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House - Agriculture

AGRICULTURAL ACT OF 1961

WHEAT PROGRAM FOR 1962

GOVERNMENT

Storage

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON WHEAT

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

H.R. 6400

JUNE 14 AND 15, 1961

Serial E

PART 10



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1961 TO 1962 AGRICULTURAL ACT OF 1961
WHEAT PROGRAM FOR 1962

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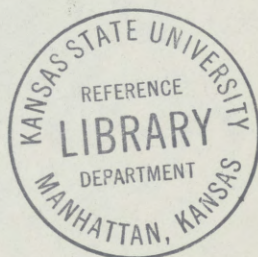
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AGRICULTURAL ACT OF 1961

Wheat Program for 1962

WEDNESDAY, JUNE 14, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WHEAT
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 1310, New House Office Building, Hon. Carl Albert (chairman of the subcommittee) presiding.

Present: Representatives Albert, Thompson, Jones of Missouri, Breeding, Stubblefield, Belcher, Inouye, Harding, Short, Latta, Dole, and Reifel.

Also present: Representatives Poage, Hagen, Johnson of Wisconsin, Jennings, May, and Beermann.

Christine S. Gallagher, clerk; Hyde Murray, assistant clerk; John J. Heimburger, counsel; and Francis M. LeMay, consultant.

Mr. ALBERT. The subcommittee will please come to order.

We have met this morning to hear Department and farm organization witnesses on a committee print of proposed amendments, affecting the 1962 wheat crop, to H.R. 6400.

It is my understanding that the Department will be represented this morning by Mr. Edwin A. Jaenke, Associate Administrator of the Agricultural Stabilization and Conservation Service of the Department of Agriculture. He has some associates with him.

Do you care to come forward at this time?

(The committee print of H.R. 6400 follows:)

[Committee Print]

JUNE 7, 1961

Proposed amendments providing a special one-year wheat program for the 1962 crop, together with an analysis thereof

H.R. 6400

SEC. 151. Section 334 of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting (1) after (c) and adding a new subparagraph (2) following subparagraph (c) (1) to read as follows:

"(2) Notwithstanding any other provision of law, each old or new farm acreage allotment for the 1962 crop of wheat as determined on the basis of a minimum national acreage allotment of 55 million acres shall be reduced by 10 per centum. In the event notices of farm acreage allotments for the 1962 crop of wheat have been mailed to farm operators prior to the effective date of this subparagraph (2), new notices showing the required reduction shall be mailed to farm operators as soon as practicable."

SEC. 152. (a) In lieu of the provisions of item (1) of Public Law 74, Seventy-seventh Congress, as amended (7 U.S.C. 1340(1)), the following provisions shall apply to the 1962 crop of wheat:

"(1) If a national marketing quota for wheat is in effect for the marketing year beginning July 1, 1962, farm marketing quotas shall be in effect for the crop of wheat which is normally harvested in 1962. The farm marketing quota for such crop of wheat shall be the actual production of the acreage planted to such crop of wheat on the farm less the farm marketing excess. The farm marketing excess shall be an amount equal to twice the normal yield of wheat per acre established for the farm multiplied by the number of acres of such crop of wheat on the farm in excess of the farm acreage allotment for such crop unless the producer, in accordance with regulations prescribed by the Secretary and within the time prescribed therein, establishes to the satisfaction of the Secretary the actual production of such crop of wheat on the farm. If such actual production is so established, the farm marketing excess shall be such actual production less the actual production of the farm wheat acreage allotment based upon the average yield per acre for the entire 1962 wheat acreage on the farm: *Provided, however*, That the farm marketing excess shall not be larger than the amount by which the actual production, so established, exceeds the normal production of the farm wheat acreage allotment."

(b) Notwithstanding the provisions of item (2) of Public Law 74, Seventy-seventh Congress, as amended (7 U.S.C. 1340(2)), the rate of penalty on wheat of the 1962 crop shall be 65 per centum of the parity price per bushel of wheat as of May 1, 1962.

(c) In lieu of the provisions of item (3) of Public Law 74, Seventy-seventh Congress, as amended (7 U.S.C. 1340(3)), the following provisions shall apply to the 1962 crop of wheat:

"(3) The farm marketing excess for wheat shall be regarded as available for marketing, and the penalty and the storage amount or amounts of wheat to be delivered to the Secretary shall be computed upon twice the normal production of the excess acreage. If the farm marketing excess so computed is adjusted downward on the basis of actual production as heretofore provided the difference between the amount of the penalty or storage computed on the basis of twice the normal production and as computed on actual production shall be returned to or allowed the producer or a corresponding adjustment made in the amount to be delivered to the Secretary if the producer elects to make such delivery. The Secretary shall issue regulations under which the farm marketing excess of wheat for the farm shall be stored or delivered to him. Upon failure to store, or deliver to the Secretary, the farm marketing excess within such time as may be determined under regulations prescribed by the Secretary the penalty computed as aforesaid shall be paid by the producer. Any wheat delivered to the Secretary hereunder shall become the property of the United States and shall be disposed of by the Secretary for relief purposes in the United States or foreign countries or in such other manner as he shall determine will divert it from the normal channels of trade and commerce."

(d) Item (7) of Public Law 74, Seventy-seventh Congress, as amended (7 U.S.C. 1340(7)), is amended to read as follows:

"(7) A farm marketing quota on any crop of wheat shall not be applicable to any farm on which, under regulations prescribed by the Secretary, the actual acreage planted to wheat for harvest of such crop does not exceed 15 acres: *Provided, however*, That a farm marketing quota on the 1962 crop of wheat shall be applicable to any farm on which the acreage of wheat exceeds the smaller of (1) 13.5 acres, or (2) the highest number of acres actually planted to wheat on the farm for harvest in any of the calendar years 1959, 1960, or 1961."

(e) Subsection (d) of section 335 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1335(d)), is hereby repealed effective with the 1962 crop of wheat.

SEC. 153. Price support for the 1962 crop of wheat shall be made available, as provided in section 101 of the Agricultural Act of 1949, as amended, except that price support shall be made available only to cooperators, only in the commercial wheat-producing area, and if marketing quotas are in effect for the 1962 crop of wheat, wheat of such crop shall be eligible for price support only if the

producers on the farm on which the wheat is produced participate in the special 1962 wheat program formulated under section 154 to the extent prescribed by the Secretary.

SEC. 154. (a) If marketing quotas are in effect for the 1962 crop of wheat, producers on any farm in the commercial wheat-producing area shall be entitled to payments determined as provided in subsection (b) upon compliance with the conditions hereinafter prescribed:

(1) Such producers shall divert from the production of wheat an acreage on the farm equal to either (i) 10 per centum of the highest actual acreage of wheat planted on the farm for harvest in any of the years 1959, 1960, or 1961, provided, such acreage in each of such years did not exceed 15 acres, or (ii) 10 per centum of the farm acreage allotment for the 1962 crop of wheat which would be in effect except for the reduction thereof as provided in section 334(c) (2) of the Agricultural Adjustment Act of 1938, as amended.

(2) In 1962, such diverted acreage shall be devoted to conservation uses approved by the Secretary.

(3) The total acreage on the farm in 1962 devoted to soil-conserving uses, excluding the acreage diverted as provided above and acreage diverted under the special 1962 program for feed grains, shall not be less than the total average acreage devoted to soil-conserving uses on the farm in 1959 and 1960. Certification by the producer with respect to such acreage may be accepted as evidence of compliance with the foregoing provision. The total average acreage devoted to soil-conserving uses in 1959 and 1960 shall be subject to adjustment to the extent the Secretary determines appropriate for abnormal weather conditions or other factors affecting production, established crop-rotation practices on the farm, changes in the constitution of the farm, participation in other Federal farm programs, or to give effect to the provisions of law relating to release and reapportionment or preservation of history.

(4) If the diversion of acreage is made pursuant to the provisions of (1) (i) of this subsection (a), the actual acreage of wheat planted on the farm for harvest in 1962 shall not exceed 90 per centum of the highest actual acreage of wheat planted on the farm for harvest in any of the years 1959, 1960, or 1961; and if the diversion of acreage is made pursuant to the provisions of (1) (ii) of this subsection (a), the farm shall be in compliance with the 1962 farm wheat acreage allotment.

(b) (1) Upon compliance with the conditions prescribed in subsection (a) producers on the farm shall be entitled to payments which shall be made by Commodity Credit Corporation in cash or wheat equal to 50 per centum of the value, at the basic county support rate per bushel for No. 1 wheat of the 1962 crop for the county in which the farm is considered as being located for the administration of farm marketing quotas for wheat, of the number of bushels equal to the adjusted yield per acre of wheat for the farm, multiplied by the number of diverted acres.

(2) The adjusted yield per acre of wheat for the farm shall be determined by the Secretary on the basis of the adjusted county average yield per acre for the 1959 and 1960 crops in the county in which the farm is considered as being located, and the productivity of the farm compared with other farms in the county taking into account special cultural practices, such as summer fallow or irrigation, normally followed on the acreage diverted from wheat. The adjusted county average yield per acre shall be the county average for 1959 and 1960, as determined by the Secretary from the latest available statistics of the Federal Government, with such adjustments as he deems appropriate to take into account abnormal factors adversely affecting production.

(3) The Secretary shall provide by regulations for the sharing of payments among producers on the farm on a fair and equitable basis. The medium of payment shall be determined by the Secretary. If payments are made in wheat, the value of the payments in cash shall be converted to wheat at the market price of wheat as determined by Commodity Credit Corporation. Wheat received as payment-in-kind may be marketed without penalty but shall not be eligible for price support.

(c) (1) Producers who divert acreage on the farm under subsection (a) may divert additional acreage on the farm not in excess of three times the amount diverted under subsection (a): *Provided*, That the total acreage diverted under subsection (a) and this subsection (c) shall not exceed the larger of the 1962 farm acreage allotment or 1962 permitted acreage for the farm under item (7) of Public Law 74, Seventy-seventh Congress, as amended.

(2) Payment shall be made with respect to the acreage diverted under this subsection (c) in accordance with the terms and conditions prescribed in subsection (a): *Provided*, That (i) 60 per centum shall be substituted for 50 per centum in computing the amount of the payment, (ii) the acreage diverted under this subsection (c) shall be added to and deemed to be acreage diverted under subsection (a) for the purposes of paragraphs (2) and (3) of subsection (a), and (iii) if the diversion under subsection (a) is made pursuant to (1) (i) of said subsection, the actual acreage planted to wheat for harvest on the farm in 1962, shall be reduced below the highest actual acreage of wheat planted on the farm for harvest in any of the years 1959, 1960, or 1961, by the total amount of acres diverted under subsection (a) and this subsection (c), or, if the diversion under subsection (a) is made pursuant to (1) (ii) of said subsection, the 1962 wheat acreage on the farm shall be reduced below the 1962 farm wheat acreage allotment by the amount diverted under this subsection (c).

(d) Any acreage diverted from the production of wheat to conservation uses for which payment is made under the program formulated pursuant to this section shall be in addition to any acreage diverted to conservation uses for which payment is made under any other Federal program except that the foregoing shall not preclude the making of cost-sharing payments under the agricultural conservation program or the Great Plains program for conservation practices carried out on any acreage devoted to soil-conserving uses under the program formulated pursuant to this section.

(e) The Secretary may provide for adjusting any payment on account of failure to comply with the terms and conditions of the program formulated under this section.

(f) Not to exceed 50 per centum of any payment to producers under this section may be made in advance of determination of performance.

(g) The program formulated pursuant to this section may include such terms and conditions, in addition to those specifically provided for herein, as the Secretary determines are desirable to effectuate the purposes of this section.

