. Mr. Chairman, would you yield to me a minute?

The CHAIRMAN. I want him to finish, and I am going to give everyone an opportunity and then try to finish this up as best we can.

Mr. FINDLEY. I think we will all agree this conveys some extra powers on you as Secretary, and I think it is important—

Secretary FREEMAN. I would not agree with that.

Mr. FINDLEY. You would not?

Secretary FREEMAN. I think the powers of the Secretary are very sharply circumscribed, as was pointed out in the questioning by Mr. Thompson earlier. There are vast areas where the Secretary can act unilaterally regardless of the advice or counsel of Congress, or this committee, or anyone else. Under the laws the Congress has passed,



or under these new procedures, he would start working with advisory committees and go to you.

And may I say that I think there are some gentlemen on this committee, for example, who might not have agreed with the Secretary's judgment in increasing price supports on soybeans.

Mr. FINDLEY. You are right.

Secretary FREEMAN. But the Secretary had the power to increase prices on soybeans whether you like it or not unless you changed the law; isn't that correct?

Mr. FINDLEY. That is correct.

Secretary FREEMAN. So in this instance, if we were developing a program it would come from producers, publicly aired, and come before this committee as a part of a program. And as such I think that it does, in a lot of respects sharply circumscribe rather than increase the powers of the Secretary.

Mr. FINDLEY. I am very grateful for that.

Mr. BELCHER. Will the gentleman yield?

Mr. FINDLEY. Yes; I will.

Mr. BELCHER. What part of that power is taken away by this bill? If this bill passes you can still do the same things you can do right now, can't you?

Secretary FREEMAN. Well, theoretically I suppose you could say—

Mr. BELCHER. Not theoretically, but practically and legally, if this bill passes, you can change the price supports on any commodity that you now have the power to change the price supports on, can you not?

Secretary FREEMAN. No; I do not think so.

Mr. BELCHER. Well, now, I would like to ask counsel that question.

Mr. BAGWELL. If the price-support program comes up under this new authority, Mr. Belcher, and Congress disapproves, the Secretary simply—

Mr. BELCHER. No; I am saying supposing this bill passes, and the day after it passes he wants to raise the price supports on soybeans. Can he do it?

Mr. BAGWELL. Under the new authority the soybean program would come to the Congress for review.

Mr. BELCHER. But I am not talking under the new authority. This does not take away the old authority?

Mr. BAGWELL. It would if you had a price-support operation under the new authority.

Mr. BELCHER. The new bill does not take away the authority to set the price supports on anything, does it, unless he sees fit to follow the procedure under the new bill?

Mr. BAGWELL. That is correct.

Mr. BELCHER. In other words, it does not take away any power at all that he has today, does it?

Mr. BAGWELL. But if the producers want a program under the new authority the Secretary—

Mr. BELCHER. To get back to my question, Mr. Bagwell, it does not take away any power that he has today on price supports?

Secretary FREEMAN. Yes, sir; it does, Mr. Belcher.

Mr. BELCHER. What is it?



Secretary FREEMAN. If I may say so, I have cross-examined witnesses and been in a courtroom and have said, "answer the question, Mr. Witness, 'yes' or 'no'." If the rules of this committee are that I shall answer the question yes or no, of course I will answer it yes or no. That is what you are asking me to do. There is no yes-or-no answer.

Theoretically, this power remains to act under previous laws. Practically, under any Secretary of Agriculture, who recognized the facts of life in relation to the powers within our Government, and acted in good faith with relation to congressional action, he would move in accordance with the procedures established by the Congress. So far all practical purposes the previous powers have been sharply limited.

Mr. BELCHER. Mr. Secretary, I am not asking you for practical purposes, I am asking you if legally you can exercise the same authority if this bill passes that you can exercise today.

Secretary FREEMAN. Technically, yes.

Mr. FINDLEY. Mr. Secretary, we have had some discussion of the family farm here and I would like to ask you, do you believe that the trend in recent years toward the growth in the size of the farming unit should be encouraged or discouraged?

Secretary FREEMAN. To what trend do you refer?

Mr. FINDLEY. Farming units getting bigger. You talked about large farms. Do you think that is desirable or not?

Secretary FREEMAN. Insofar as they are efficient producers, I think it is desirable to produce as efficiently as we can.

Mr. FINDLEY. Well here is what I am leading up to. In our subcommittee hearing in Sioux City Saturday we heard the testimony of a farm manager which brought out this fact: The production work required on a 160-acre grain farm in Iowa is only 40 man-days a year. And a professor of the University of Illinois told me recently that more than half of the Illinois farms are actually too small to justify the full-time efforts of one man, much less a father-son combination that you might find in a family.

Now what would you say your bill would do toward improving the lot of the fellow who is on too small a farm?

The CHAIRMAN. May I interrupt just to say, Mr. Secretary, if I may help you out a little bit, you have in this bill, a rewrite, the Farm Home Administration law, and through the Farm Home Administration law the small unit can be increased to a larger unit and become more self-sustaining.

Secretary FREEMAN. There are additional credit facilities here that would help farmers who need increased equipment and capital investment that is involved to get to an efficient operating size.

Mr. FINDLEY. Than you would like to see the size of farms grow so they would become efficient units, using today's machinery and occupying the full-time energy of the farmer, is that right?

Secretary FREEMAN. I would certainly share what appears to be your purpose, that we should have efficient agriculture, and increasingly so.

Mr. FINDLEY. The thing I am trying to point out is it seems to me the financial trouble of most farmers today lies in the fact that the ones in trouble are trying to operate on too small an acreage, and I am wondering what this bill is going to do to meet that problem.



Secretary FREEMAN. I would question, if I may, sir, your basic premise, and would ask that you reread the testimony and check the statistics in connection with it. I would not agree that the problem is one of operating too small a unit. Regardless of the size of the unit, agriculture as such is underpaid in America today, and its net return, either by farm or totally, has substantially fallen regardless of the efficiency or the size of the unit, and including efficient operating units.

Mr. FINDLEY. Do you believe that the farmer should have maximum freedom of choice in producing what he wants to on his farm?

Secretary FREEMAN. I believe, consonant with his relation with his neighbors and the overall problem of what he has to produce, we want to maximize his freedom of choice in every way we can.

Mr. FINDLEY. Does he really have a property right, though, to plant what he wants to on his land?

Secretary FREEMAN. Well under present law, if there has been a referendum and acreage allotments, he is held within the allotment which has been voted by two-thirds of the farmers—

The CHAIRMAN. Notwithstanding that, he can plant anything he wants on the land he owns. No one can prevent him from planting it. They can just penalize him if he does not stay within his quota.

Mr. FINDLEY. In relation to that, can any farmer in America today plant as much wheat as he wants to on his farm without violating the law? Can an American today plant as much cotton as he wants to on his farm without violating the law, or as much tobacco? In other words, have we interfered with property rights already to a great degree, and would this open the door to interfering with property rights for every commodity in America?

Secretary FREEMAN. No; I think this would protect free enterprise, private ownership, and the sound American institutions of freedom and individual initiative.

Mr. FINDLEY. Would you say your commodity program would tend to strengthen the marketplace, or strengthen the role of Government in controlling the marketplace?

Secretary FREEMAN. I think it would tend to strengthen the marketplace.

Mr. FINDLEY. Would you say that the effect of the feed grains bill has already tended to strengthen the marketplace?

Secretary FREEMAN. Yes, sir.

Mr. FINDLEY. You are aware of the precipitous drop in the corn price, I guess, are you?

Secretary FREEMAN. No, sir.

Mr. FINDLEY. About a 15-cent drop in corn in about a 2-week period which would affect the 1960 crop? Is that news to you?

Secretary FREEMAN. No; there has been some drop in the price of corn.

Mr. FINDLEY. Well I do not want to labor that point, but it seems to me we already have indications that the marketplace, the free marketplace, can be effected by commodity programs that are not even in effect yet, which is what I would like to consider for a minute. I am thinking of the worst that might happen in the possibility of building up a terrific political machine through the State advisory committees.



Now the bill states that the members of the advisory committees are not to be considered employees of the United States. Is that correct?

Secretary FREEMAN. That is right.

Mr. FINDLEY. Now as such would they be subject to the Hatch Act?

Secretary FREEMAN. No, sir.

Mr. FINDLEY. So they would be free to be politicians, let us say, right?

Now do you think it is possible that this bill, in the hands of some unscrupulous Secretary of Agriculture, might be used to develop an extensive number of advisory committees for all kinds of commodities on a \$50-a-day basis which could be used effectively at election time?

Secretary FREEMAN. No, sir.

Mr. FINDLEY. You think that is impossible under this bill?

Secretary FREEMAN. Yes, sir.

Mr. FINDLEY. Would you explain your reasons?

Secretary FREEMAN. Well, I have great confidence in the American farmer, in his integrity, in his sincerity and purpose, and in his desire to see a farm program developed which would not be adversely affected by considerations of partisan politics. I think he would resent and react negatively to any such efforts, and I see no possibility whatsoever along the lines that you hypothesize.

Mr. FINDLEY. Is there anything in the bill to prevent him from doing so?

Secretary FREEMAN. There is nothing to prevent him from voting.

Mr. FINDLEY. And we had a statement read into the record yesterday from your director, your ASC man in Wisconsin, I believe, indicating his attitude on ASC committees, how he felt that we should trot in harness in this New Frontier program.

Secretary FREEMAN. Well he was not talking, as I recall the statement, about partisan politics. I understand that is your question. He was talking about the policies in connection with the feed-grain program.

Mr. FINDLEY. All right, the policies in connection with partisan politics.

Secretary FREEMAN. But these advisory committees are developed to develop a program, not to administer it.

Mr. FINDLEY. Would you object to placing the advisory committee-men under the Hatch Act?

Secretary FREEMAN. I think it would be completely superfluous and would be a reflection on every farmer who participated, and an indignity to subject him to.

Mr. FINDLEY. And you would object then to placing him under the Hatch Act?

Secretary FREEMAN. I think it would be—I will stand on the statement as made.

The CHAIRMAN. Let's take us all out from under the Hatch Act. That is what I would like to do. We would be better off.

Mr. FINDLEY. Mr. Secretary, just to give a little background so you will understand my questioning, I was elected by an agricultural area in which hog production predominates. Now the hog producers in



my area not only do not want a program of control, but they are afraid they are going to get one. Now, do you object excluding hog production from this bill in order to satisfy their fears?

Secretary FREEMAN. Yes; this bill does not provide a program for any commodity, but rather it provides the instruments and the potential in the event a program is necessary and is democratically voted by the producers, and I think the bill ought to cover the commodities as presently stated.

Mr. FINDLEY. I assume you do not want to use the authority in the bill for all commodities. It would help us, though, if you would enumerate in the order of preference the commodities which you do believe need the action of the advisory committees today.

Secretary FREEMAN. Well, I really could not enumerate them in order of preference. I think the immediately pressing needs that have already been before this committee and have come up in our discussions of course have been wheat and feed grains initially. There may very well be a number of others, and the producers in these areas will be heard I am sure in time. If they do not wish a program, you can be sure the Secretary will not desire to force one on them.

Mr. FINDLEY. If hog prices should drop to 12 cents, do you think that would be sufficient cause to start an advisory committee at work?

Secretary FREEMAN. I would be interested in the comments of the producers, including those from your district, Mr. Findley. I would approach this with no pre-position or prejudice myself.

Mr. FINDLEY. How do you think you could effectively gage the thinking of the producers through these referendum votes when we look at the statistics showing the number of producers who historically have voted in referendum elections?

For example, 22.7 percent for the United States on the 1960 wheat referendum. Would you want to go by the decision of 22 percent of the producers of the commodity in order to bind the whole commodity?

Do you think that would be wise? Or, do you have some ideas on how you could get full participation of the producers in these referendum elections?

Secretary FREEMAN. Well, we would want as wide participation as possible, and would welcome any ideas to broaden that participation.

Mr. FINDLEY. Would you work through your paid advisory committees and your State ASC committees in order to generate enthusiasm for the election?

Secretary FREEMAN. I have not even considered this question. The advisory committees would be selected for a purpose, and that is to develop programs.

Mr. FINDLEY. How would you go about getting more people to vote in these referendums? Would you join them with the November election so you would have a big participation at the polls? Would that be a good idea?

Secretary FREEMAN. Conceivably. I had not thought about it. It might very well be.

Mr. SHORT. Will the gentleman yield for just a moment?

Mr. FINDLEY. Yes.

Mr. SHORT. In order to clarify the record just a little bit further, Mr. Secretary, and I certainly do not mean this as any reflection on you, but I think it is something that has to be taken into considera-



tion regardless of who the Secretary may be. Reading from page 5, and I will actually start on page 4, under "Title I—Supply Adjustment and Price Stabilization, Subtitle A." Having to do with national farmer advisory committees—and Mr. Findley has just been evidencing some concern as to the possibility of building up somewhat of a political organization. I would like to read over on page 5, section (b), which says:

The Secretary shall provide by regulation for the manner in which elections of nominees for appointment to the committees—

that means the advisory committees—

shall be conducted and his determination of the eligibility of any nominee and the results of any such election shall be final and conclusive.

Now, Mr. Secretary, it seems to me that this practically gives the Secretary the authority to select these committees. And you and I discussed this a little bit yesterday. This is, I think, only a natural consequence to assume, that we—whether it would be you or I as Secretary of Agriculture—would, in view of the authority vested in this section of the bill, select people who we felt were representative to, friendly to, our thinking, our philosophy in what we were trying to do, rather than giving the people, as Mr. Findley tried to bring out, the right—and as I tried to bring out yesterday—to elect, period, people who would serve on these committees.

Secretary FREEMAN. Mr. Short, I suppose you can hypothesize a number of extremes in relation to what could be done. As a practical matter what this means is if there is a contested election of some kind, someone has to determine the procedures, determine who in a contested election is finally elected. And these committees have to become operative within a reasonable time. This is just a practical matter. It is my best judgment that any Secretary, be he Republican or Democrat, who is faced with the problem in connection with the commodity that the producers were desirous of doing something about, is going to adhere very carefully to the elective procedures in all good faith because he is going to need to bring before this committee and the Congress the result of this committee's deliberation. And that program and plan, assuming it is not disapproved by the Congress, is going to have to go to referendum. In the process he is going to be under the klieg light of the press, the television, the radio, and all the political processes we are familiar with. He is not trying to get elected to anything, he is trying to do a job and work out a program. And I think there is a tendency—and I have run for state-wide public office six times myself so I have had a little political experience—to write into this procedures what might be considered rather normal in terms of normal elective contests. But I think from the standpoint of the Secretary of Agriculture, that this would not be the case, either the build up political machine consequence, or to try and handpick a committee that would try to agree to his thinking. His purpose is going to be to try to develop a program that is going to be acceptable and is going to provide solutions. And just as soon as he abuses the procedures, he is going to run right into a stone wall. It is going to be tough enough to develop programs in some of these areas anyway without creating antagonism, problems, and criticisms.

And I certainly would not look forward, nor would any Secretary,



to the prospect of coming before this committee, where I had arbitrarily abused, not only the letter, but the state of the law in relation to the selection and preparation of programing. This just is not going to happen.

In all good faith the purpose here is to develop a program, and the checks are adequate to prevent those abuses in my judgment.

Mr. FINDLEY. May I have just 1 more minute?

The CHAIRMAN. What is it?

Mr. FINDLEY. May I have just 1 more minute?

The CHAIRMAN. Make it short because it is 12 o'clock.

Mr. FINDLEY. Apropos of our discussion, Mr. Secretary, I would like to read into the record an extension of the remarks by Chairman Cooley in quoting Mr. Godfrey, the new Administrator of the Commodity Stabilization Service, in which Mr. Godfrey states:

Now, for those of you that are new State committeemen, let me give you just a little advice as to the ways and means of getting a positive attitude. I might say that throughout the Southeast the attitudes are a little bit different than they are in many areas of the country. I do not think you are going to have any difficulty in securing a positive attitude on the part of State office employees or on the part of the county office employees. But, let me hasten to say that if you have any difficulty, if there are any individuals in a State office or in county offices who do not feel that they can adopt a positive attitude and attempt to work constructively for this program, then they should be honest enough with themselves and with us to disassociate themselves from the organization.

Second, if they are not honest enough to do that, then it should be your responsibility, and it is your responsibility, to see that they find more compatible work outside.

The CHAIRMAN. Don't you approve of that?

Mr. FINDLEY. No; I do not.

The CHAIRMAN. It is a statement on behalf of honesty. I am for honesty, and he is for honesty too.

Mr. FINDLEY. It is an honest expression.

Secretary FREEMAN. Mr. Findley, may I just add to this, and I do not want to make a play on words here, but there is a very real difference between an election, partisan political conference, and the carrying forth of a policy and program. Now what Mr. Godfrey says is in a law that was passed by this Congress quite recently. It has become law and is now to be administered by the Department. Now if there is someone who is sabotaging that law which this Congress passed, it would appear to me, and I think you would agree, that he certainly ought not to participate in any program that he is going to oppose and actually sabotage when it is the law of the land as passed by this Congress and signed by the President of the United States.

Mr. FINDLEY. I think the danger is the administration might put up a program which they would want to put into effect, and they would have available, in order to put it over on the people of America, and influence the farmers who would vote in the referendum, the full authority of the executive department which would include the ASC committees, the county committees, the township committeemen, and the advisory committees. And it would be pretty tough for those outside, those who oppose the program, to buck that kind of a deal, especially when the Secretary of Agriculture is the final judge of the election involved.



Secretary FREEMAN. The mere facts you state constitute a very practical deterrent to any Secretary abusing his authority because the best weapon to defeat any program would be the allegation of arbitrariness, unfairness, pressure, and failure to carry forward the spirit of the law in a program. That everyone understands. It would be the clearest and most effective weapon to defeat it. And any Secretary with any brains, even though he wanted to do otherwise, would move very carefully.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. Back on the record.

We are going to adjourn until 3 o'clock.

(Whereupon, at 12:05 p.m., the committee recessed until 3 p.m., the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will please be in order.

The Chair recognizes our distinguished colleague from Florida, Mr. Matthews.

Mr. MATTHEWS. I want to apologize to my chairman for my rather dramatic outburst this morning. It was not that I love my chairman less, but I thought that he loved my Republican colleagues more. [Laughter.]

I am very anxious, Mr. Chairman, to give these gentlemen on the lower tiers, both Republicans and Democrats, an opportunity to make some observations. You will be interested to know, sir, that the chairman of our committee permits me to sit with these gentlemen, to handle such important things as world affairs, what to do with Cuba and Laos and how to balance the budget, but you understand, that on matters of agriculture they must be taken up with him first. [Laughter.]

I just want to have the opportunity, as I said this morning, to be able to say to my people in my newsletter that I had talked with my Secretary and that he assured me of this interest in my farmers' problems. I will not repeat all of the gentlemen's names, but I will mention some of them, in case they are not called on. Mr. Breeding, from Kansas, Mr. Stubblefield from the great State of Kentucky, Mr. McSween from the State of Louisiana, Mr. Inouye from the State of Hawaii, Mr. Harding from the State of Idaho, and Mr. Reifel from the State of South Dakota.

All of these gentlemen are here on the job. And we are doing the best that we can to represent the farmers. Now, Mr. Secretary, I just want to make one or two observations, and then I surely want to give my colleagues an opportunity. I want to join with the other members of the committee who have expressed appreciation for your forthrightness and for the excellent knowledge you show of the problems we face.

I must say, frankly, I have some misgivings about certain parts of this legislation, but I want you to know that it will get a fair consideration, so far as I am concerned.

There is one part that I think is of most immediate attention to me and, that is, I think your very fine suggestions about an improvement in the farm credit situation. As I recall, in our discussions the last couple of days, we have not dwelt on that particular matter.



I think, in my own district, in the instance of the State of Florida, that the problem of agriculture credit is, probably, the biggest single problem we have at the present time.

May I ask you, sir, this particular question? Is my understanding correct that under the terms of this legislation, insofar as agricultural credit is concerned, there would be better opportunity for farmers to get reasonable credit, based on good security at, perhaps, a little better rate of interest than they have been able to get in the past?

**STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE, ACCOMPANIED BY JOHN BAGWELL, GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE—Resumed**

Secretary FREEMAN. Yes, sir.

Mr. MATTHEWS. As I understand it we would, probably, shall I say, have a more liberal program on the part of the Farmers Home Administration, would it be fair to say that?

Secretary FREEMAN. That is correct.

Mr. MATTHEWS. Mr. Secretary that is all I want to say, except again to commend you. And may I yield to my distinguished colleague from Kansas, Mr. Breeding?

The CHAIRMAN. Yes, sir.

Mr. MATTHEWS. I will not take any more time. I yield to the gentleman from Kansas.

The CHAIRMAN. The Chair recognizes Mr. Dole, at this time.

Mr. DOLE. Mr. Latta has not finished.

The CHAIRMAN. We will come back to him. You go ahead.

Mr. DOLE. Thank you, Mr. Chairman. I may say for the record, Mr. Secretary, that I voted for the feed grains bill on the basis of your testimony and other factors. I represent an area of northwest Kansas where our primary commodity is wheat and therefore I am deeply interested in the wheat program. First of all, for the record, I would like to have the names of those gentlemen who appeared with you, so that we might contact them about any particular problems we may have. There have been three or four here.

Secretary FREEMAN. Those who appeared yesterday have had to return to their responsibilities in the Department, but they will be available; in the credit area there would be Mr. John Baker; and in terms of marketing orders, particularly, it would be Mr. Smith; and then the Assistant Secretary for Commodity Stabilization is Dr. Ralph, who spoke yesterday, you will recall. And in connection with milk marketing orders, Mr. Herbert Forest. I think that covers them pretty well.

Mr. DOLE. I am a freshman in Congress and you are a freshman Secretary. I take an interest in knowing who these people are; it is very helpful and as you know it takes time to learn of all those who are experts on different phases of agriculture.

Secretary FREEMAN. They are very anxious to be of service at any time. If you will call my office personally, you may be sure that you will get to the person who would have the best information.

Mr. DOLE. I am interested in the wheat program, for 1962. What effect would this bill have on that?



Secretary FREEMAN. I have not given that final consideration, but I will have the report on it.

Mr. DOLE. I assume the theory is that you will consider it as a single commodity, in other words, it would be considered by itself?

Secretary FREEMAN. That would be my purpose. I think that should follow; yes.

Mr. DOLE. And if this bill were passed it would implement that approach?

Secretary FREEMAN. Yes, sir.

Mr. DOLE. I was wondering with reference to the advisory committees, you state one member will be appointed from the appropriate farm organizations. I am wondering what the word "appropriate" refers to.

Secretary FREEMAN. Obviously, it is a broad phrase and would vary in accordance with the commodity and the farm organization that would be strongly represented in a given area. There are, as you know, a number of them, some that are accepted as general national organizations, and number in certain States that have strong representation in those States, some that have certain commodity as well as general overtones.

Mr. DOLE. We have in certain counties in my district wheat producers associations that are not national in scope—they are local county organizations. Would they be considered?

Secretary FREEMAN. Yes, sir.

Mr. DOLE. In this group?

Secretary FREEMAN. Yes, sir.

Mr. DOLE. I wonder if it would make any difference to the Secretary if we elected just two—is it necessary to elect three?

Secretary FREEMAN. This would not be of compelling importance.

Mr. DOLE. I am wondering, too, if it might be well for those elected to be elected by the counties—would that be bad?

Secretary FREEMAN. I think that I would have no particular objection to that.

Mr. DOLE. I think that it might add a more democratic tone to the committees.

Secretary FREEMAN. Yes.

Mr. DOLE. I am wondering about this, you state that you cannot be a member of this committee unless you receive 60 percent of your income from the farm. Who determines what your gross income is and where it is received? Do you have to display your income tax report or just how is that determined?

Secretary FREEMAN. I really have not thought that through. I expect, as we do in most of these, that a certification to the effect that 60 percent of your gross income, that is, of the person in question, came from agriculture, would be acceptable on its face.

Mr. DOLE. And, probably, that would be it?

Secretary FREEMAN. Yes.

Mr. DOLE. The term "consult" is used in the act. That you shall consult and advise with the committees. Are you bound by anything that the advisory committee might recommend to you or would it be a give and take proposition or what?

Secretary FREEMAN. As a practical matter, there would be a good deal of give and take, because the Secretary would recognize that general support and a broad meeting of the minds would be essential to



the success of this program procedure. Legally and constitutionally, however, the Secretary could not be bound by the committee.

Mr. DOLE. The people in my district in Kansas are interested in a free agriculture. You, as I, are a lawyer, and it is always easy to ask leading questions but would it be your opinion that this program would lead to free agriculture, based on supply and demand?

Secretary FREEMAN. Well, you would have this equilibrium which would be reached, but to be responsive to your question, as the testimony indicates, I think for the immediate future that the potential productivity is substantially in excess of our consumptive power and as such we are going to need to make some of the adjustments that other segments of the economy have made. The ideal, certainly, would be that those adjustments be automatically made. And I think that this program would result in their being made by the producers without the Government, per se, doing it and compelling them to do so. And to this extent I would most assuredly answer in the affirmative. To say that we will be in the place where we as a Nation will be able to effectively produce all of anything that may be desired at any place at any time, I do not think is within the realm of the probably foreseeable immediate future.

Mr. DOLE. Is there any estimate yet made as to whether it would be a period of 5 years or 10 years before returning to a normal situation that is a free agriculture.

Secretary FREEMAN. The situation for the foreseeable future, as projected by our technical and professional people indicates that our ability to produce is increasing more rapidly than our domestic capacity to consume. The human stomach stretches only so much. We may change our diets, upgrade them, have different choices, but fundamentally we take on about so much food. How we will fit in, eventually, into a worldwide pattern, when food is effectively used as a part of our economic foreign aid program is a question that really cannot be answered now. It is an objective to which I think we ought to move. And how rapidly and how effectively is a matter of conjecture at this point. And that is a very basic problem. I hope this answers your fundamental question.

Mr. DOLE. I know that we cannot be positive about anything, but what would be your idea of a family sized farm, occupied by two adults and three children so far as the number of acres and the annual income those five people should receive—are figures available on that?

Secretary FREEMAN. They are available. I honestly would not have them at my fingertips.

Mr. DOLE. Could they be made available?

Secretary FREEMAN. Yes, sir. I might say that in reflecting I would answer by way of definition, and I think conceivably that my definition yesterday of a family sized farm might have been a bit too restrictive. And I believe there is the addition of the factor of the size of the operation that one family could operate with help which would not be in excess of the number of hours that the family themselves would put in, which might be a more realistic definition. Most farms will have some outside help at certain times, but not throughout the entire year. If my definition might have been too restrictive—



Mr. DOLE. But there would be figures available?

Secretary FREEMAN. Yes, sir. In terms of that definition we will try and make them available to you.

Mr. DOLE. For wheat farms maybe in milo, or a combination of them?

Secretary FREEMAN. All right, sir.

(The information referred to follows:)

#### FAMILY FARM

A family farm or ranch is one which provides a substantial portion of the family's total income, on which the operator and members of his family make most of the managerial decisions, participate regularly in the farmwork and generally supply most of the labor needed to operate the farm.

Mr. DOLE. As you know the farmers are charged with costs of various programs. There are some under Public Law 480, in contribution of grain and things of that kind, which it would seem to me would come under the Department of Health, Education, and Welfare, and also the provision in this bill for certain economic relief in disaster areas. Of course, we both recognize that farmers by some city people are charged with a lot of things which are not actually farm subsidies. Would this bill correct that. Would there be some accounting made?