(h) Wheat stored to avoid or postpone a marketing quota penalty under the Agricultural Adjustment Act of 1938, as amended and supplemented, shall not be released from storage for underplanting based upon acreage designated under subsection (a) or (c) above, and in determining production of the 1962 crop of wheat for the purpose of releasing wheat from storage on account of underproduction the normal yield of the designated acres shall be deemed to be actual production of 1962 wheat.

(i) The Secretary is authorized to promulgate such regulations as may be necessary to carry out the provisions of this section.

(j) The Commodity Credit Corporation is authorized to utilize its capital funds and other assets for the purpose of making the payments authorized herein and to pay administrative expenses necessary in carrying out this section during the period ending June 30, 1962. There is authorized to be appropriated such amounts as may be necessary thereafter to pay such administrative expenses.

SPECIAL PROGRAM ANALYSIS FOR 1962 FOR WHEAT

- 7 U.S.C. 1334
(c) **Reduction of Farm Wheat Allotments.** Section 151 applies only to the 1962 crop of wheat and provides for an across-the-board reduction of 10 per centum in acreage allotments for both old and new farms from the acreage allotments which would otherwise be determined on the basis of the minimum national allotment of 55-million acres. The national allotment of 55-million acres must be announced by May 15, 1961, and therefore the reduction is made at the farm level rather than at the national, State, and county level. The practical result is the same as if a reduction had been made to 49.5-million acres in the national allotment but the necessity for revising national, State, and county allotments, and reserves is obviated by this approach. In the event it becomes necessary to issue farm acreage allotments for the 1962 crop prior to the enactment of this legislation, provision is made for issuing new notices showing the required reduction. **Sec. 151**
- 7 U.S.C. 1340
(1) **Improved Method of Determining Farm Marketing Excess.** Section 152(a) amends item (1) of Public Law 74, Seventy-seventh Congress, with respect to the 1962 crop of wheat only. It provides that the farm marketing excess, which is the basis on which the penalty is assessed for exceeding the farm quota, shall be initially determined on twice the normal yield of the acreage in excess of the allotment. At the present time the excess is determined on the basis of the normal yield and permits producers to escape the full impact of the penalty when they actually produce in excess of the normal yield. The provisions of the present law for reducing the excess on the basis of actual yield are retained. By establishing the actual yield the producer is required to pay penalty only on the number of bushels he actually produces in excess of his quota. **Sec. 152(a)**
- 7 U.S.C. 1340
(2) **Increase in Penalty Rate.** Section 152(b) increases the penalty rate for the 1962 crop only from 45 per centum to 65 per centum of parity. **Sec. 152(b)**
- 7 U.S.C. 1340
(3) **Changes in Storage Requirement to Conform to New Method of Determining Farm Marketing Excess.** Section 152(c) amends item (3) of Public Law 74, Seventy-seventh Congress, for the 1962 crop of wheat only to conform the storage and delivery provisions of the law to the new method of determining the farm marketing excess provided for in section 152(a). **Sec. 152(c)**
- 7 U.S.C. 1347
(7) **Changes in Farm Exemption from Marketing Quotas.** Section 152(d) is permanent legislation. It provides that any farm shall not be subject to marketing quotas for any crop other than the 1962 crop on which the acreage planted to wheat for harvest does not exceed 15 acres. This is the same provision that is now in the present law except that it is made clear that the privilege for plowing down under regulations of the Secretary, provided for in 1954 by 7 U.S.C. 1374(c), will apply in effecting an exemption. This follows the present administrative practice. In addition certain obsolete provisions relating to non-allotment farms under the Soil Conservation and Domestic Allotment Act are eliminated because they have no present effect due to changes in the Agricultural **Sec. 152(d)**

Conservation Program. For the 1962 crop the exemption is reduced to the smaller of 13.5 acres or the highest number of acres planted to wheat on the farm for harvest in the years 1959, 1960, or 1961. This has the effect of applying the 10 percent reduction imposed on allotments to the 15-acre exemption and in addition reduces the maximum exemption to the highest number of acres planted for harvest in any of the last three years. It also has the effect of preventing any farm on which wheat was not produced in 1959, 1960, or 1961, from taking advantage of the exemption for the 1962 crop.

7 U.S.C. 1335
(d)

Repeal of the 200 Bushel Exemption. Section 152(e) is permanent legislation and repeals the 200 bushel exemption contained in subsection (d) of section 335 of the Agricultural Adjustment Act of 1938, as amended, effective with the 1962 crop of wheat. Prior to the enactment of Public Law 74, Seventy-seventh Congress, there was no 15-acre exemption. Public Law 74 was not a specific amendment of the Agricultural Adjustment Act of 1938, but had the effect of amending and supplementing that Act by utilizing the "notwithstanding any other provision of law" approach. As a result, there have been two exemptions since the passage of Public Law 74, a 200 bushel exemption and a 15-acre exemption. At the time Public Law 74 was passed on the basis of the national average yield the 15-acre exemption was about equal to the 200 bushel exemption. Therefore, the 200 bushel exemption is in actuality an unnecessary duplication and if allowed to remain in the law will permit evasion of the new exemption provisions in section 152(d).

Sec. 152(e)

7 U.S.C. 1441,
1421(b)

Price Support for 1962 Wheat. Section 153 provides that price support for the 1962 crop of wheat shall be made as provided in section 101 of the Agricultural Act of 1949, with the following changes:

Sec. 153

(1) Price support would be made available only to cooperators. Under the present law the Secretary may make available price support to non-cooperators not in excess of the price support made available to cooperators. However, as a matter of practice no price support to non-cooperators has been made available in the case of wheat;

(2) Price support would be made available only in the commercial wheat-producing area. Under the present law price support may be made available to cooperators in the non-commercial area at 75 per centum of the level of price support to cooperators in the commercial wheat-producing area;

(3) To be eligible for price support producers would be required to participate in the reduction and payment program formulated under section 154 to the extent prescribed by the Secretary.

Under the Agricultural Act of 1949, price support may be made available for wheat in the range of 75 to 90 per centum of parity. If above the minimum, the factors enumerated in 7 U.S.C. 1421(b) are required to be taken into consideration.

New

Reduction Program. Section 154(a) affords an opportunity to wheat producers in the commercial wheat-producing area to earn payments for reducing their 1962 wheat acreage. The producers will fall into two classes: (1) those whose actual acreage of wheat planted on the farm for harvest in each of the years 1959, 1960, or 1961, did not exceed 15 acres, and (2) other producers. A producer falling in the first group would be required to divert from the production of wheat an acreage on the farm equal to 10 per centum of the highest actual acreage of wheat planted on the farm for harvest in any of the years 1959, 1960, or 1961. A producer falling in the second group would be required to divert 10 per centum of the farm acreage allotment for the 1962 crop of wheat which would be in effect except for the reduction thereof as provided in section 151. In 1962 the diverted acreage must be devoted to conservation uses approved by the Secretary. In addition, the total acreage on the farm in 1962 of land devoted to soil-conserving uses excluding the acreage diverted under this program and the acreage diverted under the 1962 program for feed grains must not be less than the total average acreage of land devoted to conservation uses on the farm in 1959 and 1960. Such total average acreage may be adjusted to give effect to abnormal weather conditions and other factors affecting production, established crop-rotation practices, changes in the constitution of the farm, participation in other Federal farm programs, including the provisions of law relating to release and reapportionment and preservation of history. Finally, if the producer falls in the first group the actual acreage of wheat planted on the farm for harvest in 1962 must not exceed 90 per centum of the highest acreage of wheat planted on the farm for harvest in any of the years 1959, 1960, or 1961. If the producer falls in the second group, the farm must be in compliance with the 1962 farm wheat acreage allotment. This allotment will have been reduced by 10 per centum from what it would otherwise have been under the old law.

Sec. 154(a)

New

Payments. Section 154(b) provides that on compliance with the prescribed conditions, the producers on the farm shall be entitled to payments from Commodity Credit Corporation in cash or wheat equal to 50 per centum of the value of the number of bushels equal to the adjusted yield per acre for the farm, multiplied by the number of diverted acres. The rate per bushel would be the basic county support rate per bushel for No. 1 wheat of the 1962 crop for the county in which the farm is considered as being located for administration of farm marketing quotas for wheat. The adjusted yield per acre of wheat for the farm would be determined on the basis of the adjusted county average yield for the 1959 and 1960 crops, and the productivity of the farm compared with other farms in the county taking into account special cultural practices such as summer fallow or irrigation, normally followed on the acreage diverted from wheat. The adjusted county average yield would be the county average as determined by the Secretary from the latest available

Sec. 154(b)

- statistics of the Federal Government adjusted for abnormal factors adversely affecting production. The Secretary would provide by regulation for the sharing of payments among producers on the farm on a fair and equitable basis and the medium of payment would be determined by the Secretary. If payments are made in wheat the value of the payment would be determined in cash and then converted into bushels of wheat at the market price of wheat as determined by Commodity Credit Corporation. Wheat received as payment-in-kind could be marketed without penalty but would not be eligible for price support.
- Additional Reductions and Payments.** Section 154(c) provides that in addition to the acreage diverted under subsection (a) producers may divert additional acreage on the farm not in excess of three times the acreage diverted under subsection (a). However, in no case could the total acreage diverted exceed the larger of the 1962 farm acreage allotment, or the 1962 exemption. Payment under subsection (c) would be made in accordance with the terms and conditions of subsection (a), except that the rate of payment would be per centum instead of 50 per centum and the additional diverted acreage would be taken into consideration in determining compliance. Sec. 154(c)
- Cross Compliance.** Section 154(d) provides that acreage diverted from the production of wheat under the program formulated under section 154 must be in addition to any acreage diverted to conservation uses for which payment is made under any other Federal program except that this would not preclude cost sharing payments under the ACP or the Great Plains Program for conservation practices carried out on the diverted acres. Sec. 154(d)
- Adjustment of Payments.** Section 154(e) provides that the Secretary may adjust any payment on account of failure to comply with the terms and conditions of the program. Thus, a minor violation would not necessarily entail forfeiture of the entire payment which would otherwise be earned. Sec. 154(e)
- Advance Payments.** Section 154(f) provides that 50 per centum of the payment may be made in advance of determination of performance. Sec. 154(f)
- Additional Terms and Conditions.** Section 154(g) authorizes the Secretary to include additional terms and conditions in addition to those specifically provided for which he determines are desirable to effect the purposes of section 154. Sec. 154(g)
- Designated Acreage and Release from Storage.** Under present law wheat stored to avoid or postpone a marketing quota penalty may be released from storage in future years on account of underplanting or underproduction. In order to prevent the double benefit of release from storage and payment, section 154(h) provides that designated acreage shall not form the basis for release from storage for underplanting and that in determining production for release from storage for underproduction the normal yield of the designated acres shall be taken into account as actual production. Sec. 154(h)

New	Regulations. Section 154(i) authorizes Secretary to promulgate needed regulations.	Sec. 154(i)
New	CCC Funds. Section 154(j) authorizes Commodity Credit Corporation to utilize its capital funds and other assets for the purpose of making payments authorized under section 154 and to pay administrative expenses necessary in carrying out the provisions of the section during the period ending June 30, 1962. It also contains an authorization for appropriations as may be necessary thereafter to pay administrative expenses.	Sec. 154(j)

Mr. JAENKE. I would like to have Mr. Bagwell, Mr. Schnittker and Mr. Rooney come forward with me.

Mr. ALBERT. They may come forward.