Secretary FREEMAN. The bill as such would not, but in connection with the overall movement of some of these programs I think that there is an increasing awareness, generally, in the Congress and in the administration that proper accounting would charge the Department of Health, Education, and Welfare with some of these items. Certainly, foreign economic aid should be charged with other items. And that would be in an effort to bring this into proportion.

For my part, I am trying to clarify to the public the true relationships of these various programs. If anything is charged to Agriculture that should be charged elsewhere, if it is not properly charged to Agriculture, we will look into that.

Mr. DOLE. I have one concern with another feature of the bill as to equipment for nonprofit organizations. Is there anything of that kind in here?

Secretary FREEMAN. This would involve the organization of nonprofit corporation cooperatives whereby there could be a pooling of resources to make available more extensive equipment than the individual operators could finance now. This would also involve something in connection with drainage and certain conservation measures.

Mr. DOLE. These advisory committees, after they are organized, is it possible under the act to eliminate any one person or more from the committee, or do you have to dissolve the entire committee?

Secretary FREEMAN. There is no provision for this, and I think that when a committee has met, you would work with them in an effort to develop programs, and if no program were developed I am sure that the committee would dissolve. If a program were developed and it went forward, the committee would have served its purpose.

Mr. DOLE. Would you object to selecting two people by election and they selecting the third?

Secretary FREEMAN. I would have no strong objection to some modification of this.



Mr. DOLE. Do you have any idea at this time what would be included in the wheat area—what States?

Secretary FREEMAN. I really have not set down such information on a map. There are various areas, the Pacific Northwest, and generally the upper Midwest, and a kind of Northeast area, and they you have one in the Southwest. And each is the kind of area producing a certain kind of wheat and each would be represented. Just how far that boundary line goes I have not actually put down on a map, but each one would be represented. The proportion would be related in all probability to the amount of production, the value in each area, and the number of producers.

Mr. DOLE. And that would also determine the number of wheat advisory committee members?

Secretary FREEMAN. Yes.

Mr. DOLE. The number would not exceed 15 members to a committee as you indicated previously?

Secretary FREEMAN. A committee much larger than 15 members becomes difficult to work with in the kind of interchange that would be desirable here.

Mr. DOLE. Would it be possible for small groups of wheatgrowers to have some recognition if they banded together?

Secretary FREEMAN. Yes, sir.

Mr. DOLE. Also, on page 7 of the proposed measure, there is a provision as to other advisory committees.

Secretary FREEMAN. This would provide for an additional committee for the purposes specified, where presently there is a technical committee in the field of milk. Also, there is called for by law a national advisory committee, which would be an overall coordinating advisory group and so is for specialized purposes—it would not be related to the proposed commodity program, and the Secretary would not be precluded from calling for help.

Mr. DOLE. In the section on congressional review is there any objection to a positive approach by the Congress, in other words, providing that the program would not be effective until approved by Congress within 60 or 90 days—is there any particular reason why the bill now contains the negative approach?

Secretary FREEMAN. I think the bill does provide a positive approach. In the enabling legislation the Congress would have provided positive guidelines, and its review of programs submitted would be a check on whether those guidelines have been followed.

Mr. DOLE. There is a possibility that if you would have to take a positive approach—it might get lost in 60 days, as was mentioned this morning and the program might not be approved.

Secretary FREEMAN. But once you have gone through the preparation and the election of the advisory committees and the development of the program you imply that there should be affirmative rather than a negative action. This would add a time dimension which would make it more difficult to act promptly and effectively.

Mr. DOLE. It was suggested—I do not think by you—as to the wheat program, along with some other comments that were made as to the quantitative measurement that should be used. Is there any thought now that we would have an acres or bushels approach in the wheat program for 1962?



Secretary FREEMAN. As you know, there was a bill passed at one time which provided for bushels and it was vetoed. There have been expressions of opinion as to both acres and bushels or a combination of both. It will be one or the other, or, conceivably, a combination of both.

Mr. DOLE. Has there been any consideration of it along with cropland adjustment programs?

Secretary FREEMAN. This would, I think, be part of it, as well as it was in the feed grains bill.

Mr. DOLE. Are you convinced the administration program will work?

Secretary FREEMAN. I will be very honest with you—I think it is worth a real, strong effort. I think that agriculture needs some tools to work with. I think the record will show that we have not had them. This is not going to be an easy procedure. I would not represent to this committee that it will solve all of the problems. What will happen when these committees are elected, and come to meet with the Secretary, and how successful we will be in developing unanimity, or close to it, and a sound program, with due consideration for related commodities, the public welfare, and the consumer is a matter that will have to be seen.

It will not be simple. But I think it is worth a real try. And I think it will provide us an opportunity to respond to some needed conditions. I hope that we will have the opportunity to try it. If it does not work I would submit to you that nothing is lost; that we are back where we started. The Congress can always initiate legislation, but I believe that this will provide some very important machinery and methods.

Mr. DOLE. The State of Kansas is a big wheat producing area; would there be Kansas members on the wheat advisory committee?

Secretary FREEMAN. I would certainly think so.

Mr. DOLE. As I understand it in that case, the members are elected by county committees but they could be from any farm group, from any wheat State?

Secretary FREEMAN. Actually, no committee actually sits down and says, "This is precisely how it would work," but I think that you would probably do this, you would probably see to it that each area in the election by the county committees was represented, and then the farm organizations involved may very well cut across wider geographical areas. It would depend upon the organizations and the commodity to determine the representation. I doubt it if there is any particularity that would apply to most commodities.

Mr. DOLE. Thank you. That is all I have.

The CHAIRMAN. Mr. Breeding.

Mr. BREEDING. Mr. Chairman and Mr. Secretary, I want to congratulate you on your forthright statement and the way you have presented yourself before this committee. Certainly, I feel that you have done a wonderful job. I believe that you have a forthrightness in your statement to make a Secretary of Agriculture that all America will be proud of.

I want to get back to the wheat situation, since I come from a wheat producing area.



And on page 4, near the bottom of the page, on line 20, it starts out with this:

Provided, that a national farm advisory committee for the 1962 crop of wheat may be appointed by the Secretary without regard to the provisions of this subsection relating to the election of nominees.

In view of the fact that the legislative time is running out in regard to wheat, and because the seeding time is approximately September 1, are there plans for new wheat legislation and how are we going to work them in? This is what I want to know. What are we going to do for wheat? You are not going to go through this process of electing the nominees—you are going to appoint them yourself. And who are they to be?

Secretary FREEMAN. This is a very proper question. It does direct attention to an area that is extremely difficult because of the time factor. And very frankly a special exception to the procedure is set down here which would permit the Secretary to designate a committee according to the standards of fair representation of geographical areas in connection with the commodity and the group commodity and the number of producers, and to develop with them a program to be submitted directly for referendum for the period of 1 year. So that upon the passage of this bill the Secretary could act promptly to call together this committee by appointment, not election, and to submit directly for referendum.

Mr. BREEDING. These appointments would be from these organizations, or from the ASC committees of the county?

Secretary FREEMAN. The appointments would be at the discretion of the Secretary.

Mr. BREEDING. You would make the appointments?

Secretary FREEMAN. Subject to the standards set down of fair representation of producers in the geographical areas. There is an exception to the normal procedure because of the time situation.

Mr. BREEDING. What are your plans for legislation for wheat, or do you have a program for wheat?

Secretary FREEMAN. Mr. Breeding, I have a number of programs for wheat.

Mr. BREEDING. Will it be the one recommended by the National Association of Wheat Growers which was introduced last year by myself in the House?

Secretary FREEMAN. I am familiar with that plan and think it has a great deal to recommend it. We are also familiar with the plan that was passed here, I think, in 1958. There are a number of variations and combinations in each that are under study right now.

Mr. BREEDING. As I remember we passed a bill last year that contained a 20 percent cut with 85 percent of parity, which was vetoed. And 2 years ago, in 1958, the same bill for wheat, except that it was 90 percent of parity, which was passed by both Houses of the Congress, which was vetoed by the President.

Secretary FREEMAN. Yes, sir.

Mr. BREEDING. Is this one of the bills to be considered?

Secretary FREEMAN. It is one that we have and are considering; yes, sir.



Mr. BREEDING. I would like to ask this question. In any instance could the price of wheat be supported at more than 90 percent of parity under your proposed program?

Secretary FREEMAN. No, as it stands here, price supports would be limited to 90 percent of parity.

Mr. BREEDING. As I remember this wheat legislation that we introduced last year would lead us upward toward full parity for domestic consumed wheat, but under your proposal it could not possibly go beyond 90 percent?

Secretary FREEMAN. No, the limitation in the bill as it now stands is 90 percent.

Mr. BREEDING. In case that this bill which you are recommending and talking about before the committee here today and on yesterday does not pass, then what do we do for wheat?

Secretary FREEMAN. We will try, certainly, to get action on wheat as quickly and effectively as possible. I hope that this committee in the very near future will act upon this bill. If this committee in its wisdom should determine that it does not support, and would not vote affirmatively for this bill, we would go on to legislation on wheat and, conceivably, commodity by commodity in other areas, as has been done in the past.

Mr. BREEDING. We have until what, May 15 to act on wheat? I believe that is when the Secretary's announcement comes out on price support for next year.

Secretary FREEMAN. The Secretary makes approximation by May 15, yes.

Mr. BREEDING. In other words, this legislation should be out of the way by then?

Secretary FREEMAN. We would hope that it would be or that there would be, at least, an indication. I think that the making of the proclamation would not preclude action on this bill or a wheat bill which might be the product of the procedures outlined within the bill, or whatever else this committee might see fit to do.

Mr. BREEDING. I notice that in the bill it says something about the family-sized farm and other farms. Is there to be a difference in the price-support program for wheat in regard to the small operator and the large operator?

Secretary FREEMAN. The limitation and the guidelines set down in the bill, where reference to the family-sized farms is made, is in relation to compensatory payments and it states that compensatory payments should be limited to what would be defined—not limited to—but should be governed and related to the family-sized farm.

Mr. BREEDING. Is there some indication then that, perhaps, there would be a limitation as we have had in the past, a limitation, for example, of \$5,000 on soil conservation payments; would this same feature apply here?

Secretary FREEMAN. There is no mandatory limitation to that effect in the bill, but in the process of developing a program by the advisory commodity group I expect that there could be such a limitation.

Mr. BREEDING. Mr. Secretary, yesterday there was some comment made insinuating that you had done the wrong thing when you set the price of the feed grains at 78 percent of parity. And I want to



tell you that I think you have done the right thing, although my friend from Minnesota, Mr. Quie made the remark that he thought you had done the wrong thing. I think Mr. Quie overlooked the fact that about 2 years ago the former Secretary of Agriculture dropped the price of grain sorghums down to about 60 percent of parity. And since I represent an area that produces a considerable amount of grain sorghums, I am pleased that you saw fit to raise the support price to \$1.93 a hundred in view of the fact that grain sorghums has, primarily, the same feeding value as corn. I want to congratulate you and to compliment you on seeing fit to set the grain sorghums price at this figure.

Mr. QUIE. Will you yield?

Mr. BREEDING. Yes.

Mr. QUIE. Does the gentleman feel that all of these factors were taken into consideration when he did that?

Mr. BREEDING. I think he did. I think he told us he took into consideration the other factors.

Mr. QUIE. How can that be in the years when the takeover was practically 50 percent of the crop; do you call that justifiable?

Mr. BREEDING. I do not think that there was any such taking over. Besides, there was no reason for the former Secretary to slide the prices down to \$1.30 a hundred, as they did in my area. I know of what I am talking. I will yield no further.

The CHAIRMAN. Proceed.

Mr. BREEDING. Mr. Secretary, I want to compliment you again on your statement and to thank you again. That is all.

Secretary FREEMAN. Thank you.

The CHAIRMAN. Mr. Beermann, do you have some questions?

Mr. BEERMANN. Yes, Mr. Chairman, and Mr. Secretary.

I appreciate that public relations for agriculture is necessary. And I commend you for your good salesmanship. I wish that you had a better program to sell.

Secretary FREEMAN. That could be damning with faint praise. [Laughter.]

Mr. BEERMANN. I am a farmer and a feeder and a small businessman. I figured that when I was elected to Congress that I represented the State of Nebraska, and specifically, the Third District in the northeast part of Nebraska.

We grow grain in our area and we have livestock feeding.

In line with this good public relations, do you feel that the recent feed grain proposition of releasing corn—in the last week of March and the first week of April—the first and second weeks of April, forcing the price of Nebraska corn down in that 3-week period 13 to 15 cents a bushel was good public relations?

Secretary FREEMAN. Mr. Beermann, I appreciate your question, because the price of corn was not forced down by the release of corn by the Department of Agriculture; no such action was taken. The passing of the feed grains bill had no effect whatsoever on the operations of the Department in relation to the release of feed grains into the market.

This has been said. I would call to your attention—I do not have the figures at my fingertips—but substantially less grain was released this year at this time, which is the normal period when adjust-



ments are made for storage facilities and shifts are made, because it is about the takeover time—there was substantially less grain out of condition released onto the market than was the case 2 years ago.

And because some point has been made of this, I checked a bit over the noon hour, and if I might put this in the record, I might say, that in mid-March the price of corn in the Chicago market was \$1.18 and in mid-April it was \$1.15½. There has not been any release of feed grains into the market to depress the prices as part of the feed grains bill whatsoever.

Mr. BEERMANN. The price of corn at Chicago does not worry me very much, that is as a Nebraska farmer. Some of our farmers the Saturday following Easter showed me where the 23d of March corn was selling for about \$1.06. And I think it was the 7th or the 8th of April it was around 94 cents in those local areas.

It reduced somewhat after that. I do not know what it is today.

Secretary FREEMAN. I would be very pleased to bring into the record here the exact circumstances. This took place where, Mr. Beermann?

Mr. BEERMANN. In Nebraska.

Secretary FREEMAN. Where?

Mr. BEERMANN. In Madison County.

Secretary FREEMAN. I would be very happy to give you information on this. I speak with some confidence that I am sure this has been the result of local factors and of out-of-condition corn. It is the necessary practice, as you know, at this time of year to move and make available for takeover and to dispose of out-of-condition corn.

And a good deal of it, I am informed, was taken out last fall. At least, my instructions have been quite emphatic, and I am confident that there has been no release of quality corn which has had any relationship whatsoever with the feed grains program.

Mr. BEERMANN. I might have suggested several more counties, there are other counties.

Secretary FREEMAN. All right, sir.

Mr. BEERMANN. And there is Wayne County—I might use some of the other counties—that these were counties that I know about. Did not the Secretary have the right to sell corn, and to lower the price without the feed grains bill? In my opinion, I feel that the feed grains bill somewhat gave him, probably, a pretty good excuse to sell it legally. I know that when corn goes out of condition it should be moved, but years ago if we had a 6 months' supply of corn, a year's supply of corn, after finishing our feeding operations, we were quite happy.

Today corn is in the local feedbins, and the private bins, in storage, financed by the Government.

Secretary FREEMAN. Let us say that under the bill there has been no additional authority for releasing any corn to this date—no certificates have even been made obtainable. There is no additional power whatsoever under the feed grains bill to release one bushel of corn to date. So the only corn that has been released has been under the normal processes of out-of-condition corn.

And you would have no authority, that is, we would not have any authority of do otherwise.



Mr. BEERMANN. You mentioned, Mr. Secretary, the price of corn 2 years ago. I wonder how much corn was released this year during the same period as compared to a year ago. My figures of a year ago and this year are different than your figures from a year ago to this year, and 2 years ago.

Secretary FREEMAN. You are correct. They are different.

Mr. BEERMANN. Would you furnish for the record the amount of corn released this year during this period of the last week of March and the first 2 weeks of April as compared with a year ago?

Secretary FREEMAN. Yes, sir.

(The information referred to follows:)

*Commodity Credit Corporation domestic corn sales*

[Millions of bushels]

| Period week ending— | Total sales | Period week ending— | Total sales |
|---------------------|-------------|---------------------|-------------|
| Mar. 25, 1960.....  | 2.6         | Mar. 31, 1961.....  | 8.1         |
| Apr. 1, 1960.....   | 2.0         | Apr. 7, 1961.....   | 9.4         |
| Apr. 8, 1960.....   | 1.9         | Apr. 14, 1961.....  | 8.9         |

Mr. BEERMANN. I would appreciate that.

Secretary FREEMAN. If I may, I would like to add figures for the last couple of years, so that we can get the true picture.

Mr. BEERMANN. I would like to pursue this family-sized farm question a little bit. In your description of the family-sized farm, you say that the farmer has to operate the farm with one family.

Secretary FREEMAN. I amended that a little bit today with the addition of hired help. I think that is a more realistic definition.

Mr. BEERMANN. I was not going to ask this question, because it had been asked before, but when you come up with some information on compensatory payments then I must get into that.

It so happens that we farm, and before the six brothers bought them out there were three sisters in it and six brothers. It is a family operation. What size would that be?

Secretary FREEMAN. I think that it is a good sized family farm.

Mr. BEERMANN. It is a good-sized family, too. It is a good family. And you are welcome to visit us in Nebraska.

Secretary FREEMAN. Thank you.

Mr. BEERMANN. I would like to say that my share consists of 280 acres. It contains corn, alfalfa, a little small grain, and feeding cattle. Would you say that 280 acres times 6 is a family-sized farm?

Secretary FREEMAN. Well, it is very difficult to be specific.

Mr. BEERMANN. I appreciate that. I want to hear you say it.

Secretary FREEMAN. Why? Because it is difficult?

Mr. BEERMANN. Yes. [Laughter.]

Secretary FREEMAN. Well, I think you have almost answered your own question in saying that you and your five brothers farm 280 acres times 6. And you do so efficiently and effectively and are willing to educate me in connection with it. I would assume that as a family farm it is a good one.

Mr. BEERMANN. I appreciate that. [Laughter.]

When you set up livestock committees, for calves, stockers and feeders, and heifers and steers and hogs and sheep around the country



are you going to select these committees from the areas that have livestock development, or are you going to select them from all over the country?

Secretary FREEMAN. At the moment, as I think I said earlier, the likelihood of there being any committees for the items you have mentioned is very minimal. There has been expressed to me no desire for such in those areas. And as such there would be no committees.

Mr. BEERMANN. I like the way you answer questions for me. As to the release of feed grains and lowering prices, people who raise corn for sale harvested last year in October of 1960 and it ran until October of 1961, which would be a normal 12-months marketing year and they have felt somewhat. Shall we say, apprehensive because in March Congress passed the feed grains bill and in April, when these people were normally marketing some of this corn, their prices in Nebraska are 12, 13, 14 or 15 cents lower in April than they were in March. This is Government intervention to the highest degree, even though you have to remove some corn, and I think that you could have sold No. 3 corn without this.

I do not think that there was any reason for passing the bill to do that. And when this corn is released we will have more corn on the market than can be properly used. What is the corn grower going to do in that condition?

In 2 or 3 months' time or 6 months, he can have a bred sow or several of them or he can buy some sows and a boar, and thereby he can prepare the way to feed up this corn. If there is too much free corn available he can do that. Next year we will have many people getting into the hog business and these people will say, "Mr. Secretary, we are in trouble. We want you to help us out in the hog business."

So here I forecast that as of this time the Secretary's action is going to force people to come to him next year for help in the hog situation, also, for calves and the like.

I do not like to see this and to pay \$2.30 for soybeans that you may have to buy next year. I see the thought behind it.

It was rather difficult for me to make up my mind to come here, but enough people voted for me to come here.

Secretary FREEMAN. I could not get enough to vote for me. You are more fortunate than I was.

Mr. BEERMANN. I never ran for an office before. I appreciate being elected the first time. The voters in the Third District, the farmers, the laborers, and the businessmen want to get the Government off their backs—that was their cry. Will this bill, H.R. 6400, help get the Government off of their backs?

Secretary FREEMAN. Yes. [Applause.]

Mr. BEERMANN. You do good—I hope that you come out some time. [Laughter.]

Many of the farmers in Nebraska who have never been in Government programs, and I understand that there are others like them—about 70 percent of the people who grow and feed the commodities on their own farms—so that, in effect, we are writing laws for 30 percent of the people, are we not? That is what it represents?

Secretary FREEMAN. No.

Mr. BEERMANN. Did you not hear about this one?

Secretary FREEMAN. I am not sure that I understand that.



Mr. BEERMANN. Well, I think it is pretty well understood that 70 percent of the grains that are grown on the farms are fed on the farms or in the areas close to them, so that actually we are only worrying about 30 percent of the production.

Secretary FREEMAN. I say that we are concerned with the income of the farmer who grows and feeds as well as the farmer who grows and sells.

Mr. BEERMANN. Would it not be better to say that we are worried about the farmer who is growing not for his own consumption, but about the income of the farmer who is growing for sales to the Government?

Secretary FREEMAN. No, as far as I am concerned why I, certainly, would display concern for the income of all farmers. Certainly, not just for the one who sells on the cash market.

Mr. BEERMANN. That is all I have. I have my answer. I am glad to hear yours.

Secretary FREEMAN. Might I add that I have a personal interest in the farmer. I have great interest in the one who grows and feeds and is a combination dairy and hog and cattle farmer. And in this instance, from my own personal experience with the program as developed, I think it is one that will be helpful to the people on this basis.

Mr. BEERMANN. I am sure that you do. Getting back to this family-sized farm, does it make any difference to you whether the ownership of this farm is a single ownership or a partnership or a corporation ownership?

Secretary FREEMAN. I think not.

Mr. BEERMANN. I am glad to hear that, because there has been quite a serious contention about the different types of ownership. I am glad to know how the Secretary feels.

Secretary FREEMAN. I hope it helps you in the next election.

Mr. BEERMANN. I hope so.

Secretary FREEMAN. I would say on that, to be perfectly clear on the record, as the affirmative testimony would indicate, I would feel that it would not be to the health and welfare of the American agriculture and our economy to have what is known as the corporate type farm which would mean thousands of acres involving absentee ownership and operation by hired operators as distinguished from that owned and operated by the individual which, I think, has been the key to the very great productivity of American agriculture.

Mr. BEERMANN. Then if we as owners own and operate this farm through a corporation, living on the farm, is that all right?

Secretary FREEMAN. If you seek to incorporate, why some attorney like Mr. Dole and myself will get a little fee for incorporating you and you will be protected from individual liability. Otherwise, I think you will operate about the same.

Mr. BEERMANN. I want to enlighten you just a little bit—we use lawyers in our operation, but we tell them what we want to do. [Laughter.]

I think that has no relationship to this. We had a corporation. And since my mother passed away, we bought the three sisters out. We have found that this is a most convenient form of operation rather than having the entire operation sold out from under us and to have to buy it back and have other people come in. I am testifying for the



corporation farm. I would hope that when you talk about corporate farming in any of this, you might explain that it is as you got it from me; that it is a family farm.

Secretary FREEMAN. What you are describing is normally described as a corporation farm.

Mr. BEERMANN. It is entirely different.

Secretary FREEMAN. I appreciate that. Semantics is always a great problem.

Mr. BEERMANN. I am just a farmer. I do not understand what that means. Many of our Nebraska farmers who have never been on Government programs before are coming up under the 1961 feed grains program, and they have expressed the fear that they do not know what the Government is going to do next year. Is this a 10-year program that we have now, and is that a criteria for telling Congress that the program as outlined in H.R. 6400 should pass as outlined?

Secretary FREEMAN. A 10-year program?

Mr. BEERMANN. I thought that it was a 10-year program.

Secretary FREEMAN. A 10-year program?

Mr. BEERMANN. I thought that it was a 10-year program.

Secretary FREEMAN. Which one are you talking about—which one of you is examining me? [Laughter.] I do not think that as I understand it there is any particular time limit on H.R. 6400. It is not a program. It is a procedure.

Mr. BEERMANN. A 10-year procedure or a 1 or 2 or what number of years procedure?

Secretary FREEMAN. There is no limit.

The CHAIRMAN. There is not.

Mr. BEERMANN. Thank you, Mr. Cooley. I must have misread it. I thought that it was 10 years.

You stated that this was your first appearance before the committee?

Secretary FREEMAN. Do I make a point of that?

Mr. BEERMANN. I will debate it with you. [Laughter.] I was elected as a constitutional conservative. I would like to ask you this question or these questions and they may all be answered very simply by either "Yes" or "No." [Laughter.]

Secretary FREEMAN. Where is Mr. Belcher? [Laughter.]

Mr. BEERMANN. Is this program in the best interest of our country as to collective morality and economy as contrasted to centralized power?

Secretary FREEMAN. Yes.

Mr. BEERMANN. I will write this down. Is this program for a sound dollar, fiscal integrity and against inflationary forces?

Secretary FREEMAN. Yes.

Mr. BEERMANN. I will not have to ask you the next one then.

Is this program for protecting the individual's freedom of choice, on a competitive market against Government price fixing and dictation?

Secretary FREEMAN. Yes.

Mr. DOLE. Will this program help Mr. Beermann? [Laughter.]

Mr. BEERMANN. Is this program for the producers' rights to be let alone, for local self-help against Federal intervention?

Secretary FREEMAN. Yes.



Mr. BEERMANN. Is this a program for private ownership and the control of the means of production and distribution against the unfair competition of Government or private competitive control?

Secretary FREEMAN. Yes.

Mr. BEERMANN. What is this gentleman's name, anyway, who is nodding?

Secretary FREEMAN. I do not know. This one?

Mr. BEERMANN. The next one.

Secretary FREEMAN. I do not know to which gentleman you are referring.

Mr. BEERMANN. The first gentleman—you were sitting behind the Secretary and nodding your head, and I was wondering if you were the same one.

Mr. RICHMAN. My name is Edwin L. Richman.

Mr. BEERMANN. There is one other thing that I would like to ask. Is this a program for protecting the individual rights and responsibilities against coercion of individual and Government sanction?

Secretary FREEMAN. Yes.

Mr. POAGE. Would the gentleman yield?

Mr. BEERMANN. Yes.

Mr. POAGE. I should like to ask if you are in favor of the flag, home, and mother.

Mr. BEERMANN. I think that it is time that we considered it, by golly. [Laughter.]

The CHAIRMAN. Are you finished?

Mr. BEERMANN. I have two more questions and I can finish up.

The CHAIRMAN. Go ahead and finish. I have some announcements that I want to make.

Mr. BEERMANN. Is it a good policy for the Government to buy corn at \$1.20 and to sell it for \$1?

Secretary FREEMAN. That is not very good business. Your question is asked abstractly. It is never good business to sell for less than you have to pay to buy it. That would be my definition of that.

Mr. BEERMANN. Just what is the area for corn and feed grains—how do you define the area for corn and feed grains in the United States?

Secretary FREEMAN. How do you define the areas?

Mr. BEERMANN. The areas for corn and feed grains.

Secretary FREEMAN. Why, I expect that the area is where corn and feed grains are grown in substantial quantities.

Mr. BEERMANN. We had a grain-producing area which normally we called the Corn Belt. In 1959 when the price of corn produced \$1.05 in the Corn Belt, there were places outside of the Corn Belt where it sold for \$1 to 95 cents. Would you say that where that happened that made that State part of the Corn Belt?

Secretary FREEMAN. I would not be qualified to answer that question.

Mr. BEERMANN. Well, maybe you can answer this, Should the Nebraska farmer buy a franchise for corn and sorghum, from a Kansas producer or other producers, in other words, and I wondered if we would reduce competition if we purchased their franchise?

Secretary FREEMAN. I think that you are entitled to produce as much corn or sorghum as you want in Nebraska. And I believe as



much as you want to produce in Texas. I know of no franchise requirement in order to do so.