STATEMENT OF EDWIN A. JAENKE, ASSOCIATE ADMINISTRATOR, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY JOHN BAGWELL, GENERAL COUNSEL; HOWARD ROONEY, DIRECTOR, PA DIVISION, OFFICE OF GENERAL COUNSEL; AND JOHN A. SCHNITTKER, OFFICE OF THE DIRECTOR, AGRICULTURAL ECONOMICS, U.S. DEPARTMENT OF AGRICULTURE

Mr. JAENKE. Mr. Chairman, we very much appreciate this opportunity to come before the subcommittee and to present the Department's views with regard to the amendments to H.R. 6400 to provide for a wheat program for the 1962 crop.

The major effects of the amendments would be to—

1. Reduce each farm acreage allotment by 10 percent;
2. Reduce the 15 acre exemption from wheat marketing quotas to the smaller of 13.5 acres per farm or the highest acreage planted on the farm for harvest in 1959, 1960, or 1961.
3. Require as a condition of price support, that producers plant within their reduced acreage allotments, and increase their acreage of land in conservation uses by at least the reduction in the farm acreage allotment. Payment would be made on this acreage at 50 percent of the value, at the support price, of the average production of wheat on such an acreage in 1959 and 1960.
4. Provide that producers could further reduce their wheat acreage and the acreage devoted to nonconserving uses, by an acreage up to 30 percent of their wheat allotment or acreage, in return for payments at 60 percent of the value of 1959-60 production on such an acreage.
5. Provide for use of actual yields or twice normal yields in computing the farm marketing excess, and increase the penalty rate per bushel to 65 percent of parity.
6. Repeal the 200-bushel exemption.

Both 5 and 6 have been included in previous bills known commonly as the Albert bill, as well as similar type legislation on the Senate side. These are in the general order of housekeeping or minor changes, having to do with compliance in the program.

To proceed: Authority would be continued to provide price support to cooperators at a level to be determined by the Secretary between 75 and 90 percent of parity if marketing quotas were approved,

and price support at 50 percent of parity to cooperators if marketing quotas were rejected.

It is estimated that acreage, production, and carryover stocks of wheat would be affected about as follows:

1. With a modest increase in wheat price supports, this program could be expected to result in an increase of about 10 percent in net farm income to our Nation's wheat farmers;

2. Harvested acreage of wheat would be reduced by at least 5 million acres by the reduction in the acreage allotment, and by at least an additional 5 million acres if response to the voluntary part of the wheat program were similar to the response to the 1961 feed grain program;

3. Production of wheat would be reduced to about 1.1 billion bushels;

4. An opportunity would be provided to reduce total wheat carryover and CCC stocks.

I might add, Mr. Chairman, in the Department's initial recommendation on H.R. 6400, the omnibus bill, we asked for authority to develop a program along the procedures provided in that legislation for the 1962 wheat crop. We, however, now understand and share with the committee the consideration that time is fleeting and that any attempt to try to bring about a commodity advisory committee and develop a new program for this crop would result in great frustration and problems.

It is for this reason that we are happy to present a statement on this committee amendment and to offer the facts, the considerations, and the analyses which I have just presented.

We are ready to answer any questions that you may have.

Mr. ALBERT. Thank you. As I understand it, this proposal which was submitted by the Department in the form of a committee print which is before the committee, has not had budgetary review; is that right?

Mr. JAENKE. The Department was requested to do some legislative drafting and was given some general ideas.

Mr. ALBERT. The committee requested the Department to come up with something.

Mr. JAENKE. We were given general guidelines under which to work, and the legislative drafting service was provided.

Mr. ALBERT. This particular amendment has not been acted upon by the Bureau of the Budget?

Mr. JAENKE. Correct, sir.

Mr. ALBERT. Will you furnish to the committee the supply situation with respect to wheat at the present time. What will be the carryover?

Mr. JAENKE. I would like to ask Mr. Schnittker to comment on this, if I may.

Mr. SCHNITTKER. The estimated carryover, beginning the next marketing year on July 1, will be 1,414 million bushels.

Mr. ALBERT. Yes. What is the estimated production as of the present?

Mr. SCHNITTKER. The latest crop report gave an estimated production of 1,343 million bushels for the 1961 crop.

Mr. ALBERT. That will make a total supply of 2,700 million bushels?

Mr. SCHNITTKER. 2,750 million, approximately.

Mr. ALBERT. What is the domestic disappearance?

Mr. SCHNITTKER. Approximately 600 million bushels both for domestic food and for feed and seed.

Mr. ALBERT. What is the foreign?

Mr. SCHNITTKER. The export this year is about 650 million bushels. At this time the Department's forward estimate is for export slightly below that. This means then that total disappearance next year could be about 1.2 billion bushels or a little higher.

Mr. ALBERT. That includes dollar sales, Public Law 480 sales, and other foreign dispositions?

Mr. SCHNITTKER. That is correct, sir.

Mr. ALBERT. In other words, about 1.2 billion bushels are all that is needed to take care of all estimated foreign and domestic uses?

Mr. SCHNITTKER. Unless exports were to go substantially higher than this year.

Mr. ALBERT. This year's crop would exceed that by over 100 million bushels.

Mr. SCHNITTKER. Yes. We estimate that at least 100 million, and possibly 150 million bushels, could be added to the carryover by July 1, 1962.

Mr. ALBERT. The carryover for next year's crop would be more than sufficient to meet all anticipated uses?

Mr. SCHNITTKER. Yes, sir; if next year's crop is an average or normal crop.

Mr. ALBERT. Is it estimated that enactment of legislation of this kind will bring about reduced production next year.

Mr. SCHNITTKER. Yes, sir; this estimate is based upon an assumption that in the voluntary part of the program that producers would divert an additional 10 percent; that is, that they would divert the mandatory 10 percent of the allotment and, at least, an additional 10 percent for about a 20-percent diversion of the present harvested acreage.

This would bring harvested acreage down to a little more than 42 million acres. And we estimate production at around 1.1 billion bushels if participation is as assumed.

Mr. ALBERT. You would estimate that of the disappearance, at least 100 million bushels will be from the surplus?

Mr. SCHNITTKER. Yes.

Mr. ALBERT. With respect to price supports, in your paragraph on the bottom of the page, you state that this would not affect price supports, and it reads:

Authority would be continued to provide price support to cooperators at a level to be determined by the Secretary between 75 and 90 percent of parity if marketing quotas were approved, and price support at 50 percent of parity to cooperators if marketing quotas were rejected.

Is there an estimate, a figure at which the Department would support prices if this formula were left unchanged?

Mr. JAENKE. There is no firm statement or position with regard to this. It is anticipated that there would be a modest increase of 5 to 7 or 8 percent along the same general type of increase that was made in the case of corn when we had a similar program.

Mr. ALBERT. What is the feed price?

Mr. JAENKE. It is \$1.20, which reflects 74 percent of parity.

Mr. ALBERT. That is a voluntary program?

Mr. JAENKE. That is, sir.

Mr. ALBERT. Does the Department have any position on whether the price level should be fixed by law?

Mr. JAENKE. We would prefer to see the existing range continued for this 1-year program, although if the Congress wishes to establish some specific level, we would have no serious objection to this.

Mr. ALBERT. Mr. Belcher?

Mr. BELCHER. Did I understand that the disappearance is about 1.2 billion bushels per year?

Mr. SCHNITTKER. Yes.

Mr. BELCHER. Does that include the wheat we disposed of under Public Law 480?

Mr. SCHNITTKER. It does. That includes all exports for dollars and exports under various special programs.

Mr. BELCHER. And the estimated wheat crop for this year is about 1.3 billion?

Mr. SCHNITTKER. About 1,343 million.

Mr. BELCHER. That is about a 10-percent reduction in the actual production?

Mr. SCHNITTKER. We have not made an estimate.

Mr. BELCHER. Do you have an estimate?

Mr. SCHNITTKER. The 10 percent reduction would be expected to reduce harvested acreage down to around 48 million acres or about 5 million below the present level of 53 million harvested acres. We would expect average yields to be a little bit higher on the reduced acreage than on the present acreage, but not very much higher because a great amount of the wheat land—land once in wheat back in the 1950's—has already been taken out of production, so that the land that is expected to come out of wheat production would not necessarily be much lower quality than the land remaining in wheat production. There would be some increase in the amount of wheat planted on summer fallow, in the percentage of wheat planted on summer fallow under the 10 percent reduction program.

Mr. BELCHER. Have you any estimate of what the additional cost of the wheat subsidy would be based upon what you intend to support the price of wheat at?

Mr. SCHNITTKER. The export subsidy at the present time on dollar exports is about 55 to 60 cents a bushel, as I recall. I have not looked at it recently. The subsidy on exports would have to be increased by the amount of any increase in the wheat price—by the amount per bushel.

Mr. BELCHER. What is the support price now?

Mr. SCHNITTKER. It is \$1.79 per bushel average throughout the country.

Mr. BELCHER. If it went up to \$2.04, you would have about 25 cents a bushel increase in the export subsidy.

Mr. SCHNITTKER. Yes, sir.

Mr. BELCHER. That would be about 50 percent increase in the amount of money involved.

Mr. SCHNITTKER. Not quite that—about 40 percent.

Mr. BELCHER. Not quite that?

Mr. SCHNITTKER. Yes.

Mr. BELCHER. What are we spending on export subsidies now? Do you have that figure?

Mr. SCHNITTKER. The dollar exports have been running about 150 million bushels, and at 60 cents a bushel, which is the figure often used as an average, this would be \$90 million, paid under the export subsidy program under the International Wheat Agreement.

Mr. BELCHER. It would be about 50 percent more, about \$135 million?

Mr. SCHNITTKER. A little less than 50 percent more than that, yes.

Mr. BELCHER. Thank you.

Mr. BREEDING. I want to ask a question about the 10 percent mandatory reduction. I am wondering if we are not going to get into trouble. Would it not be better if we have a voluntary program similar to the corn and feed grain program?

Mr. JÄENKE. You mean with certain percentage acreage reductions such as 20 percent at 50 percent payment and then another amount at 60 percent payment?

Mr. BREEDING. Similar to the feed grain program.

Mr. JÄENKE. Would you envision in that, sir, having price supports contingent on coming into the program, such as we have in the case of corn?

Mr. BREEDING. I think so. I would expect the price support at not less than \$2 per bushel.

Mr. JÄENKE. I am trying to understand what you are suggesting—in the case of corn, we required, in order to be eligible for price supports, that a producer must reduce his acreage by 20 percent and he may go up to 40 percent. I was trying to see what type of a plan you were suggesting.

Mr. BREEDING. I think it would be better to have a voluntary program than a mandatory program. I think you could have a voluntary program, and then there should be some inducement to come into it, and the price support should be one of the inducements, to pay for the retired acreage.

Mr. ALBERT. Do you mean you would be willing to give supports to them, or no supports at all and let them plant all they wanted to? If we are going to keep acreage down to 55 million, we will have to have controls. We have that situation. We also have the 15-acre proposition and if we cut out all those who have not planted in the last 3 years, and reduce all those who have planted less than 15 acres, we cannot have a voluntary program.

Mr. JÄENKE. Also, if I might comment, in the case of the feed grain program, of course, there were no acreage allotments and marketing quotas.

It was almost essential, particularly because of the time situation, to have a voluntary type program.

In the case of wheat, which has somewhat different circumstances—where you do have the marketing quota provision and mandatory supports for those who comply, for everyone—we would not see any advantages to having just a straight voluntary program.

If you continue price supports to producers who stay within their allotments based on the 55 million acres, under a voluntary type

program, you would be depending upon the payment rate—the payment in kind rate—for the diverted acres as the only incentive for producers to cooperate.

It is our judgment that the rate of 50 percent would not encourage farmers to come into such a program.