Mr. BEERMANN. Maybe I am reading some other bill. Do you feel that it is proper for our Government to participate in price-fixing practices in agriculture that are being frowned upon by our Government in other fields?

The CHAIRMAN. Will you repeat the question—I did not hear it?

Secretary FREEMAN. I do not quite get it.

Mr. BEERMANN. Do you feel that it is proper for our Government to participate in price-fixing practices in agriculture when such price-fixing practices are being frowned upon by our Government in other fields?

Secretary FREEMAN. I do not want not to be responsive to your question, but I fail to see where there is any pertinency in that to the bill whatsoever. There is no price fixing involved in this bill. I, certainly, would not want to see a monopoly with control in private hands of food and fiber, which is one of the reasons why I feel there is a sense of urgency in the development of the farm program.

The parallel is the development of the kind of programs that might develop if this bill were not passed and what is prohibited by the antitrust laws as applied to private corporate enterprise. This is not a sound analogy.

Mr. BEERMANN. I might pursue that just a little bit then. If the Commodity Credit Corporation, which is the largest buyer and seller of grain, would they not be a monopoly—would that not be a monopoly?

Secretary FREEMAN. Well, certainly, it is not a monopoly of any kind now. I cannot envisage it being one. In any event, it would be a Government corporation as distinguished from private corporations to which the antitrust laws apply. That is, private ownership and private control, as distinguished from public control.

Mr. BEERMANN. I see then I differ with you, because I am looking at 3 or 4 or 5 or 6 years from now, and I do not think it will take that long for these things to happen. And your point is as of the present time. I think that will happen.

Secretary FREEMAN. What will happen under the bill will depend upon what the producers wish to happen. The analogy that you draw here is one that our antitrust laws are against monopoly control by private concentration of power. We are thinking now, whether we like or dislike it, to approve or disapprove of a Government effort to provide some mechanism in agriculture which is Government as distinguished from private ownership and I do not think that the antitrust laws are pertinent in this analogy at all.

Mr. BEERMANN. I congratulate you on being such a good lawyer. You are a better lawyer than we can afford to have at home. That is all.

The CHAIRMAN. I recognize Mr. Stubblefield.

Mr. STUBBLEFIELD. I have no pertinent questions to ask you, Mr. Secretary, except to join with my distinguished chairman, and with Mr. Matthews, in commending you for your fine testimony and explanation of this bill. I have figured that it costs us about \$3 a minute here and I have no \$3 questions. [Laughter.]

Secretary FREEMAN. Thank you, sir.



The CHAIRMAN. Mr. McSween.

Mr. McSWEEN. Mr. Secretary, I shall be very brief because we will have a rollcall. How does this bill differ with regard to congressional approval of these programs from the original bill?

Secretary FREEMAN. Well, the primary change has been that the proposal worked out with the advisory committee would go to the Congress before it went for referendum. At one time in our thinking as the bill developed the proposal was to go for referendum first and then to the Congress.

Mr. McSWEEN. But in any event it would go to the Congress for veto?

Secretary FREEMAN. Yes, sir.

Mr. McSWEEN. Why do you feel, Mr. Secretary, that it is necessary to advocate this new procedure for implementing legislative programs in agriculture as distinguished from our previous procedure of presenting bills to Congress for positive action?

Secretary FREEMAN. Merely for two reasons: First, I think it will give a great deal more freedom to this committee and to the Congress with the basic policy questions, many of which have been raised by the questioning here, rather than the intermittent and technical details including the overlapping in relationships between various commodities that are subject to so much confusion. And it is very difficult to work out and practice, which are highly technical in nature. I know that all of you are enormously busy men and carry the burden of a lot of responsibility and have a lot of people to see and to take care of. And I believe that this would permit the working out of some of the technical programs, the interrelationships and it would relieve you of this burden and get results in terms of some recommendations, while giving more time for the basic policy determinations, which, I think, is the real intent and purpose of the Congress.

Mr. McSWEEN. You had a second provision—you mentioned that you had two.

Secretary FREEMAN. I think that I may have incorporated both in that answer.

Mr. McSWEEN. Well, now—

Secretary FREEMAN. I might add to that, too, that I think we would be able to act more rapidly and more flexibly.

Mr. McSWEEN. I can, certainly, appreciate those reasons and justifications. I am not very happy about changing the procedure; actually what we would be doing would be shifting the burden from you to us with regard to these programs. I do have my doubts about that. For instance, do you contemplate or what do you contemplate, say with regard to the Sugar Act—and this is a piece of legislation that is 25 years old, that has had provisions added to it from time to time, but is pretty well established in the industry—would you want to leave this legislation stand as it is?

Secretary FREEMAN. Yes; I think that there would be no action on the Sugar Act at all.

Mr. McSWEEN. Would you be willing to exclude it from the purview of the act?

Secretary FREEMAN. I hesitate to specifically exclude any particular commodity for the reason that you would then start the process of excluding one after another, but the sugar bill is one that has gen-



erally worked well, and I would emphasize that there will be enough problems to develop programs in the areas in which the producers are critically asking for programs and desiring this mechanism without, in a sense, invading the province of areas that are working satisfactorily.

Mr. McSWEEN. We have several—

The CHAIRMAN. Mr. Secretary, we will have to leave now for a rollcall. We will be back in about 15 or 20 minutes.

Secretary FREEMAN. Very good, I will wait.

(Short recess.)

Mr. POAGE (presiding). Mr. McSween had not finished his questioning. You may proceed.

Mr. McSWEEN. Mr. Secretary, I should have less concern about this program if the commodities such as sugar and the other five basic exports were to be continued to be governed through orthodox procedures.

Mr. POAGE. Would you speak louder.

Mr. McSWEEN. I do not think that it would be completely unworkable from your point of view—for instance, you recently passed—that is, we did—the feed grains bill, approximately in the form that you asked for it. These are so vital, these are so important in certain parts of the country. It would not be unreasonable that you be given some additional authority with regard to some of the other couple of hundred commodities, would it; how would you feel about that?

Mr. POAGE. I do not want to limit you, but we have no authority in this bill on import quotas, or in establishing them.

Mr. McSWEEN. You misunderstood me.

Mr. POAGE. I thought that you said it related to sugar.

Mr. McSWEEN. I did not say anything about import quotas.

Mr. POAGE. No; but the sugar program is based on import quotas.

Mr. McSWEEN. May I proceed?

Mr. POAGE. You may.

Mr. McSWEEN. I was wondering how you felt about this. I do not feel that this would be an unreasonable proposition.

Secretary FREEMAN. I would urge as strongly as would be in good taste that this bill should cover all commodities in terms of procedures involved. I believe what would be true for what you have described as "lesser commodities" is also, true of what you have described as greater commodities. Fundamentally, the procedure is going to permit the development of more effective and flexible legislation and quicker response to changes in needs as they will reflect themselves through the medium of these producer groups. In effect, I think what we are doing here is that the Congress is laying out the broad guidelines of the procedures and saying, "see what you can work out," as you very frequently do legislativewise, and then having the additional factor of saying, "bring it back and let us look at it first before you do it."

I really do not think, Mr. McSween, that it involves a radical deviation, but I do think it would make for a more workable system in the light of some of the growing complexities and interrelationships that are so very difficult to handle promptly in regard to each one.



Mr. McSWEEN. I would be less than fair to you if I did not say that there are commodity groups in my State that are very apprehensive about the proposal, and I think that there would be considerably less apprehension if some of these commodities were excluded.

I can see that you would like to have as much authority with regard to this proposal as you can get, but I refer to the matter of cotton, for instance. The existing legislation is serving this commodity fairly well at the present time, insofar as any agricultural commodity is being served, in view of the unreasonably high production costs. The cotton people in my area are very much concerned about what might happen under this bill if you have authority to do some of the things that you are asking for in the bill. This is why I asked you this question. I am glad to have your point of view.

Secretary FREEMAN. I do feel, and I would repeat, that if we began to pick and choose, and immediately to raise questions as to the basic procedure itself, I honestly believe—and I hope—that adequate explanations will reassure any commodity groups that actions could not be taken contrary to virtually their unanimity under the procedures as outlined.

Certainly, their influence, and the influence of cotton in the Congress is not small.

There are problems. Certainly, I have had a number of calls in connection with this involving the problem of the export subsidy, involving the textile industry, with the Cotton Council—I have spent many, many hours with them in relation to it. And I think that if this were properly explained they would be, I hope, reassured.

This, certainly, would not bring forth any kind of precipitous action.

Mr. McSWEEN. At least, I appreciate that; I deeply appreciate that statement. I will not pursue that questioning any further. The hour is late. I would like to make reference to one of the exhibits which you mentioned yesterday. I believe it is No. 2 chart which illustrates the trend of net income going down and production expenses going up, with the gross income holding its own fairly well.

Mr. Secretary, is there anything that you feel you can do as Secretary of Agriculture—is there anything you are planning to do with regard to production expenses?

Secretary FREEMAN. Well, as you know there is a very able subcommittee of this committee, under the chairmanship of Mr. Gathings, that presently is reviewing this matter and taking testimony in connection with it. And this is a highly complex subject. There has been built into our food production an estimated \$4 to \$5 billion of laborsaving devices by way of TV dinners and what all, packaging and all of the rest of it.

There have been significant changes here. I would feel that there is an area here where expenses in terms, at least, of marketing and distribution could be substantially lessened if the extreme fluctuations of prices could be moderated.

It has been proved again and again that where those who process and distribute and handle have to take into consideration fluctuations and uncertainties that this adds a very significant cost element, and to the extent that we can have a more uniform distribution and a



more uniform pattern of adjustment, I believe it will tend to minimize this.

Mr. McSWEEN. I am a member of that subcommittee. And perhaps this is why I am aware of this.

Secretary FREEMAN. Yes, sir.

Mr. McSWEEN. What I was speaking of, though, were the costs of production that enter into the production expenses of the farmer, rather than the distribution costs.

Secretary FREEMAN. Yes.

Mr. McSWEEN. And in the testimony that we have heard so far we have heard from farmers, individual farmers, who tell us about the additional costs of farm equipment—the additional cost of taxes, inflation, all of which go to make these increased production expenses.

What I am asking you now is whether as Secretary of Agriculture you have anything to say and to do about it. The gross income continues to be high.

Secretary FREEMAN. The gross income—there has been a positive drop in prices since 1950 of 19 percent. Meanwhile there has been increasing productivity of 19 percent. If prices had been held up it would be proportionately stronger.

I think the question really comes down to the basic question of the fundamental economy itself over which the Secretary of Agriculture, certainly, has very limited sway, but the fundamental point of this bill is that agriculture has been in the position where it could not exercise its proper influence as one of the basic elements of our economy. It has not had the machinery and the tools and the devices to do so, where industry and labor have.

This, I think, is really the fundamental problem.

Mr. McSWEEN. Do you think that the house of agriculture should try to exercise its influence with regard to labor and the other segments, or do you think that it should take action with regard to its own price possibilities?

Secretary FREEMAN. I think that our first job is to put the house of agriculture in order here in relation to markets and price and the efficiency of operation and adjustment in relation to supply and demand. That is not to disregard these other factors.

When we feel that they are on a line.

The basic fundamental question that we get into is what the President is concerned about, and the Council of Economic Advisers is reviewing right now. We have a situation that we call a cost push or a cost pull on inflation which has been tied in to the administered price structure. This is an extremely complicated element in our economy, and the President has appointed a committee to direct its attention to it.

The influence of agriculture in it will be one of the voices to be heard. And I think that there is surely a legitimate position to be taken here in terms of the relatively weak position of agriculture in the marketplace. That is one reason I am recommending this bill, because I think it will strengthen agriculture's position in the marketplace.

Fundamentally I would rather follow the philosophy of building ourselves up, rather than tearing anyone else down. Fundamentally, I think that we will move forward more aggressively on that basis. That is not to say that I would approve of a number of practices in



our total economy. I would question my authority or propriety in connection with them at this point in terms of my current responsibility.

Mr. McSWEEN. Of course, this question is not to embarrass you in any way. I, certainly, do not want you to say anything that would be indiscreet on your part or inappropriate. I am glad that you are aware of the fact that there are factors and other aspects of the economy, which are a serious part of the farmer's problem.

In taking testimony in Memphis the other day we had any number of individual farmers request that we not vote in favor of the minimum-wage increase. They have seen the price of farm equipment double, approximately, over the last period of 15 years and they are certain of the fact that it takes so many bushels of wheat more to buy a tractor than it did 10 years ago.

The farmers are not as dumb as some of the American people think. They know where the gouge comes from. I think many of them are looking to you for some help with regard to this problem.

Secretary FREEMAN. I will respond and say honestly in connection with this—and I am certainly not testifying on the minimum wage—but in relation, certainly, to the price of farm equipment, minimum wages would have very little relationship, because you would find few people employed in the production of farm equipment who would be affected by the minimum wage.

Mr. McSWEEN. Insofar as the primary effect of it is concerned; yes, sir.

Secretary FREEMAN. I really think that we have first, the task of trying to gain for agriculture some power in the economy which legitimately it should have, because it performs a vital function which I do not believe it has had. I think that we need to take a close look. I know that your committee, under Mr. Gathings' able chairmanship, will look into this area, certainly, so that we can be informed, but more immediately we are reviewing this, the whole question of distribution, and its costs, and the fact that the farmer's share in the food basket has dropped from 51 cents to 37 cents in the period of 10 years. Whether this is justified or not, conceivably in this distribution process the farmer ought to play a larger part, conceivably, through cooperative marketing organizations and a number of other things that would be provided for in relation to this bill in connection with farmer cooperatives.

Mr. McSWEEN. In connection with your proposal or any other farm bill the farmer knows that there are only two ways that he can do something about his net income. He can get a better price, or reduce the production costs.

He has not been able to get a better price over the years. In other words, if 100 percent of parity is fair, he ought to get it.

Secretary FREEMAN. Yes.