Mr. BREEDING. I did not know—I ask the question to get information, because the wheat people have indicated to me they may not be agreeable to a mandatory program.

Since they are here, I understand they will testify on it.

I want to get into this section 5 that you have listed here in your statement:

Provide for use of actual yields or twice normal yields in computing the farm marketing excess, and increase the penalty rate per bushel to 65 percent of parity.

What is 65 percent of parity?

Mr. SCHNITTKER. Sixty-five percent of parity is about \$1.55.

Mr. BREEDING. Would it not be better to just charge the producer on his normal yield? Otherwise, it will take a lot of inspection. I know we have had this problem at home in the past. Might it not be better to also say that the penalty would be the support price of wheat?

Mr. SCHNITTKER. You propose to raise the penalty by a greater amount rather than increasing the yield upon which the penalty was passed?

Mr. BREEDING. Is that not the suggestion in this bill, to raise the penalty price on wheat, in other words, should the penalty be the support price?

Mr. SCHNITTKER. This would be an alternative way of having the effect that is desired by this amendment. I doubt if the Department would object to this if the committee saw fit to move to this method.

Mr. BREEDING. The normal yield would not get into a lot of administration problems.

Mr. SCHNITTKER. It will be twice the normal yield or the actual yield, and it may be difficult in some cases.

Mr. BREEDING. As to a man's actual yield, he is the only one that knows about it.

Mr. JAENKE. You have in wheat, of course, warehouse receipts as well as loan records. Since nearly all of the wheat is sold rather than fed as in the case of feed grains. I think it would be considerably easier. We would be more than happy if the committee would like to give consideration to this. The provision that is in the bill now, as you know, is the same one that has been in the Senate and House versions the past few years. We have not given consideration to such a plan as yours and we would like to have an opportunity to give it a little closer look.

Mr. BREEDING. I think that it might be easier to administer than this suggestion that you have.

In section 6 you say 75 to 90 percent of parity. I would like to see wheat not less than \$2 a bushel. I would like to see it around 85 to 90 percent of parity. Would it be wrong if this committee recommended or set the price of wheat at 85 percent of parity?

Mr. JAENKE. No, sir. As I indicated in answer to Congressman Albert, we would think that the range of 75 to 90 in the present law is desirable. We would like to see it continued, but for this one year we would have no objection if the committee felt that it should set a specific level in the bill.

Mr. BREEDING. That is all.

Mr. DOLE. Do you have figures available to show comparative income under this program and under the present programs for typical farm operations in Kansas and elsewhere?

Mr. SCHNITTKER. We have taken two farms that are currently carried in regular Department of Agriculture publications—one, a 640-acre wheat farm in west-central Kansas; the other is a 1,600-acre wheat farm in the Columbia Basin of Oregon.

We have assumed a wheat price of \$2 a bushel in this case, compared with going forward with the present level of wheat support at \$1.79 a bushel. We have also assumed that the growers in both cases would participate in a feed grain program for 1962 at the 20-percent diversion level and in the wheat program only at the minimum 10-percent diversion level.

The figures show that on the Kansas farm the combination of the two programs would increase net income about 20 percent.

On the Columbia Basin farm the combination of the two programs would increase net income about 13 percent.

We have a short statement on this prepared, Mr. Chairman, and with your approval we will submit it for the record.

Mr. ALBERT. Without objection that may be done.

(The statement follows:)

EFFECTS OF THE PROPOSED PROGRAM ON FARM INCOME

If it is assumed that wheat price supports for 1962 were to be increased to \$2 and if the 1961 feed grain program and price-support levels were continued, substantial increases in net farm income would be expected in 1962. This is shown by examples of representative farms in two specialized wheat-producing areas.

Great Plains.—In west-central Kansas, net farm income on a 640-acre farm would be about 20 percent higher than under 1961 programs, if producers reduced wheat acreage 10 percent and feed grain acreage 20 percent in 1962.

If production conditions and expected wheat and feed grain yields were near average, producers in the Central Plains would find it profitable to reduce wheat and feed grain by more than the minimum assumed, as shown in the farm example (table 1).

Pacific Northwest.—On a large farm in the Columbia Basin, net income would be more than 10 percent higher under the proposed wheat and feed grain programs than under 1961 programs (table 2). There would also be a considerable incentive to encourage further reduction of wheat acreage, if crop prospects were about average in 1962.

TABLE 1.—Comparison of farm income and of acreage and production of crops on a 640-acre wheat farm in west-central Kansas under 2 alternative programs for 1962

	Existing programs extended ¹			Proposed programs ²		
	Acres	Average yield (bushels)	Production for sale (bushels)	Acres	Average yield (bushels)	Production for sale (bushels)
Wheat on fallow.....	110	20.0	2,200	110	20.0	2,200
Wheat, continually cropped.....	170	13.8	2,346	142	13.8	1,960
Grain sorghum.....	110	21.2	2,332	110	21.2	2,332
Summer fallow.....	122			122		
Land retired from—						
Grain sorghum.....	28			28		
Wheat.....						
		Per bushel	Amount		Per bushel	Amount
Income from—						
Wheat.....		\$1.75	\$7,955		\$1.95	\$8,112
Grain sorghum.....		1.01	2,355		1.01	2,355
Land retired from—						
Grain sorghum.....		15.75	441		15.75	441
Wheat.....					20.19	565
Total.....			10,751			11,473
Expenses.....			6,215			6,019
Net farm income.....			4,536			5,454
Increased net income (including cost savings) per acre if wheat land retired beyond 10 percent ³						5
Increased net income (including cost savings) per acre if feed grains retired beyond 20 percent ³						2

¹ 1961 program for wheat and feed grains.

² Proposed program to reduce wheat allotments by 10 percent and to provide opportunity to reduce wheat acreage by up to 40 percent of the allotment.

³ Based on expectations of long-term average crop yields in 1962, and payment rates computed from 1959-60 yields.

TABLE 2.—Comparison of farm income, and of acreage and production of crops on a 1,600-acre wheat farm, Columbia Basin, Oreg., under 2 alternative programs for 1962.

	Existing programs extended ¹			Proposed programs ²		
	Acres	Average yield (bushels)	Production for sale (bushels)	Acres	Average yield (bushels)	Production for sale (bushels) ³
Wheat on fallow.....	520	32	16,640	468	32	14,976
Barley on fallow.....	280	38	8,512	224	38	8,512
Summer fallow.....	800			800		
Land retired from—						
Barley.....				56		
Wheat.....				52		
		Per bushel	Amount		Per bushel	Amount
Income from—						
Wheat.....		\$1.75	\$29,120		\$1.95	\$29,203
Barley.....		1.06	9,023		1.06	9,023
Land retired from—						
Barley.....			1,128		20.14	1,128
Wheat.....					32.17	1,673
Total.....			39,271			41,027
Expenses.....			19,048			18,142
Net farm income.....			20,223			22,885
Increased net income (including cost savings) per acre if wheat land retired beyond 10 percent ³						8

¹ 1961 program for wheat and feed grains.

² Proposed program to reduce wheat allotments by 10 percent, and to provide opportunity to reduce wheat acreage by up to 40 percent of the allotment.

³ Based on expectations of long-term average crop yields in 1962, payment rates computed from 1959-60 yields.

Mr. DOLE. What about one without the feed grain part of it?

Mr. SCHNITTKER. The two programs with the assumption we are talking about here, the assumed price support increase for wheat would contribute to net income in about the same way. On these two farms, wheat is about 50 percent more important in contributing to income than feed grains.

So I would estimate that on the Kansas farm, net income would be 12 to 15 percent higher with the wheat program alone, instead of 20 percent higher with the combination of the two programs.

On a Pacific Northwest farm, with the wheat program alone, net income would be about 10 percent higher.

Mr. DOLE. I am wondering if you have available figures relative to northwest Kansas where they do not raise feed grains—they are strictly wheat raisers—whether you might have some comparative figures under the present program, and under this program, so that we can make an analysis of which program the farmers would be better off with so far as income is concerned?

Mr. SCHNITTKER. We have representative farms that are worked on from year to year for use in the Department publications. And one of these is in northwest Kansas, and we could send that to the chairman for the record.

Mr. DOLE. We might as well have it in the record. Is there objection to that?

Mr. ALBERT. That may be furnished.

(The information follows:)

NOTE ON EFFECTS OF PROPOSED 1962 WHEAT PROGRAM ON WHEAT-FALLOW FARMS
IN NORTHWEST KANSAS

Many producers in northwestern Kansas, southwestern Nebraska, and north-eastern Colorado have planted substantial acreage of feed grains in recent years on land formerly planted to wheat.

Others have increased the proportion of their wheat acreage planted on summer fallow to the point where they are on an alternate wheat-fallow rotation.

The income effects of the proposed 1962 wheat program on wheat-fallow farms is shown in the following table, and is comparable to the effects on wheat-feed grain farms—up nearly 20 percent.

Comparison of farm income and of acreage and production of crops on a 960 wheat farm in northwest Kansas under 2 alternative programs for 1962

Item	Existing programs extended ¹			Proposed programs ²		
	Acrees	Average yield (bushels)	Production for sale (bushels)	Acrees	Average yield (bushels)	Production for sale (bushels)
Total cropland.....	770			770		
Wheat on fallow.....	365	21	7,665	328	21	6,888
Fallow.....	405					
Land retired from wheat.....				37		
		Per bushel	Amount		Per bushel	Amount
Income from—						
Wheat.....		\$1.73	\$13,260		\$1.94	\$13,363
Wheat land retired.....				37	30.07	902
Total.....			13,260			14,265
Expenses.....			6,998			6,780
Net return.....			6,262			7,485

¹ 1961 program for wheat and feed grains.

² Proposed program to reduce wheat allotments by 10 percent and to provide an opportunity to reduce wheat acreage by as much as 40 percent of the allotment.

Mr. DOLE. What is the net penalty increase under this provision?

Mr. SCHNITTKER. It would be 20 parity points or about 50 cents per bushel.

Mr. DOLE. But you also raise the support price of wheat. In dollars and cents what would it be?

Mr. SCHNITTKER. No definite level of price support has been recommended.

Mr. DOLE. From what it is now. With reference to parity, the administration recommends flexibility between 75 and 90 percent, does that jibe with the administration's definition of "parity of income"?

Mr. JAENKE. This is based on the parity formula that has been in use for a number of years, the existing parity formula.

Mr. DOLE. What would be the support price, which has been designated as "parity of income"?

Mr. JAENKE. There are some studies being undertaken within the Department to work out a formula, I think by request from the Congress. And we are deeply interested in it ourselves. These are not completed, and we do not have at this time a specific figure that we could point to. I do not believe we have a guess even what it would be.

When this study is completed, it will be sent to the committee.

Mr. DOLE. Is there any intention in this bill to pay the farmer what we have heard so often as "parity of income"?

Mr. JAENKE. There is not. This is a 1-year program designed to provide a program for 1962 which will increase farm income, reduce CCC stocks, and reduce eventually the cost of the program during the period in which we would hope an advisory committee and the Secretary would be working out a longer-range program. This is a 1-year, temporary program.

Mr. DOLE. Is there any objection in the administration to have the committee put in 90 percent of parity?

Mr. JAENKE. There would have to be, I suppose, an amendment to the basic Agricultural Act of 1949, under which you are now operating, to set 90 percent as the minimum. There would be a problem of the relationship with other commodities. This administration increased price supports for many of these this year. However, the range is in the low eighties. And to go considerably above that would place wheat out of fair relationship, or what some might consider fair relationship, to other commodities.

There is a requirement in the law, as you know, that an equitable relationship between all commodities be one of the factors to be considered in determining price supports.

Mr. DOLE. Is there any objection, supposing that were done, to raising it above 90 percent or above 80-some percent in dollar figures mentioned?

Mr. JAENKE. We would want to have a chance to study the effects on income, on costs, on production, price-support activity, of such a proposal before I would care to make a comment on that.

Mr. DOLE. In the feed grain program in our area—probably in other areas—determination of production is based on county average, not productivity of the farm. Under this proposal, how would it be determined?

Mr. SCHNITTKER. As stated on page 7 of the bill in section 154(b) (2), the county average yield would be considered together with the relative productivity of the farms in the county. In other words, the procedure which has been used by the Department for a number of programs and for a number of years is in the committee print for the 1962 wheat bill.

The data which would be available to make this procedure work for wheat would be a good deal better than the information which is available for the corn and grain sorghums program because of the continuity of the wheat program over the years.

Mr. JAENKE. If I might comment further, in the case of feed grains there was very little specific information as to individual farm acreages and yields available. In the case of wheat, there is much more information available which could be taken into consideration in determining the productivity.

We would anticipate considerably less difficulty in the case of wheat than was encountered in some isolated areas in the case of feed grains.

Mr. DOLE. The reason I asked, someone in my district has made a study of the farm programs and he indicates they would be penalized in northwest and western Kansas because of the use of the average county yield. He was basing this on the feed grain program.

Mr. JAENKE. As I am sure you understand, the purpose of the productivity index is to provide a spread, so that the relative position of different farms within an area can be equated into a yield or payments schedule.

In addition, as Mr. Schnittker mentioned, we would envision operating as we have in the feed grain program. Any appeals based on provable yields are automatically accepted. This reduces or eliminates the opportunities for inequities.

Mr. DOLE. As a matter of fact, there are areas—we have many—where we have had hail in both 1959 and 1960, or in one of those years. Are there provisions here to compensate or to make some equitable adjustment for these farmers who have been hailed out in one or both years?

Mr. JAENKE. There is a provision in here to permit the Secretary to make adjustments for abnormal yields because of weather and other environmental factors.

Mr. DOLE. They would try to determine some average based on surrounding yields?

Mr. JAENKE. If a person's crop has been wiped out in 1 of the 2 years used for the base period we would certainly want to have an opportunity to make adjustments, because otherwise it would be very unfair. It is on page 8.

Mr. DOLE. If this bill were passed and he was hailed out—the 1962 crop was hailed out, are there provisions here that would entitle him to market his penalty or excess wheat without penalties to compensate for the loss he suffered from hail?

Mr. BAGWELL. Yes, sir. We have that provision in here that permits a producer to draw down on his carryover if he has a crop failure without, of course, penalty.

Mr. DOLE. Will he receive the support or market price?

Mr. BAGWELL. If he sold his crop, he would receive the market price.

Mr. DOLE. In other words, the man who is hailed out who has excess wheat on hand would not be penalized?

Mr. ROONEY. He could sell it without penalty.

Mr. BAGWELL. But he would not get price support.

Mr. ROONEY. And he would lose his payment.

Mr. DOLE. Thank you.

Mr. ALBERT. Any further questions?

Mr. JONES of Missouri. I would defer to the people from the wheat growing areas.

Mr. ALBERT. Mr. Belcher.

Mr. BELCHER. I just want to make clear a couple of things.

As I understand, last year about 55 million acres of wheat were planted; is that correct?

Mr. SCHNITTKE. That is about right.

Mr. BELCHER. The reason for that is that about 5 million acres were planted under the 15-acre exemption, about 5½ million. That means there is about 5½ million acres that had allotments that were not planted.

Mr. SCHNITTKE. That is right.

Mr. BELCHER. If you reduce 10 percent, you would be reducing 10 percent of these 5½ million rather than of the 55 million, the actual allotments, would you not?

Mr. JAENKE. That would assume that the same acre that was not planted last year would not be planted this year. And we would not know.

Mr. BELCHER. That would assume that those people underplanted last year would go up to their allotment?

Mr. SCHNITTKER. That would be right. This is a fairly common practice in many areas to plant up to or even in excess of your allotment one year, but not to plant wheat the next year as part of the rotation practice.

Mr. BELCHER. At the present time there is about a 5-million-acre reduction in the actual allotments, and when you take 10 percent off, you will take 10 percent off of not 55 million but you are really taking it off of 65 million acres so far as actual allotments are concerned; is this not right?

Mr. SCHNITTKER. This is the basis of my earlier reply, indicating that if we had just a mandatory 10 percent reduction, we would expect a harvested acreage next year of about 48 million, 5 million below the 53 million acres harvested this year.

Mr. BELCHER. Of course, you have got to keep one thing in mind, that is, I think under the 5 million acres not planted last year it might be planted if the price support was \$2.04 a bushel instead of \$1.79. Those people did not think it was profitable who underplanted last year to plant wheat. If you raise the price support up to \$2.04, certainly part of the 5 million will come back into the program; will it not?

Mr. SCHNITTKER. This would be a possibility, yes. At \$2.04 which you suggest as a possible price support for wheat for next year, this would be no higher relative to the prices of the other commodities grown in the area than was in the case in 1960 or 1961. I believe the incentive to plant wheat in 1962 would be no greater than it was in previous years when the opportunity to plant more wheat was also open to these people.

Mr. BELCHER. Then you do not believe this program is going to be profitable enough to encourage the farmer that underplanted his allotment last year to plant it this year?

Mr. SCHNITTKER. That is right.

Mr. BELCHER. That is all.

Mr. REIFEL. I was wondering as to these studies that you mentioned in answer to a question by Mr. Dole, do you have such studies for Durum wheat and, also for Hard Spring?

Mr. SCHNITTKER. We have not extended it to 1962, but we do have farms in all areas of the country, typical hard spring farms. I am not sure that we have a representative farm in our series for Durum alone, but we certainly do have for the northern area.

Mr. REIFEL. How much more of an advantage would you say the Durum wheat producers would get under this program than what they are now getting under the present?

Mr. SCHNITTKER. I believe it would be about comparable to the Kansas situation.

Mr. REIFEL. 12 to 20 percent, depending upon whether they are primarily only wheat or a combination?

Mr. SCHNITTKER. That is right.

Mr. JAENKE. As indicated, the 20 percent figure is on the basis of the corn and sorghums programs and wheat program.

Mr. REIFEL. And 12 percent without it?

Mr. JAENKE. If it is alone.

Mr. REIFEL. Wheat, whether Durum or Hard Spring?

Mr. SCHNITTKER. That is right.

Mr. REIFEL. That is all.

Mr. ALBERT. Mr. Harding, do you have any questions?

Mr. HARDING. I have none.

Mr. ALBERT. Why use 1959-60 normal yield instead of the usual one used for quota purposes?

Mr. SCHNITTKER. Do you mean the basis for the determining the payment rates?

Mr. ALBERT. Yes.

Mr. SCHNITTKER. The main point was that to be consistent with the feed grain program, 1959-60 was used. In order to provide an incentive to comply with the voluntary program it was thought that the wheat payment rate would have to be at about the same level.

Mr. ALBERT. What is the normal yield—how do you figure the normal yield?

Mr. ROONEY. It is the 5-year average with adjustments.

Mr. ALBERT. For quota purposes the 5-year average?

Mr. JAENKE. Five-year average with adjustments.

Mr. ROONEY. I believe that is correct for wheat.

Mr. ALBERT. It is a moving 5-year, is it not? Does not that take into account the abnormal year?

Mr. ROONEY. It moves. It may be 10 for wheat. Some are 10 and some are 5.

Mr. BAGWELL. It is 10.

Mr. ROONEY. Ten for wheat. If you do not have the figures, then you would have to estimate; that is, if you got the figures.

Mr. ALBERT. I would like to inquire as to the effect of this bill on the fallow farming area. Would it have a major effect?

Mr. SCHNITTKER. In the fallow areas, of course, the producers with allotments would be affected in the same way that other producers in regard to their reduction in wheat acreage. They would be required to reduce wheat acreage by 10 percent from their allotments or be subject to the penalties and would have the opportunity to reduce an additional 30 percent.

In the fallow areas the producer who takes 50 acres out of wheat, had 50 acres of fallow to go along with that. So this producer will actually have twice as much land idle or devoted to conservation uses as the producers in more humid areas.

Mr. ALBERT. Referring to the possibility of a voluntary reduction, that practice does not adjust itself very well to this system. Do you have any objection to having compliance with present allotments but

reduce the price supports to 60 percent? If farmers can sell their wheat at a good price, let them do it and not take any cuts but not have the Government pick up the check, also. If someone wanted to do that, why not let him do it?

Mr. SCHNITTKER. You indicate price supports at possibly 60 percent of parity?

Mr. ALBERT. Yes; if they want to keep the present allotments, to reduce the price supports, but if they want to comply, raise the price supports. I have been told by certain people that they can sell their wheat on the present acreage.

Mr. SCHNITTKER. If some producers were to plant on an allotment based on the 55 million acre national allotment, they would not make any contribution to the general reduction in the wheat carryover.

Mr. ALBERT. That is true. They would not get price support, either.

Mr. JAENKE. It also involves some complications that were experienced in the case of the two-price cotton program which was in effect for several years prior to this year. With a lower support for cotton, there was a tendency to force nearly all or all of the crop that is produced under the higher support level under loan and in the Government's hands.

With wheat to be planted in 2 months or thereabouts, this type of program would have some additional complications which we think would be undesirable from the standpoint of farmer understanding and acceptance of the program.

Mr. SCHNITTKER. In addition to that, even though these producers who might plant under the 55 million acre allotment would not be eligible for a price support or, say, for only a very low price support, if a relatively small part of the crop were put under price supports, each producer would tend to get the benefit because the market price in 1962, as in the past years, would tend to be held within a few cents of the price support level.

Mr. ALBERT. Of course, you would have with a 55 million acre proposition the effect, if they all want to do this, of growing it without obligation to the Government.

Mr. JAENKE. Assuming as you said, if everybody went into it, it would lower the obligation of the Government. But it would lower the farmers' wheat income by an amount, too.

Mr. ALBERT. It would do that, but they would be better off on the whole if you had a voluntary program.

Mr. JAENKE. Yes.

Mr. ALBERT. I do not think you ought to force farmers to take Government price supports if they do not want them.

Mr. BELCHER. If the only advantage that the man got was 15 percent, you would have few maintaining their present allotments and taking 60 percent against cutting that allotment 10 percent and taking 85 percent.

I do not think you would have anybody that would take the voluntary program. It would be completely useless to have a program like that because the man is not going to take a 25 percent cut in price supports.

Mr. SHORT. There is a problem here, it seems to me, for some of these varieties of wheat that are not in surplus. Durum, for instance, for all actual purposes, is not in surplus now.

Under this program the Durum producers will be forced to take at least a 10 percent cut. There is no way they can stay out of the program because quotas are set.

Are we not going to do a little damage, perhaps, to the whole industry that is dependent upon the production of Durum wheat?

Mr. SCHNITTKER. Mr. Short, as you say, there is not considered to be any genuine excess supply or surplus of Durum wheat. The carryover of Durum estimated for July 1961 is 13 million bushels, which is a little more than half of the year's domestic consumption, and exports on that are very small.

Mr. SHORT. Well, the exports are very small. Why were the export subsidies taken off? They were put on last fall and now there is some consideration of the possibility of taking them off, I understand. That is perhaps aside from the point. If we had had an export subsidy, we would not have had a surplus. It seems to me that I have seen some figures recently that indicate that is in actuality about 6 million bushels surplus rather than, what do you say, 13 million?

Mr. SCHNITTKER. Yes, the present figure is that.