Mr. McSWEEN. He has not been able to get it over the years. And the prospect for it is not good that he will. So he is concerned now about some of the other ways that he can get at this matter of equity. He is looking at the production costs. And well he might. This is why I have asked you these questions, because the American farmer today does not understand why the price of everything else goes up, and his own situation does not improve at all; in fact, it gets worse.



Secretary FREEMAN. The point is very well made. And at the risk of being redundant and repetitive I would repeat, fundamentally I think that the farmer's problem here is to have the bargaining in the market place that will bring him his fair share. His proportionate relationship. And this is fundamentally where we have fallen down.

I feel very strongly that the fundamental problem has been the failure to achieve a proper return, and this is because the farmer has been weak in the marketplace.

I believe the procedures outlined in this bill give us a fighting chance to rectify that. That is why I feel strongly that this bill is important.

Mr. MCSWEEN. Mr. Secretary, in closing I would like to tell you that I have some apprehension about the procedural aspects of this bill. I was apprehensive about the feed grains bill. I voted for it on final passage, but I offered a motion to strike section 3 on the House floor. I was concerned about the effect of your authority to sell surplus stocks on the market.

Section 3 was not in the preliminary memorandum. I felt justified in trying to strike it. I voted for the bill in final passage.

I would like to say in closing that I am very pleased with your attitude toward this farm problem. I think your forthrightness and your honesty in answering these questions has been very stimulating. I think you will have a successful administration.

Secretary FREEMAN. Thank you, sir.

Mr. POAGE. Thank you, Mr. McSween.

Mr. MCSWEEN. Thank you.

Mr. POAGE. Mr. Reifel.

Mr. REIFEL. I will take just a minute.

Secretary FREEMAN. Thank you, sir.

Mr. REIFEL. I have four areas in which I want to raise, not some questions, but some ideas, and then you take your time and answer them in the way you think will be most helpful.

I am impressed with your sincerity. I am delighted with your imagination in trying to work out some solution to our very difficult problem in agriculture.

These four areas are whole farms in soil bank, the family-sized farm as a way of life in contrast to a way of making a living, soil conservation, and then storage on the farm.

Approximately 4 million farms, about half of them, I understand, produce about 15 percent of our food and fiber. There are, of course, in your State, like in mine, a large number of small farms that are marginal and next to marginal due to the cost price squeeze.

How might the compensatory payment or some other measure be utilized to keep some of these folks on the farm from the standpoint of the farm having a social value as against, say, being an economic factor involved in farm life? Maybe I should stop there and have you discuss that a minute.

Secretary FREEMAN. First, this, certainly, is one of the very really important areas that calls for consideration.

Recently, we established an interdepartmental board within the Department in the area of rural development and redevelopment, with a pattern which seems assured now of the so-called distressed area bill. We hope that by combining the resources of Extension, REA and others within the Department, to develop a really effective program



directed to the area to which you refer. Such a program, obviously, will differ in accordance with different areas. In parts of the country that you and I come from, I believe that there is a substantial potential in terms of recreation, in terms of tree farming, and in terms of a number of related enterprises.

I think there are some kinds of specialty crops that can be raised in some of these places to provide income. I think, for example, in Roseau County, Minn., where the production of Kentucky blue grass or something comparable has been very successful.

I would agree with you that there are important social and political factors involved in the maintenance of the integrity of these rural communities.

This program, as it might result in commodity programs that would strengthen prices, would help, but it would only be one of a number of things looking toward a solution. We will not solve this problem overnight.

Mr. REIFEL. I appreciate that. I do feel, even though with the best arrangements that can possibly be worked out under this outline of procedures that are involved in this bill, they would not in themselves reach these folks and give them the help they need.

The next one is one the soil bank in which there are whole farms involved. Of course, these may be wheat farms, and they may be small grain farms, they may be any other kind of farm in the soil bank.

Where in the legislation or the proposal here would you accommodate those, to continue them or to involve that land in the program?

Secretary FREEMAN. I think that the taking out of whole farms indiscriminately brought real economic and social hardship to many communities. And I think and believe we have learned some lessons in regard to this that we ought to have in mind.

When some of these ten-year contracts are terminated there will be various programs that will be developed that will have to take into consideration this land. We are now working on long-term land use programs. For example, I have been working with the Secretary of the Interior and with our Forestry Division. There is a great deal needed by way of expansion of our parks and recreation facilities.

It may very well be that there is a substantial part of this that can work into these purposes and be related to potential income to the people adjacent to these areas.

I think we need to do some very careful thinking and surveying in relation to land use and conservation.

I, certainly, have no particular answers, and this will now stand as it relates to procedures in commodities, rather than land for conservation per se.

Mr. REIFEL. Soil conservation extends across the commodity groups. These acres that will be retired in some fashion in the conservation reserve, it would seem to me that there is some possibility in which we say, here is a 3-year crop rotation, in which a farmer, let us say, is willing to retire one-third of the acres, he could still keep this one-third fallow.

Secretary FREEMAN. Yes.

Mr. REIFEL. But would work it into a rotation plan. There might be the argument that this was building up the soil so that he would



increase the production, but the farmer is intelligent as any other businessman and knows that he can put on fertilizer and do the same thing.

Secretary FREEMAN. Right.

Mr. REIFEL. Is it contemplated in some way of taking the conservation acres and getting them into a rotation, particularly where the soil if it is not treated in this way is likely to erode faster and just leave it to the weeds, for example?

Secretary FREEMAN. I think, certainly, something of this kind would and should be considered by some of the advisory committees in various commodities that would consider the development of the program. I think it makes a good deal of sense myself.

Mr. REIFEL. Is your soil conservation service being brought into this so that they can give this their best attention?

Secretary FREEMAN. Very much so. As a matter of fact, administratively the soil conservation program has been tied into the commodity stabilization service where we, also, have the acreage reserve programs, so that there will be more continuity and better planning of this whole operation.

Mr. REIFEL. One final question, this having to do with storage. Can we move in a direction, under these programs so that eventually we will be putting the storage of this abundance on the farms thus making it possible for the farmer himself to realize whatever income might come from the storage? I mean, is it possible in the overall working in that direction so that the grains will be stored on the farm in case of need, in drought areas, that would be available at hand and at the same time it would be the farmer who would be getting in on the storage income, rather than somebody who is not actually working on the soil and raising the crops?

Secretary FREEMAN. I am pleased to report to you that we are moving in that direction. We have increased the loan that a farmer can get for storage facilities from 80 to 95 percent of the value. We have also authorized agreements for the storage of resealed corn and some other grains for the 1960 and 1961 crop which would make an additional inducement for construction of farm storage. I think that ought to be encouraged.

Mr. REIFEL. Thank you very much. I want to say that I appreciate very much your forthright answers and very clear presentation of the bill. You, certainly, can count on my cooperation in every way that I may be of help in working out a solution if it is possible. I know that you are very sincere in wanting to do that. I join you in it. I thank you again very much.

Secretary FREEMAN. Thank you.

Mr. POAGE. Mr. Inouye.

Mr. INOUE. Mr. Chairman and Mr. Secretary, I would like to join my colleagues in commending you for your fine testimony. I am impressed by your homework. As you know, the State of Hawaii is greatly dependent upon agriculture. However, we do not have tobacco, cotton, or items of that nature. We have sugar and it is of great importance. We have pineapples. Hawaii happens to be the only major producer of pineapples.

We also have coffee there, the only coffee-producing area in the United States.



I was wondering if your bill would provide for commodities such as pineapples and coffee?

Secretary FREEMAN. As any other commodity I think that it would.

Mr. INOUE. We have no surplus problems, but we are competing with the rest of the world in pineapples and coffee.

Secretary FREEMAN. Yes. Certainly, the establishment of the advisory committee to review this and what might be done in connection with it would be within the purview of the bill.

Mr. INOUE. In that case the membership of the committee would come from Hawaii?

Secretary FREEMAN. They would, since they are the only producers.

Mr. INOUE. Thank you very much.

Mr. POAGE. Mr. Harding.

Mr. HARDING. Mr. Chairman, and Mr. Secretary I, too, want to compliment you. I feel you have been very well prepared and have been forthright in your statements. I think that it is unfortunate that yesterday on the floor of the House there was an insinuation that someone other than Orville Freeman was running the Department of Agriculture. I can assure you that anyone who has ever been in this committee and heard you testify knows that you hold all of the reins in your hands and that you are the Secretary of Agriculture and that so far you have done an excellent job.

I would like to read from the Congressional Record some of the remarks that the gentleman from Illinois made yesterday on the floor of the House. The gentleman says:

Last week the Kennedy-Freeman-Cochrane farm bill was introduced in the Congress. This comprehensive measure calls for the most fantastic control of American agriculture ever envisioned.

It gives Secretary Freeman the authority to formulate both production and marketing controls. It allows the Secretary to impose controls based on bushels, barrels, and bales.

Mr. Secretary, do you presently have that authority?

Secretary FREEMAN. In quite a number of commodities we do, yes, sir.

Mr. HARDING. You have the authority to formulate both production and marketing controls?

Secretary FREEMAN. Yes, sir.

Mr. HARDING. It goes on, to repeat:

It allows the Secretary to impose controls based on barrels, bushels, and bales. It allows the Secretary to use any price support device, including compensatory payment proposals which were the heart of the discredited Brannan Plan.

Under this legislation would you have the authority to impose controls based on bushels, barrels, and bales without coming to the Congress again?

Secretary FREEMAN. No, sir.

Mr. HARDING. Then you would not have it in the authority that you do not have already to impose as part of the allotments?

Secretary FREEMAN. I believe that presently we are restricted to acreage.

Mr. BAGWELL. That is correct. Mr. Harding, any authority that is given in this bill would require us, in developing a program under it, to come to the Congress for congressional review.



Mr. HARDING. Am I correct then in saying that this is just an enabling act, just a piece of machinery that would enable you to develop with these advisory committees farm programs for each individual commodity and bring it to the Congress and submit it to the producers through the process of referendum and develop an agricultural policy for each commodity in that way?

Mr. BAGWELL. That is correct.

Secretary FREEMAN. That is correct.

Mr. HARDING. I look forward to working with the rest of this committee in eliminating the bugs in this legislation. I am sure that as you have said there will be some matters that the committee will want to refine, to make this a workable piece of legislation.

I want to assure you, Mr. Secretary, I think your present attitude is right. I think the American farmer is fortunate that you were selected as the new Secretary of Agriculture.

Secretary FREEMAN. Thank you, sir.

Mr. POAGE. Thank you, Mr. Harding. The Chair now recognizes Mr. Latta.

Mr. LATTA. Thank you, Mr. Chairman. At the outset of my interrogation of the Secretary I would like to take the time to say that our committee chairman has offered the opportunity to all of us to interrogate this witness on a very important matter. And as a member I am very grateful.

Mr. Secretary, I will say to you that in listening your 2 days of testimony before the committee, I think you are a very brave man, a very bold man, and not afraid of tackling problems that you feel should be tackled.

I have heard the chairman of our committee, the Congressman from North Carolina, say many times to the previous Secretary of Agriculture, "What authority do you not now have that you want that we can give you?" Or words to that effect. Apparently, taking him literally, you have asked for complete and total authority over all American agriculture.

I might ask of you now, What authority do you envision that you may need that is not contained in this bill?

Secretary FREEMAN. Well, after we have had some experience with this bill which I hope, Mr. Latta, you will support, I will be in a position to answer that question. I hope that subject to the procedures outlined therein there will be adequate tools to do the job that needs to be done.

Mr. LATTA. Such procedural authority as is necessary?

Secretary FREEMAN. No, sir. Where additional machinery is necessary to do a job I would feel it my responsibility to bring before this committee the request that this machinery be made available.

Mr. LATTA. The principle of this bill is somewhat similar to the Poage bill that you testified in favor of before this committee; is that correct?

Secretary FREEMAN. Yes, sir.

Mr. LATTA. You know the history of that bill; it first included all commodities, as does this bill. Before it got out of this committee several of the crops were taken out. I understand your position is that you favor all of these crops to be left in the bill if we are to report it.



Secretary FREEMAN. I would hope that the bill would be a comprehensive one which would cover all commodities when the commodities and the producers of them feel that a program will be helpful.

Mr. LATTA. So you would not want, for instance, cotton to be taken out of this bill?

Secretary FREEMAN. No, sir.

Mr. LATTA. And you would not want tobacco taken out of this bill?

Secretary FREEMAN. No, sir.

Mr. LATTA. And you would not want rice taken out of the bill?

Secretary FREEMAN. No, sir.

Mr. LATTA. I think that you have taken the right attitude in that.

As you have found in hearings before this committee, there are members who are not against this type legislation for the other Congressmen's commodities, but do not want it to touch their own.

Secretary FREEMAN. I am convinced here that there is a tendency to say that.

Mr. LATTA. They are for the regimentation of the other man's crops.

Secretary FREEMAN. That is something like government reorganization. That is not a bad parallel. I tried as Governor for 6 years to accomplish governmental reorganization and always found that there were people who were emotionally and strongly in favor of reorganizing somebody else, but they did not want to make any changes of the familiar pattern where they were concerned. I would submit to you that it needs to include a broader scope than that.

Mr. LATTA. I appreciate your frankness, Mr. Secretary, to say that.

Secretary FREEMAN. Mr. Latta, might I say again that this is not a program for any commodity and in the questions this comes out again and again. This is a procedure, a mechanism which would be available for the use of any commodity. It is not a program for any particular commodity. Its passing would not mean a program for any commodity.

Mr. LATTA. The same mechanism was contended in the Poage bill.

Secretary FREEMAN. With alterations.

Mr. LATTA. Coming now to this 1962 wheat program, there are several questions that are still in my mind about your program. You testified yesterday you would have the authority to completely write the program without submitting it to the Congress. I am quite concerned as to how this would be constitutional, this particular part of the bill.

Secretary FREEMAN. I am convinced, after reviewing this—and Mr. Bagwell may correct me if I am wrong—that for a 1-year limitation period this would be a clearly constitutional delegation of powers by the Congress.

Mr. LATTA. On an emergency basis?

Secretary FREEMAN. On a 1-year basis. I think, conceivably, it could be a delegation that would be upheld, even for a longer period of time, but being limited to 1 year I feel very confident that there is no constitutional problem.

Mr. LATTA. I will have to be convinced likewise. I appreciate your saying that. I will read your statement. That concerns me very much. I know it concerns other members of this committee.



You indicated that the reason you do not want this submitted to the Congress is due to the fact that it is an emergency program that has to be put into operation very quickly. And yet, you do not have the details on the program itself at this late date.

Coming from Ohio, a State which has most of its farmers operating under the 15-acre exemptions, they are concerned as to what will happen to the 15-acre exemption under such a program.

Secretary FREEMAN. Mr. Latta, this is a very proper concern. And might I say that I would be more than pleased to review this program with you and how it would affect the 15-acre wheat farmers of Ohio when the program itself has jelled in a more meaningful form.

Mr. LATTA. Let me pursue that just a little bit further. Ohio is one of the States that raises feed for its stock. We do not have any noticeable carryover of our class of wheat. It seems to me that in writing the 1962 wheat emergency program we ought to take that situation into consideration, do you agree with that?

Secretary FREEMAN. Certainly, it is a factor to be considered; yes, sir.

Mr. LATTA. These farmers out in Ohio, our wheat farmers, are concerned with another thing, and that is the matter of voting in a wheat referendum. Have you given any thought in the 1962 program as to whether or not these 15-acre farmers will have a right to vote?

Secretary FREEMAN. No, sir.

Mr. LATTA. You have not given any thought to it?

Secretary FREEMAN. No, I have not.

Mr. LATTA. What is your thinking about that as to the matter of permitting them vote in the wheat referendum?

Secretary FREEMAN. Very frankly, as it now stands, I have not honestly given this much thought. This bill and the other one and a few other things have been, perhaps, more immediately pressing, although, certainly, this is of great importance. Mr. Bagwell points out to me that if subject to quotas under the law they would be entitled to and called upon to vote in the referendum.

Mr. LATTA. As I understand the law, if he sticks to his 15-acre or 14-acre allotment, he is today not entitled to vote in the wheat referendum—he must have, at least, 15 acres, is that correct?

Mr. BAGWELL. But I thought that you were talking about this bill, Mr. Latta.

Mr. LATTA. No.

Mr. BAGWELL. Under the present law.

Secretary FREEMAN. I think that I misstated myself. Mr. Bagwell meant to say that if the 15-acre farmer was affected by the program, which would be prepared by virtue of the authority in this law, he would be called upon to vote in the referendum.

As to the present law I will defer to the General Counsel on that question. I, frankly, am not up to date.

Mr. BAGWELL. There is the provision of law which now reads that the Secretary shall conduct a referendum by secret ballot of the farmers who will be subject to the quotas specified therein to determine whether such farmers favor or oppose such a quota.

Mr. LATTA. That is true as I understand the law. The question I am raising is the man who has a 14-acre allotment, and he sticks to it,



he only raises 14 acres, he does not raise 15 acres. The question under the 1962 program is: Are they going to permit him to vote if he stays within the quota?

Mr. BAGWELL. If he stays within his allotment, of course, he would be exempt under the 15-acre provision.

Mr. LATTA. But he would not have the right to vote?

Mr. BAGWELL. That is right.

Mr. LATTA. It would not change that?

Mr. BAGWELL. It would not be changed under this bill. The Secretary has the discretion here to exempt the small producer and this bill does not say just how small the producer has to be to be exempt, it would be a matter to be decided.

Mr. LATTA. I do not want to go back home and say I voted for a piece of legislation that took the exemption away from the 15-acre farmer. I think as a Representative from my State, and a district composed of these 15-acre farmers who are operating under the exemption we have a right to know what the thinking of the Department is on this issue before we cast a vote on this bill.

Mr. POAGE. Will you yield the right then?

Mr. LATTA. I would like to get a statement here on that.

Mr. POAGE. I think that it was misstated.

Secretary FREEMAN. Let me state again, that if the 15-acre wheat farmer is affected by the program he will be called upon to vote in the referendum. If someone producing is not affected by the program and is exempt because he is not affected by it, in all likelihood he would not be called upon to vote since he would not be affected by the program.

Mr. LATTA. As my good friend Dave would argue, the 15-acre farmer is armed with this umbrella. As I understand from your statement, the 1962 program would not have any change in the existing law, as far as the 15-acre exemption is concerned.

Secretary FREEMAN. I said that the wheat program had not jelled, but if the presently exempt 15-acre wheat farmer were affected by a program developed under this law that farmer would be entitled to vote in any referendum. I do not say, obviously, under this bill, which is again not a program for any commodity.

Mr. LATTA. I am not talking about that part of the bill. I am talking about this section where you are to write the 1962 wheat bill. That is the one that concerns me at the moment. What is the Department's position on that? I know that under the previous bills a lot of people in the Department wanted to get rid of that exemption. I do not want to sit here and see that put through without having even a vote on it.

Secretary FREEMAN. I was just saying that if any program was developed under the procedures set forth in this bill that affected the 15-acre-exemption farmer he would have his opportunity to be heard through the medium of his vote, just like the 1,500-acre farmer.

Mr. LATTA. You are going to permit under the other provisions of this bill the sale or transfers of allotments. I am wondering whether or not you are going to permit the transfer of exemptions or the sale of exemptions? If a man can sell, say 20 acres, then a man who has a 15-acre exemption should be permitted to sell the same.

Secretary FREEMAN. You ask a very good question that I really had not thought about. What you are saying, in effect, is that an ex-



emption is in effect the same thing as a quota and ought to be considered in the same light and be transferable on the same basis.

Mr. LATTA. Right; it is given to him under the law, the same as a quota.

Secretary FREEMAN. Mr. Bagwell, do you have any comments on that?

Mr. BAGWELL. My answer would be, Mr. Latta, that you could not sell any exemption or transfer any exemption under the authority of this new bill. The authority here is limited to the transfer of quotas.

Mr. LATTA. Can we not also include the transfer of the exemption?

Mr. BAGWELL. I think it would be most improper to transfer an exemption. A man has nothing to transfer. He is not subject to a restriction of any sort, so long as he produces less than the amount of the exemption.

Mr. LATTA. Congressman Belcher indicated otherwise. The farmer who has a quota given him by the Government has something to transfer—the farmer who has an exemption given him by the Government has nothing to transfer. Is this fair?

Mr. JONES of Missouri. Will you yield for a question?

Mr. LATTA. Yes.

Mr. JONES of Missouri. That is all he has, is the exemption. And you want to sell it.

Mr. LATTA. Since both come from the Government, they should be treated alike.

Secretary FREEMAN. I think that Congressman Jones puts his finger on it.

The exemption as it is stated is specifically defined, measured, enumerated, described as up to 15 acres. It is not a right in a sense of a quota. It merely says that you do not go beyond this. And if you do not, why go to it? As such, when you are getting into the combining of exemptions, you would create quotas out of exemptions, and I think that is like comparing apples and oranges.

Mr. LATTA. No. Let us go back to this case of the fellow with the 30 acres, he can plant up to 30 acres, based on his past history. Why give that fellow the right to buy another 30 acres when we argue that the man who has the 15-acre exemption should not be able to? Obviously, this question has taken the witness by surprise, and I will give him time to get the answer.

Secretary FREEMAN. I may be surprised. I think Congressman Jones answered it.

Mr. JONES of Missouri. This is like you want to buy the \$600 exemption on your income tax. A man with 13 children, and with, say, only a thousand-dollar income, can really sell a lot of exemptions.

Mr. LATTA. That just points up in my opinion the foolishness in this bill of permitting the sale of quotas. Both are given by the Government and the right to sell or transfer should be denied.

Now coming to this matter of the local county committee and township committees, you talk about getting it back to the people, letting the people originate the program through this committee system. Since you took over as Secretary of Agriculture the Department has changed the method of nominating the township committeemen. Is that true?

Secretary FREEMAN. Yes, sir.



Mr. LATTI. Would you tell us how they were nominated in the past and how they are now nominated?

Secretary FREEMAN. Well, previously in most cases of the country a slate of nominees was developed by a committee prescribed by administrative regulation, including the extension agent, the president of the local farm organization, and I believe the FHA and a number of other Government officials, primarily. They submitted a slate of potential nominees for the township farmers to act upon.

The new procedure would be for there to be called a public meeting within the township where the community committeemen would be elected, and they would then have the opportunity to elect anyone they wished, rather than to pass upon the nominations selected by this board.

Mr. LATTI. That is not the way I am informed. I would like to have your counsel check on that. Is not the present procedure such that the county committee actually nominates the members of the township committees?

Mr. BAGWELL. The "community committeemen," as they are called, are elected by the farmers themselves.

Mr. LATTI. Yes, but I am talking about the nominations of those who put these individual's names on the township committee in nomination.

Secretary FREEMAN. May I just say that if it is done that way it will be changed.

Mr. LATTI. I appreciate that, because that has come to my attention. I would like to have your word on that.

Secretary FREEMAN. This has not been the procedure by administrative direction.

Mr. LATTI. If that procedure is adopted, you have a county committee nominating the township, and then the township electing your county committee—that is just not democratic.

Secretary FREEMAN. I would certainly agree with that.

Mr. BAGWELL. That is not the way I understand it. I will check that, certainly.

Mr. LATTI. With regard to this new advisory committee that you would set up in the wheat program in 1962, you testified that you could dissolve this committee or accept the recommendations of the committee or reject them. Actually, it gives you the final say as to what kind of a program you would want, is that not true?

Secretary FREEMAN. That is correct. If I might add again, from a technical, theoretical viewpoint.

Mr. LATTI. Also, I think you mentioned the fact to Congressman Beermann that it would permit you to establish bushelage controls or a combination of bushelage and acreage controls.

Secretary FREEMAN. If I might be presumptuous it would permit me to establish nothing, but rather to work with the committee to develop a program to be submitted to the Congress and then by way of referendum.

Mr. LATTI. Not on the 1962 program.

Secretary FREEMAN. You are talking about the 1962 program; yes, sir—that is correct.

Mr. LATTI. When the feed grains bill was before the Congress, and before this committee, the chairman of this committee said that



he would go along with bushelage control in the feed grain on an emergency basis only. Do you remember his mentioning that?

Secretary FREEMAN. No.

Mr. LATTA. The record will bear that out.

Secretary FREEMAN. I will take your word for it.

Mr. LATTA. One of the reasons that I did not go along with the feed-grains bill was because I am unalterably opposed to poundage controls, bushelage controls, and so forth. They do not go hand in hand with our American way. We either go one route or the other. We either say to the American farmer, "You cannot get any more production from your land. This is as far as you can go." If we elect this route, we can close out the experimental stations. Or we can let him go ahead and advance agriculture and keep our experimental stations open.

It seems to me that we are at cross purposes if we adopt this control and still keep our experimental stations open.

Secretary FREEMAN. I would not agree. Yes; I would not agree with that analysis.

Mr. LATTA. You would not?

Secretary FREEMAN. Again, the program that might develop would be the product of the review of the committee proper and this Congress. I do not think if the committee recommended it there should be the use of this kind of measuring criteria that it would preclude the application of more efficient agriculture at all. If you assumed that there might be such a quota of X, whatever it might be, that would be set. It would certainly be desirable and logical for the individual producer to try to produce as efficiently and cheaply as possible, and I think that he would continue to do so, and to work with the experimental system in trying to further his efficiency.

As a matter of fact, it might well be that he would find himself less hampered in his operations by having this kind of measuring criteria than he would on a strict acreage basis with all of the problems of measurement and other clearance involved in all of this voluminous detail.

Mr. LATTA. You have been very kind and very patient. The hour is getting late. I have still a lot of questions that I could ask. I want to point out one other feature that I have in mind that scares me in this bill. In view of what has happened on the feed-grains bill, I want to read you one sentence. It is page 41, where you say:

The President shall transmit to the Congress a statement describing the basic features of such a program.

The Department has only to submit the basic features of this program to Congress. I am concerned about—because of what has happened on this feed-grains bill. I thought we spelled out just as clearly as we possibly could what we meant in the feed-grains bill.

Now I refer to the act under C-1, where it says that the price support of corn and grain sorghums shall be made available on the normal production of the 1961 acreage of corn and grain sorghums of each eligible farm based on its average yield per acre in the 1959 and 1960 crop acreage. I thought that was spelled out just as clearly as possible



for the Department to follow and to base the price support on what the law said—and I quote:

Based on its (meaning the farm's) average yield per acre for the 1959-61 crop acreage.

What actually has happened is that you have come up with this countywide average, and then you have adjusted a productivity index to that, rather than getting the average yield per acre of that eligible farm.

If we were to pass this bill with this vague language "the basic features of such a program," without spelling out the details, I wonder what would happen. I think that there was no mistake as to Congress intention on this particular phase of the feed grain bill. I listened to all of the testimony, I listened to the arguments on the floor of the House, and not one time did I hear a mention of the fact that we should base the production on a countywide basis.

Secretary FREEMAN. Might I say to you that this is an administrative method, but, also, there is provision—and there is being applied, I am sure, perhaps at this very moment in Ohio individual differences as to individual farms and producers, and I think the intent and the purpose as spelled out in the language that you just read is being carried forward by the Department.

Mr. LATTA. May I say that—

Secretary FREEMAN. This is a criteria with which we can operate.

Mr. LATTA. I would be most presumptuous to believe that you would do otherwise, because it is administrative. Let me give you an example. I have a farmer, who contacted me, who raised 114 bushels of corn to the acre, he did that in 1960. He had slightly over 100 bushels to the acre in 1959. The county averages were set at 56.7 bushels. They said to him:

"We will give you 110 percent," which gives him about 62 bushels to the acre. That was not the intent of the Congress in passing this legislation.