Mr. SHORT. Was not that the surplus of April 1, too?

Mr. SCHNITTKER. This is an up-to-date figure that the Department carries.

Mr. SHORT. It is an up-to-date figure of the surplus as of July 1, 1961. How do you determine what is going to happen to the supply between now and July 1, 1961?

Mr. SCHNITTKER. It is an estimate of what will happen between now and July 1, 1961.

Mr. SHORT. There is, it seems to me, a consideration here that needs some serious attention. I do not have the answer. Possibly, the alternative is that given here is for some producers to reduce their acreage as much as 40 percent of their allotment whereby the Durum would only be required to reduce 10 percent and the market, possibly, would react and this thing would take care of itself.

Mr. Chairman, you could get into a great argument among Durum producers as to whether this legislation is necessary. It has been to the advantage of the industry to have this adequate supply. I am not sure that it was always to the advantage of the farmer producing it. When we had the surplus supply in CCC, you absolutely froze the price at 105 percent of your price supports. There was no chance for the price to go above that. You had this special legislation that provided an incentive or opportunity to produce the extra acreage under the legislation that we had in 1956.

Mr. ALBERT. We have had price support legislation. We had a special Durum bill for California last year.

Mr. SHORT. A few acres. We took it out from under controls.

Mr. LATTA. Would you give your estimate for the carryover of Soft Red Winter wheat as of July 1, 1961?

Mr. SCHNITTKER. Soft Red Winter carryover is expected to be, also, about 13 million bushels.

Mr. LATTA. About how many months supply is that?

Mr. SCHNITTKER. You mean months for domestic food use?

Mr. LATTA. Domestic and foreign.

Mr. SCHNITTKER. It is about a month's supply.

Mr. LATTA. One month's supply?

Mr. SCHNITTKER. One month's supply.

Mr. LATTA. What are the anticipated carryovers for hard varieties of wheat?

Mr. SCHNITTKER. It is about 1.1 billion bushels for Hard Red Winter.

Mr. LATTA. How many months supply is that, approximately?

Mr. SCHNITTKER. About 2 years' supply.

Mr. LATTA. About 2 years?

Mr. SCHNITTKER. Depends very heavily upon the export experience.

Mr. BREEDING. Would it not be 1 year including total exports?

Mr. SCHNITTKER. Did the Congressman mean what supply for Hard Red Winter disappearance alone or the total?

Mr. LATTA. No. Hard Red Winter.

Mr. SCHNITTKER. I think my reply then would be right: about 2 years' supply of Hard Red Winter disappearance, because the disappearance of Hard Red Winter for food in the United States is about 200 million bushels a year, and for export it varies a great deal, but sometimes exceeds 300 million bushels, for a total disappearance of 500 million bushels a year or more.

Mr. LATTA. This figure of 1.1 billion, is that for all of the hard varieties?

Mr. SCHNITTKER. That is Hard Red Winter only. The carryover of Hard Red Spring, July 1, is expected to be about 235 million bushels.

Mr. LATTA. How many months supply is that?

Mr. SCHNITTKER. For domestic food use and exports, it is a little more than a year's supply. Again, as in the case of other classes, the export varies a good deal from year to year.

Mr. LATTA. You anticipated my next question already. I am wondering why you are treating the producers of Soft Red Winter wheat with a 13 million carryover and a 1 month's supply, the same as you are the Hard Red Winter producers, with a 1.1 billion bushel anticipated carryover on July 1 and a 2 years' anticipated supply; and why are you treating the Hard Red Spring producers, with 235 million bushels anticipated carryover and a 1 year's supply, in the same manner?

Mr. SCHNITTKER. I think the primary answer to that is that the only mandatory part of the program would be a 10 percent acreage

diversion against the allotment or the highest planted acres for the last 3 years. There is a wide range in the voluntary part of the program, the additional 30 percent, for different participation in the diversion program by areas. If a shortage of any class or kind of wheat were to be expected, we might, also, expect the producers not to participate as heavily in the voluntary part of this proposed program in one area as they would in another area. I think you might very well under this kind of a program see a 20 or 25 or 30 percent diversion in one part of the country but little more than 10 percent diversion in another part of the country.

Mr. LATTI. You mean you are fearful that the Hard Red Winter producers might go to Soft Red Winter wheat; is that what you are saying?

Mr. SCHNITTKER. That the hard wheat producers might go to soft wheat?

Mr. LATTI. Is that what you are saying?

Mr. SCHNITTKER. That is not what I am saying. This is a possibility in some parts of the western Corn Belt where they have been recently shifting from soft to hard, and some shifts in the other direction have been begun, but they are very minor so far.

What I am saying is that Ohio, Indiana, Michigan, and New York, producers might, for example, decide to go along only with the 10 percent mandatory reduction and not to participate heavily in the voluntary program. Producers in the Northern or Southern Plains, where the supplies of wheat are greater, might decide to participate very heavily in the voluntary program. We have estimated and will submit it for the record, with the chairman's permission, that if the producers in the soft wheat areas were to participate as much as 12 or 15 percent in the program, that is, if they were to divert 12 to 15 percent of the 1960-61 acreage to nonuse in 1962, that the supplies of all classes of wheat would be adequate for the domestic food use, and for dollar export purposes.

(The information follows:)

ESTIMATED EFFECTS OF PROPOSED 1962 WHEAT PROGRAM ON SUPPLIES OF WHEAT AND FARM INCOME

The proposed 10-percent reduction in the wheat acreage allotment on each farm in 1962, coupled with a program to encourage voluntary diversion of additional wheat acreage, would provide (a) at least a small reduction in the production of all classes of wheat in 1962; (b) an opportunity for producers to reduce their wheat acreage by as much as 40 percent of their 1961 allotment or acreage; and (c) the prospect of reducing wheat carryover by about 100 million bushels in 1962-63.

It would also avoid adding about 100 million bushels of wheat to CCC stocks from the 1961 crop, and the high costs associated with carrying commodity inventories.

With an average crop in 1962, and with program participation concentrated in hard wheat areas, no shortages of any class of wheat for domestic use or for cash exports would be expected.

It would be desirable if the acreage which would be diverted from wheat in addition to the required 10-percent reduction in the acreage allotment were to be concentrated in areas producing hard wheats, since those wheats are in relatively greater supply than soft wheats.

EFFECTS OF THE PROPOSED PROGRAM ON WHEAT PRODUCTION AND CARRYOVER

Effects of the program would depend on the extent of participation in the voluntary program, since most producers would be expected to comply with the 10-percent reduction. Estimates of total wheat production, production by classes, and farm income effects are based on the following assumptions:

1. Wheat acreage would be reduced by 10 percent of the 1961 acreage allotment in each commercial wheat State:

2. Wheat acreage would be further reduced under the voluntary program by 10 percent of the allotment in States producing primarily hard wheats. Those States have combined allotments of 45 million acres, 82 percent of the national acreage allotment for 1961;

3. Wheat acreage would be further reduced by only 2.5 percent of the allotment on farms producing primarily Soft Red and White wheat:

4. Yield of wheat in 1962 would be 26 bushels per acre on 42.7 million acres.

Estimated results would be as follows:

1. Total production in 1962 would be about 1,110 million bushels, while estimated disappearance would be about 1,225 million bushels. With imports at 8 million bushels, wheat carryover would be reduced a little more than 100 million bushels if exports for 1962-63 were near the 1960-61 level.

2. Hard Red Winter wheat production would remain high enough to provide for domestic needs, for dollar exports, and for nearly 300 million bushels to be exported under special programs.

3. Soft Red Winter wheat production would be large enough to provide for all domestic needs for dollar exports, and a small supply to be shipped under special export programs, or to be added to carryover. However, if growers in Soft Red producing areas were to participate heavily in the voluntary acreage reduction, supplies of that class of wheat could be below the estimate shown in table 1.

TABLE 1.—*Distribution of U.S. wheat production by classes, 1962-63, on the basis of an overall 10 percent mandatory acreage reduction, and with an additional voluntary acreage reduction of 10 percent in hard wheats and a 2½ percent in soft wheats*

[Million bushels]

Item	Total wheat	Hard Red Winter	Soft Red Winter	Hard Red Spring	All Durum	White Spring and Winter
A. Production.....	1,110	615	156	168	24	147
Less feed and seed.....	97	47	28	13	3	6
Available for marketing.....	1,013	568	128	155	21	141
U.S. food use.....	500	207	101	127	22	43
Available for export.....	513	361	27	28	-1	98
B. Estimated dollar exports (wheat and flour).....	150	72	17	27	3	31
C. Production available for special exports.....	363	289	10	1	0	67
D. Estimated July 1, 1961, carryover.....	1,414	1,119	13	235	13	34

A—Allotted acreages by States were reduced by 10 percent with an additional voluntary reduction of 10 percent in hard wheats and 2½ percent in soft wheats. Reductions were made on a State basis for all but 6 States (Missouri, Illinois, Wisconsin, Idaho, Washington, and Utah) in which the reductions were made on hard and soft wheats separately. Allotted acreages were adjusted to a harvested basis and multiplied by the average of the 1959 and 1960 State yields and adjusted to a U.S. average of 26 bushels. Production was distributed by classes on the basis of the percentages of each class grown in each State as reported in "Distribution of Varieties and Classes of Wheat in the United States in 1959."

B—Estimated for wheat and flour separately on the basis of likely takings by importing countries.

4. Hard Red Spring wheat production would be about equal to domestic and dollar export needs. Stocks of this class could be reduced in 1962-63 by the special export program.

5. White wheat production would be high enough to provide nearly 70 million bushels for export under special programs. Supplies of White wheat produced in the Eastern States would be large enough to assure 18 million bushels for domestic use, to provide for the small amount of dollar exports, to make available an amount equal to more than one-third of the crop for special program exports or additions to carryover.

There would be a large amount of western White wheat available for special exports, but perhaps not as much as could be shipped if supplies were larger.

6. Durum production is estimated to be a little less than domestic needs. Continuation of small Durum exports would depend on some further reduction of carryover.

Mr. LATTI. You only have a 1 month's supply of Soft Red Winter wheat anticipated on July 1, 1961, and if you reduce that just 10 percent, will you not reduce this 13 million surplus completely by July 1, 1962?

Mr. SCHNITTKER. No.

Mr. LATTI. Would you not actually have a deficit?

Mr. SCHNITTKER. It would be expected that this 13 million would still be the reserve supply July 1, 1962, with about average expected yields from the 1962 crop year. As you know, Mr. Latta, part of the exports of all classes of wheat each year go under the special programs. The special program shipments of Soft Red Winter might have to be a little bit smaller in a subsequent year than they have been in some past years, if the production was cut very substantially in those areas. But there would not be expected to be any shortage of Soft Red Winter wheat for domestic food use or for the dollar export market, which is a substantial market.

Mr. LATTI. What was the total production of Soft Red Winter wheat last year?

Mr. SCHNITTKER. About 195 million bushels, I believe.

Mr. LATTI. If you reduce that 10 percent, that would be 191½ million.

Mr. SCHNITTKER. Yes.

Mr. LATTI. That would leave you about 6 million bushels short, if you had the same amount for domestic consumption and for export purposes that you had this year.

Mr. SCHNITTKER. It would not leave us short for domestic consumption and dollar exports. Domestic consumption of Soft Red Winter runs about 100 million bushels a year for food and about 28 or 29 for feed—130 million bushels for domestic consumption of all purposes for Soft Red Winter. Estimated dollar exports for the year ahead are around 20 million bushels. We have it listed as 17 million bushels. That figure, certainly, is subject to many revisions between now and a year from now.

So that the total disappearance for domestic uses and for dollar exports in the coming year will be expected to be around 150 to 155 million bushels. If we had a crop, as you indicated, of around 170 million bushels, there would be about something like 20 million bushels available, either to add to the carryover or to export under Public Law 480, and other special export programs.

Mr. LATTI. There has been a lot of concern about this, that they would not have adequate supplies. You are not telling us that you would have adequate supplies?

Mr. SCHNITTKER. The Department of Agriculture is equally concerned there be adequate supplies of all classes of wheat, particularly for the domestic food use, for the dollar export markets, and even for the markets which we reach through the special programs. I think it is safe to say that the Department would not expect and would make every effort to assure adequate supplies for the domestic

market and the cash export market. This bill would not necessarily interfere with those supplies.

Mr. LATTA. That is all. Thank you.

Mr. BELCHER. As I understand it, nearly half of the Soft Red Winter wheat that was produced in the United States last year was subsidized, given away, or for foreign exports.

Mr. SCHNITTKER. More than half of all of the Soft Red Winter produced.

Mr. BELCHER. It was consumed, 95 million was either exported under the export subsidy or under the public law giveaway?

Mr. SCHNITTKER. This does not apply strictly to Soft Red Winter.

Mr. BELCHER. Sir?

Mr. SCHNITTKER. This does not apply strictly to Soft Red Winter.

Mr. BELCHER. I mean, there is about 95 million bushels of Soft Red Winter wheat that was exported under Public Law 480 or under the export subsidy program?

Mr. SCHNITTKER. No. Exports of Soft Red Winter in this current year were about 56 million bushels.

Mr. BELCHER. Fifty-six million under the export subsidy?

Mr. SCHNITTKER. No; 56 million total.

Mr. BELCHER. What?

Mr. SCHNITTKER. Fifty-six million total exports of Soft Red Winter.

Mr. BELCHER. This 56 million would be about 5 or 6 months' supply and yet with only 1 month's supply we either subsidize the export or give away 56 million bushels of Soft Red Winter wheat?

Mr. SCHNITTKER. About half of those exports, as I recall, were under the dollar export program.

Mr. BELCHER. And at 65 cents a bushel on that, is it not?

Mr. SCHNITTKER. That is correct.

Mr. BELCHER. In other words, if wheat were not given away or we quit paying 65 cents a bushel for that, we would have about twice as much production in this country as we consume, if we did not do that?

Mr. SCHNITTKER. That is correct. The Department does take action to help move all of the kinds of wheat into export markets.

Mr. BELCHER. I know you are not responsible for this, that we should continue to give away wheat that we need in this country or we should continue to pay 65 cents a bushel export subsidy on wheat that could be consumed in this country. Is it suggested that we adopt this program?

Mr. SCHNITTKER. I could go back to the answer to Mr. Latta's question and say that the Department is concerned that there be adequate supplies of all of the kinds of wheat that the miller and consumers need in this country and that I doubt if the Department would willfully take action to export wheat, thereby shorting the domestic market.

Mr. BELCHER. You have got 95 million bushels a year to play on there when you are only consuming 100 million bushels of wheat. You have almost a year's supply every year that is above your actual consumption. There would not be any emergency in Soft Red Winter if you are raising about twice as much as you consume.

Mr. SCHNITTKER. Production is about twice domestic food use.

Mr. BELCHER. That is what I mean.

Mr. SCHNITTKER. There is an additional 30 million bushels that is customarily fed or used for seed, so that the domestic use is 130 million, leaving approximately 50 to 70 million bushels for export or for carryover.

Mr. BELCHER. Do you have any estimate of how much of this wheat is actually fed to livestock?

Mr. SCHNITTKER. Probably about 20 million bushels, since about 7 or 8 million is required for seed.

Mr. BELCHER. Is there such a shortage of feed that the farmers will feed it to livestock rather than feed grain—is there such a thing?

Mr. SCHNITTKER. I think it would be likely if the shortage were threatened in this kind and class of wheat, and if the price rose as a result, less would be fed, and some wheat which would normally have been fed would be put on the market.

Mr. BELCHER. There is not a high percentage of Hard Red Winter wheat fed to the livestock?

Mr. SCHNITTKER. No, sir; this is related to the area of the country and there is more livestock production, particularly poultry, in the areas where Soft wheat is produced.

Mr. BELCHER. That is all.

Mr. BREEDING. I would like to ask one more question.

It has to do with payment on the retired land, on this mandatory cut. Instead of payment being made on this acreage at 50 percent of the value of the normal production, would it not be on the average production of wheat in 1959-60? Then the voluntary participation will the Government have to pay 60 percent of the value of 1959-60? Is it to be sold on the cash market or do you get support price?

Mr. SCHNITTKER. There may be a difference in the language. I do not believe there is any difference in this intent. It was not our understanding there was any difference in the intent.

Mr. BREEDING. In other words, you give him 60 percent of the amount, you give him the value in dollars and cents about 60 percent of the value of the wheat that he has been raising in those 2 years?

Mr. SCHNITTKER. Yes, at the support price in both cases.

Mr. BREEDING. Do you establish bushelage for those 2 years? Do you take his actual production, county average, or how?

Mr. SCHNITTKER. It is taken from the committee print, page 8, beginning on line 16, where it is stated:

The adjusted yield per acre of wheat for the farm shall be determined by the Secretary on the basis of the adjusted county average yield per acre for the 1959 and 1960 crops.

Mr. BREEDING. In other words, the program you would have this year on the sign up would be based on 1959-60 production?

Mr. SCHNITTKER. Yes.

Mr. BREEDING. In regard to buselage and in regard to acreage?

Mr. SCHNITTKER. There should be no question, no problem of acreage in the wheat case or a very small problem, because there are good acreage records.

There are, also, better records of wheat production and sales than exist for feed grain. There is, also 1 year's experience in administering this for the feed grain program. And it is the Department's feeling that this method would be suitable for use in the wheat program.

Mr. BREEDING. I noticed that the producer will have the opportunity to appeal if he is not satisfied with what the county committee gives him. If he has proof that he produced that many bushels, you will give him that bushelage.

Mr. JAENKE. That is correct. Any farmer who feels that he is not getting what he actually deserves has an opportunity to prove his production and we will accept it if he can prove it.

Mr. BREEDING. Would you state again what that proof must be?

Mr. JAENKE. It varies. In the feed grain program we said that the proof must be satisfactory to the county committee—warehouse receipts, sales receipts. If he had the entire production record on his farm, he could prove this or use any way to satisfy his neighbors on the county committee that he has got so much production of provable yield. That is the procedure we have been following. We cannot set up rules and regulations from Washington to determine that.

Mr. BREEDING. Is this decision left up to the county committee?

Mr. JAENKE. The county committee makes the decision on the basis of the proof, yes, sir.

Mr. BREEDING. That is all.

Mr. ALBERT. What is the purpose of making the payment either in cash or in kind? Why is that?

Mr. SCHNITTKER. I believe it would be the intention of the Department to make the payment primarily in cash. There might be the possibility that some growers would like to take wheat. Therefore, it was suggested that this opportunity be left available so that producers could take wheat, if they wanted it.

Mr. ALBERT. Would the option be with the grower or with the Secretary, provided wheat was available in the area?

Mr. JAENKE. We would intend that the producer have the option, as Mr. Schnittker stated. The purpose is to provide greater flexibility. In the case of Soft Red Winter wheat, the producer might prefer to take the grain rather than the payment. The Secretary, of course, would retain the opportunity—in the case of someone requesting grain in an area where there was no grain and where we would be forced to ship it in—to deny that particular case. But, as a general rule, the other way would maintain.

Mr. POAGE. Could you tell us just what is the present price of Soft Red Winter wheat? The market price.

Mr. SCHNITTKER. I do not have it with me.

Mr. POAGE. Could you tell us what the market price is of Hard Winter wheat?

Mr. SCHNITTKER. I cannot.

Mr. POAGE. There seems to be an assumption of shortage in Soft Red Winter wheat. I am wondering if that assumption is correct.

Unless it is selling for more than Hard Red Winter wheat, I cannot see how it can be in short supply. How can we have a shortage of one type of wheat and surplus in another and have the two types selling at the same price? Do they sell at close to the same price?

Mr. SCHNITTKER. They often do or they tend to move along at nearly the same price. They shift positions, relative positions to each other sometimes within reason or between seasons. There is not presently generally thought to be a shortage of soft wheat in the domestic market. The Congressman's questions, I believe, referred to a potential shortage in future years.

Mr. POAGE. It was pointed out we had 20 million bushels surplus of this soft wheat which is said to be so essential to our welfare. Obviously, you cannot feed wheat at prices anything like the support price, can you?

Mr. SCHNITTNER. Not readily, sir.

Mr. POAGE. How were they able to feed this 20 million bushels? The support price on it averaged, in that area, about \$1.90.

Mr. BELCHER. There is none on Soft Red Winter wheat. It is raised on the 15-acre exemptions. They have to feed it.

Mr. POAGE. How does Soft Red Winter wheat move into the market? Where does it move into the market, anyhow?

Mr. JAENKE. Generally, it is produced in States east of the Mississippi.

Mr. POAGE. Yes.

Mr. JAENKE. Also it is generally produced on the farms utilizing the 15-acre exemptions. Therefore, much of it is not eligible for price supports.

Mr. POAGE. All right. How does it move into the market, at what price?

Mr. JAENKE. It varies by location as well as time of season.

Mr. POAGE. I think it is of tremendous importance to know at what price that is moving into the market.

Mr. SCHNITTKER. We can furnish that for the record. I have here figures on the comparative prices of No. 2 Soft Red Winter at Toledo, which is a major market for that kind of wheat. On April 13, 1961, \$1.83 to \$1.90; April 20, 1961, \$1.84 to \$1.85.

In the same 2 weeks, No. 2 Hard Red Winter at Kansas City was \$1.98 to \$1.99, and \$1.98, respectively.

Mr. POAGE. The Hard Red Winter was about the same as the Soft Red?

Mr. SCHNITTKER. It was at major markets at that particular time.

Mr. POAGE. All right. At Toledo it had a freight advantage over Kansas City, too, did it not?

Mr. SCHNITTKER. One year earlier the prices were almost exactly the same for No. 2 soft in Toledo and No. 2 hard in Kansas City.

Mr. POAGE. And Toledo is on deep water, is it not?

Mr. SCHNITTKER. Yes, it is.

Mr. POAGE. So that from Toledo you can move this wheat to other parts of the world. From Kansas City you have to haul it a distance before you get to deep water, do you not? You have the freight rate of about 20 cents—it is of that order—it is about 20 cents from Kansas City to Houston—you have that differential before you get to deep water.

In other words, even though they are bringing the same on the same date at the market, there is about 20 cents differential in favor of the Soft Red, because you have to count off that freight rate.