Secretary FREEMAN. If you will give me the name of that farmer we will see to it that this matter is rectified, because in individual instances this is clearly not the directive or the proper application of the feed grains bill as it is being administered.

Mr. LATTA. I cannot only give you that man's name but I can give you the names of other farmers in my nine counties where this program is being administered to their disadvantage. They have not started to come up to the production of 1959 and 1960 in our farming areas.

Secretary FREEMAN. We will certainly look into that.

Mr. LATTA. Let me in closing point up the fact that there is absolutely no question as to what the Congress meant in basing the production on the individual farm, because when you were before this committee on the 21st of February—I have a copy of the hearings here—I was concerned about this, and on page 31, I would like to recall our discussion. I said:

Mr. Secretary, I want to commend you and the Department for a forthright statement. I think the approach is a proper approach. I like the voluntary features. I particularly like the land retirement. I like the payments in kind. I supported the same in my last campaign.

I have a question I want to raise. Did you make the statement that you did not think under this program we would get our best land into participation?



And I asked you that question, because I was concerned about this land that we have in northwestern Ohio.

You replied:

Secretary FREEMAN. I think it would be the tendency of the farmer who may have 100 acres in corn, if he is going to take 20 acres out, I think probably if he takes 20 acres out, it would be the least productive of the 100.

And I asked the question:

What you meant is on the farm?

And you replied:

Yes.

And I asked the question:

I thought you meant our best farms generally.

And you said,

No, I mean on the farm, the individual farm, that would be the individual choice that we have taken into consideration in our estimates.

And I said:

I think that is the right approach and under it you might get some of our better farms into the program. The highest price paid under the farm programs in my district was about \$20 an acre. Some of our farmers were paying \$600 or \$700 an acre for this land and under the circumstances you could not expect them to participate in this program. It is good productive land, and I think under this you might get some of that good productive land into the program, based on the past history of that farm.

And you said:

Yes, sir.

And I said:

I think that is a good feature.

Another question that comes up in my mind is the practical aspects of the program. You have a farmer, who, in 1959 and 1960, did not sell any of his corn. He put it into the bin, binned it, and did not measure it. You come out and he says:

"Well, I have maybe two-thirds of a bin full of corn" how are you going to ascertain the amount of production that farmer had in 1959 and 1960 on his farm?

And you replied:

Well, I am informed that we have in the ASC county offices, aerial photographic plots of virtually every farm in the United States of America. We are pretty well informed even right now as to what has been produced and for about how much.

Furthermore, I think most people are honest, and when you ask this question most farmers are going to give an honest answer. As a practical matter, I think we are going to meet that problem.

And I asked:

I do not get from your answer that you are going to take farm A and base his production on what farm B might have, one productive and one non-productive side by side.

And your answer was:

No, what we would do would be sure A takes 20 percent of those acres out. We would then pay him, based upon a \$1.20. The average of production he had had. That information is available to the county committee; it knows what land has been planted, and this does not present any grave administrative difficulty, I am informed.



And I said:

In the final analysis, though, the situation notwithstanding where the farmer did not market any of his corn in 1959 and 1960, you will have to take his word for it that he raised 100 bushels per acre.

And you replied:

Either his word or the word of his neighbor who might be on the county committee.

So I do not think that there is any question——

Mr. POAGE. I do not want to cut you off, but I would like to get to some of these other gentlemen.

Secretary FREEMAN. May I comment, Mr. Latta, that I, certainly, will look into this. Exactly what you have read is to my best knowledge what is being done. In other areas we have had the practical problem. It has been easier to set a county average and adhere to it, or to a percentage of it, and to apply this across the board. That, however, is not what has been directed or what is being carried out as a practical matter, as we get on top of the deviations from the instructions from the program. The farmer to whom you have referred that produces 110 bushels——

Mr. LATTA. 114.

Secretary FREEMAN. As compared to a county average of 60 bushels is entitled to have 114 bushel history considered in relation to his own particular circumstances.

Mr. LATTA. I appreciate that, Mr. Secretary, because the people in my area are very, very much concerned about this.

Secretary FREEMAN. I get some phone calls, too. [Laughter.]

Mr. LATTA. I think as I stated it is not the intent of your Department to administer this law in the manner in which it is being administered in my area—I am not speaking about any other area—because they are now getting signed up all over the Nation, and if they are not going to base that production on that farmer's own history, there is a tendency to bring all of the farms right down to the same level.

Clearly, in my area last year if you did not have 100 bushels per acre you had a poor crop. These fellows come along and say arbitrarily that all you will get is 56.7—the county average in that county. I am being specific. I think that we are just saying we are going to administer this law the way you think it ought to be administered notwithstanding the fact that the Congress said it should be done otherwise.

Secretary FREEMAN. I can assure you that we are trying to do it according to intent and purpose of Congress to the best of our ability. Administrative directives have gone out repeatedly to correct the problem that you described.

Mr. LATTA. Thank you very much.

That is all.

Mr. POAGE. Thank you, Mr. Latta.

Mr. Hagen.

Mr. HAGEN. I want to say that this is one of the most productive hearings this committee has ever held. I think you are very much responsible for it. And I want to commend you.

I would like to comment briefly. We in California have long experience with conventional marketing, orders and marketing agreement programs.



We are more involved than any other State, in both State and Federal programs. The big departure here is the wedding of the price-support program and quotas to the marketing order concept. There is that distinction.

Secretary FREEMAN. The only price support feature which presently applies is in marketing orders in relation to milk. Otherwise, what we have here is authority for supply adjustment which had not previously existed—not price supports under marketing orders.

Mr. HAGEN. As I understand it, do you have some kind of a program which involves a marketing order and price support approach. In addition there will be compensatory payments and loans and other aspects of price support. You do include those, is that correct?

Secretary FREEMAN. Conceivably, in terms of the basics there could be a nationwide order that might involve price supports, not less than 90 percent. I think I stand corrected on that. I was thinking more in terms of the normal marketing procedures which would not involve price supports.

Mr. HAGEN. It is my impression that in the State of California—I think also in Federal marketing orders—there is a provision of termination at the request of the producers.

Would you object to such provisions, to a procedure whereby the producers could terminate these programs?

Secretary FREEMAN. No. I would think that would be a proper addition. I had not considered that.

Mr. HAGEN. It is generally stated that 15 percent of the people produce 80 percent of this abundance of which we boast. This creates a problem with respect to this legislation. And is one of the major objections to it in my mind, because conceivably, this 15 percent who produce 80 percent of the production could be voted into a program which would put them completely out of business.

In that connection, I was wondering if you would object to any improvement of these initiation and ratification formulas to take recognition of volume criteria in addition to a per capita criteria for putting over one of these referendums.

Secretary FREEMAN. Well, as it now stands, I think the provision for this is very flexible and would be one that would call for an effort to represent both volume and number. I mean, it could be either. I think in many instances it would be both with proper weighting.

Mr. HAGEN. I have read the bill somewhat hurriedly, but as I have read it in respect to your expansion of the conventional marketing order program, this is true as an alternate criterion, but with respect to this marketing order program for wheat and the like, this is not true—it is a per capita proposition, strictly to determine a majority.

Secretary FREEMAN. Those producers who would be affected would be entitled to vote, yes.

Mr. HAGEN. I have not made myself clear. To illustrate, this is very similar—not identical, but similar to several bills which were introduced last year, and it was calculated I think that the producers in two counties with respect to cotton, who produced 50,000 bales of cotton, had more vote than producers in California who produced 2 million bales of cotton. This creates the prospect of a real inequity, because you would have producers, we will say, of 20 percent of the commodity forcing a program on the producers of 80 percent of the commodity.



Secretary FREEMAN. I can only respond to that as I have before, Mr. Hagen, that before any program would go into effect, it would have to come before this committee and before the Congress, and if there is inequity in any substantial portion of the proposition, I would expect it to be dealt with rather summarily by the Congress.

Mr. HAGEN. The Congress might reflect the same disproportion of strength on the farms, so to speak.

Secretary FREEMAN. It has been my observation in politics, as it has been yours, I am sure, that numbers are important, but big numbers sometimes are more important than little numbers. At least, they have some influence.

Mr. HAGEN. In my observation it has been that in most of these marketing orders and agreements which have a history there is some inclusion of processors in the development of the order and even in administering it, because they are part of the industry. I am not saying that they should dominate, but I think there should be a place for their inclusion in this, because they have a knowledge of the industry and a stake in it. That is, the processors have a knowledge that the purely farming segment does not have.

Secretary FREEMAN. It is my understanding that the procedures—and they wouldn't continue under this bill while the program would be initiated by the producer—that when it came to the selection of the management committee as it were, under the marketing orders, would include as it has before and does under the present law the processor representation.

Mr. HAGEN. That would be true of this program?

Secretary FREEMAN. Yes.

Mr. HAGEN. And for cotton and wheat and so forth?

Secretary FREEMAN. Yes, sir.

Mr. HAGEN. It has been my observation that the only two commodities that have demanded—that are grown extensively around the United States—that have demanded or wanted a national marketing order, and in each case only a segment of the producers of such commodity are potatoes and turkeys and in both instances the California producers were in favor of such programs. Do you know of any other producers who have been responsible for generating this proposal?

Secretary FREEMAN. There have been a number.

Mr. Ralph listed about a dozen yesterday. I think that will show in the record. They have made inquiries concerning it, who are interested in marketing orders of one kind or another, and not necessarily supply adjustments or research promotion, quality control. So there are a variety. And peanuts would be another. They have indicated that interest. Segments in poultry have shown interest. There have been a number of others. Soy beans have shown some interest in terms of research and promotion.

Mr. HAGEN. This is in the record already, you say?

Secretary FREEMAN. I think it was stated yesterday.

Mr. LATTI. Will you yield there?

Mr. HAGEN. Yes.

Mr. LATTI. On this marketing order there has been some apprehension—there was yesterday as to the milk marketing orders. As I understand it they have a nationwide milk marketing order, but it



does not affect the existing milk marketing order, is that correct, if they have one.

Secretary FREEMAN. I think the record would show again that this would depend on what was worked out. What was said yesterday—and this could very well occur—would be the development of a nationwide marketing order which would leave 1 or a dozen or 15 of the current milk marketing orders that would fit into the national milk marketing order agreed upon, that it would not per se follow that there would be a national milk marketing order and that every order would be changed. I would repeat there may not be a national milk marketing order, depending again upon the desire of the producers.

Mr. LATTI. That would raise the question, will that be covered by a nationwide order, we would have production controls and others would not. How would that work?

Secretary FREEMAN. Number 1 there need not be any production control as a part of a nationwide order. No. 2, if there were, it is conceivable that it could be synchronized with a local order which involved, as milk orders do, price setting rather than quantity control. Admittedly, this gets pretty complicated, as this whole milk structure is, and it would take some thinking and analyzing to come out with a very precise answer, but there is nothing in this that would preclude a number of combinations that would be workable. And it was so voted for by the producers.

Mr. HAGEN. One final question. Do you contemplate that the approval has to be had by coming back to the Congress—do you contemplate that it will go to the committee or directly to the floor of the House and Senate?

Secretary FREEMAN. I think that this would be up to the Congress. If you saw fit, I suspect that proceedings could be written into the bill. I would not be presumptuous even to recommend that. Normally, I suppose that accepted procedure, as I understand it, would be submitted to the Speaker and forwarded to the appropriate committee.

Mr. HAGEN. Thank you.

Mr. POAGE. Thank you, Mr. Hagen.

Every member has had an opportunity to be heard. Every member of the committee has been present at one time or another during these hearings. That the record may show clearly that nobody has been passed over, even though two or three have not asked questions.

I want to ask now if Mr. Jennings has any questions; has Mr. Bass any questions; has Mr. Coad any questions?

Since there are no further questions from them, are there any further questions by any member of this committee present?

The CHAIRMAN. Before you adjourn, let me make one observation. I have been on this committee for 26 years. I think this is the first time that all of the members of the committee—and it is a great thing—have been permitted to interrogate a Secretary of Agriculture without some limitations being imposed upon them and that brings me again to the point of thanking you for your patience, for the time you have given to this committee, for your interest in the problem under discussion.



I now suggest that when you adjourn you adjourn to 10 a.m. on Thursday, at which time we will hear representatives of the Grange and the National Cooperative Council.

Mr. POAGE. I would like to say that no member of the Cabinet has ever appeared before this committee who answered questions in such detail as you have, Mr. Secretary. No member of the Cabinet has ever appeared before this committee without a larger retinue of assistants and spokesmen than you have.

I draw no comparison with others, but just awhile ago I observed a company of military men marching down the aisle. I wanted to find out what that was. I was told the Secretary of Defense was going to testify before another committee. There must have been 35 or 40 accompanying him. I want to congratulate you, Mr. Secretary, on your coming here and answering for yourself.

I think we will all agree that Orville Freeman is the Secretary of Agriculture, and he answered as the Secretary.

We appreciate your frankness. We appreciate your patience.

Mr. LATTA. Will you yield?

Mr. POAGE. Yes.

Mr. LATTA. I want to echo what the chairman has said and Mr. Poage has said, because we certainly are appreciative of your patience. I think every member of this committee has been refreshed by your presence here. You have been very imminently clear as to what your position is. Certainly, these 2 days have been very helpful to us. This is a very comprehensive bill, one of the most comprehensive bills that has ever been submitted to the Committee on Agriculture. I think every member of the committee has benefited immeasurably by your presence here today.

Secretary FREEMAN. Thank you.

Mr. BEERMANN. I would like to say as a freshman Member of the Congress and a member of this committee, I think it is wonderful that we have all had a chance, especially the new ones who at times might not have had this chance. I want to thank the Secretary, too, for his straightforward and forthright answers.

Mr. POAGE. We stand in recess until Thursday morning at 10 o'clock.

(Whereupon, at 6:05 p.m., the committee adjourned to reconvene at 10 a.m. on Thursday, April 27, 1961.)