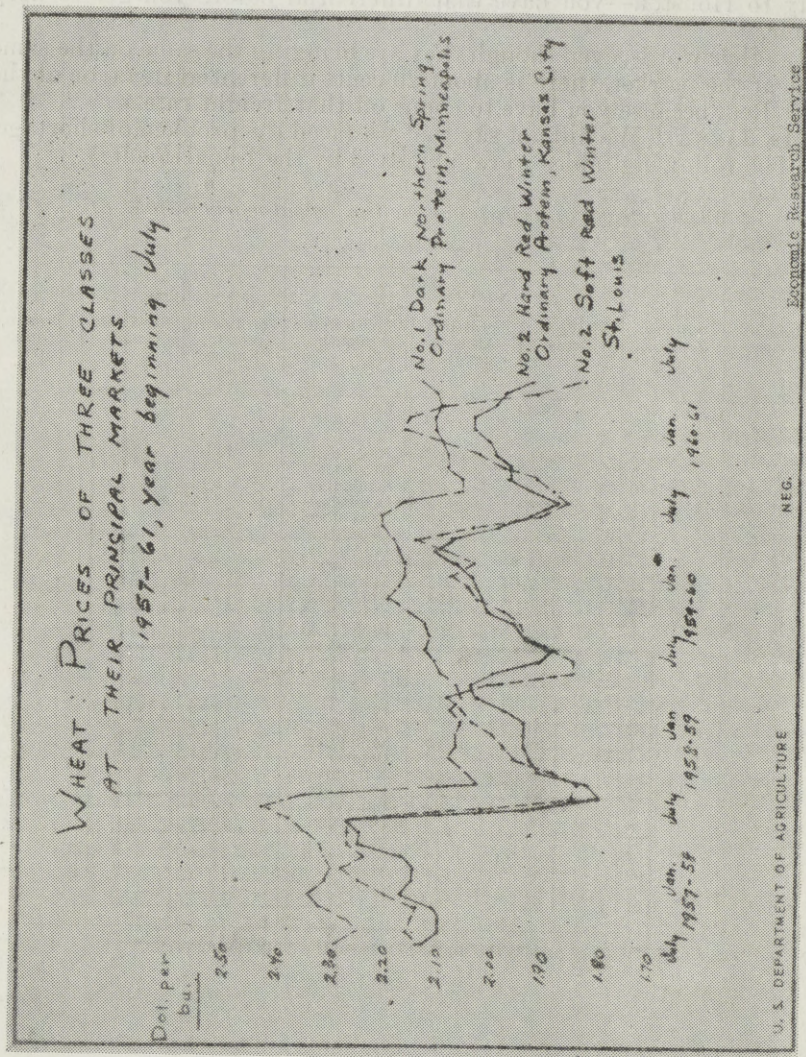
Mr. JAENKE. We did not say that we faced the problem of shortage. (The following tables were submitted by the Department:)

Wheat: Prices of 3 classes at their principal markets, 1957-61

[Cost per bushel]

Year and month	No. 2 HRW ordinary protein, Kansas City	No. 2 SRW, St. Louis	No. 1 DNS ordinary protein, Minneapolis	Year and month	No. 2 HRW ordinary protein, Kansas City	No. 3 SRW, St. Louis	No. 1 DNS ordinary protein, Minneapolis
<i>1957-58</i>				<i>1959-60</i>			
July.....	\$2.13	\$2.14	\$2.29	July.....	\$1.89	\$1.89	\$2.13
August.....	2.10	2.16	2.25	August.....	1.94	1.94	2.12
September....	2.10	2.15	2.27	September....	1.96	1.95	2.13
October.....	2.11	2.14	2.32	October.....	2.01	1.98	2.16
November.....	2.17	2.20	2.34	November.....	2.02	2.03	2.20
December.....	2.15	2.25	2.31	December.....	2.03	2.05	2.18
January.....	2.15	2.28	2.30	January.....	2.04	2.08	2.17
February.....	2.17	2.24	2.31	February.....	2.07	2.04	2.17
March.....	2.25	2.27	2.32	March.....	2.11	2.09	2.18
April.....	2.25	2.27	2.35	April.....	2.08	2.15	2.19
May.....	2.27	2.27	2.38	May.....	1.99	2.04	2.21
June.....	1.94	2.02	2.43	June.....	1.93	1.91	2.21
Average.....	2.15	2.20	2.32	Average.....	2.01	2.01	2.17
<i>1958-59</i>				<i>1960-61</i>			
July.....	1.80	1.85	2.35	July.....	1.88	1.86	2.17
August.....	1.82	1.84	2.03	August.....	1.93	1.89	2.06
September....	1.91	1.89	2.05	September....	1.97	1.92	2.06
October.....	1.93	1.96	2.08	October.....	1.97	1.98	2.09
November.....	1.94	1.98	2.07	November.....	2.00	2.03	2.09
December.....	1.94	2.00	2.07	December.....	2.01	2.10	2.10
January.....	1.94	2.06	2.06	January.....	2.04	2.17	2.11
February.....	1.98	2.04	2.08	February.....	2.04	2.16	2.11
March.....	2.03	2.09	2.06	March.....	2.00	2.10	2.10
April.....	2.04	2.01	2.07	April.....	1.98	1.92	2.11
May.....	2.00	1.85	2.10	May.....	1.93	1.83	2.14
June.....	1.91	1.85	2.11	Average.....			
Average.....	1.94	1.95	2.09				

NOTE.—The monthly average price is the simple average of the daily closing prices.



Mr. POAGE. It seems right clear to me there is not anything like a shortage of Soft Red Winter wheat.

Mr. LATTA. That is the gentleman's opinion.

Mr. ALBERT. There is testimony in the record at least twice, Mr. Poage, over the last 2 or 3 years that there never would have been a shortage if we had quit disposing of it under Public Law 480.

There is plenty of testimony to that effect both by the Department of Agriculture and from representatives of the industry.

Mr. POAGE. Another thing, are we selling all of this wheat at the same price on these giveaway programs? When we move wheat under Public Law 480, do we give anybody the choice of the type of wheat they want and let them have it at the same price?

Mr. SCHNITTKER. I am not sure of the exact procedure under that. I do know some countries make choices of certain kinds.

Mr. POAGE. They agree to take soft wheat.

Mr. SCHNITTKER. Yes, they do.

Mr. POAGE. The Western countries generally want Red wheat.

Mr. SCHNITTKER. That is right. There are instances where those countries have taken hard wheat when they might have preferred soft, but they would take the substitute class of wheat at a slight price discount.

Mr. POAGE. Do we charge more for Soft White wheat than we charge for Hard Red wheat?

Could we charge more for it? We pay more for it. Under the 480 programs.

Mr. SCHNITTKER. I cannot answer that question.

Mr. JAENKE. I believe there is a slight differential.

Mr. POAGE. Normally, the domestic market pays more for Hard Red wheat than they pay for Soft White wheat; do they not?

Mr. JAENKE. Based on the figures from last year, that would be true.

Mr. POAGE. I am talking about the price of Hard Red now. I am not talking about the Soft Red Winter. I am talking about the prices in the Northwest. Hard Red Winter wheat normally brings more in the United States—I am talking about the domestic market—than Soft White wheat; is that not right?

Mr. JAENKE. According to the same figures, April 13 and 20 of 1961, the price for Soft White No. 1 at Portland was \$2.02, and at Kansas City for Hard Red Winter No. 2, it was \$2.07.

Mr. POAGE. And, of course, at Portland you have the market for that particular wheat. You have a big freight differential there. That has to be added on because you have already got that to the deep water for moving to the Orient.

I am trying to find out actually if you sell them to foreigners all at the same price?

Mr. SCHNITTKER. I think the answer is "No," but we would be glad to get that for the record.

(The Department submitted the following information:)

PRICING OF WHEAT EXPORTED UNDER SPECIAL PROGRAMS

It has been the policy of the Department of Agriculture to use commercial trade facilities to the maximum extent practicable in the movement of surplus commodities under special programs such as Public Law 480. CCC stocks of wheat are available to the private trade for export through the redemption of

payment-in-kind certificates or through purchase for cash at the unrestricted use price.

The bulk of the wheat moved under special programs is handled by the commercial trade with the wheat secured from either free stocks or CCC under the payment-in-kind program. Exports of wheat under titles I and IV of Public Law 480 and section 402 of Public Law 665, the Mutual Security Act, are handled entirely by the commercial trade. Under each of these programs, following the conclusion of an agreement, authorizations to purchase commodities are issued to the recipient country. This authorization enables the country, through its own agents, to purchase U.S. wheat in the domestic market at prevailing market prices. The price of the wheat reflects the current subsidy so that in effect the sale is at the world market price. In accordance with the agreement, the U.S. Department of Agriculture or ICA in the case of section 402, Public Law 665, finances the purchases upon receipt of proof of export.

There are four other special programs in which wheat direct from CCC stocks, or, if flour, purchased in the domestic market by CCC, are utilized. Two of these are sales programs and two are donation programs.

Wheat movement under the barter provisions of title III, Public Law 480 is provided by law from CCC stocks to barter contractors at prevailing net prices at U.S. ports. The price includes an allowance equal to the export payment made on wheat moving through commercial channels. The CCC sales for credit, also from CCC stocks, are similar in pricing to the barter program.

The remaining two programs involving direct utilization of CCC stocks of wheat are the donations to meet emergency situations in foreign countries under title II of Public Law 480 and donations to international relief agencies under title III of Public Law 480. Flour donated under both programs is procured by CCC in the domestic market. Neither program involves special pricing of the wheat.

Mr. POAGE. All right. One other question, if I may, Mr. Chairman. I do not believe I understood just how this 10-percent mandatory production is going to work. I fully agree that you have got to have that much reduction in wheat if you are going to have a program. If we hold the referendum under the existing law, as the existing law requires, it will be held next month.

Mr. JAENKE. It has to be held prior to July 25 under existing law.

Mr. POAGE. And it must be a referendum under existing law on which the minimum you can include is 55 million acres.

Mr. JAENKE. Yes.

Mr. POAGE. Consequently, if you would go ahead, if you held the referendum under the existing law, it would give, it would seem to me, the right to anybody who wanted to, to grow on the 55-million-acre basis. Can you hold the referendum in July under the existing law and still come along and put a mandatory cut in a later bill?

Mr. BAGWELL. I think that the Congress could so provide in the law—that you could.

Mr. POAGE. Maybe we can do it constitutionally, but as a practical matter, would the Department care to live with it?

Mr. ALBERT. You could by resolution.

Mr. BAGWELL. That is right.

Mr. POAGE. We could, probably, do it by resolution. I want to get it clear. We do not contemplate holding the referendum on 55 million acres and then later passing a law that it is 49.5?

Mr. JAENKE. No, sir.

Mr. BAGWELL. Our recommendation is that the referendum date be changed; one year it was as late, I believe, as August 15.

Mr. POAGE. I can understand that. That probably would work.

I wonder about one other matter in that connection. Would it be feasible in this bill to provide for 10-percent reduction in the minimum,

which is the 55 million now, cut down to 49½ million—leaving the support price right where it is at \$1.78 and then providing these who would make a cut from that base would get the higher price but that the man who did not make any cuts from 49.5—

Mr. ALBERT. You mean 55.

Mr. POAGE. I mean 49.5. In other words, you would write in here what would be in effect a 10-percent cut on your minimum base, if the referendum would be on the 49.5, and guaranteeing the same support prices that you now have, and then offer to anybody who wants to make further cuts the opportunity to get \$2.04, or to make it some other figure if you want to; in other words, we know we must get a substantial cut. Ten percent would not be enough to give you balance. You will have to get another cut in addition to that; so if you then indicated that a man who might like to cut below that figure and receive payment for retiring his land and receive a higher support price—if he made further cuts. What about that?

Mr. JAENKE. This gets back to a question that the chairman asked before.

Mr. POAGE. I think it does.

Mr. JAENKE. The two-price system.

Mr. POAGE. I think it gets to the same question and to the one Mr. Breeding asked.

Mr. JAENKE. It depends upon how much participation you have in the lower price support group. The market will fluctuate somewhere in between the two levels, and this means that all wheat at the higher price level would then come into CCC hands automatically. It would provide a price umbrella anyhow.

Mr. POAGE. It all comes to that anyhow.

Mr. JAENKE. It would provide a price umbrella over those who were not contributing further to reducing the surplus than was mandatory. We believe it is more desirable for all wheat producers to reduce by a smaller amount.

Mr. ALBERT. As under the feed grain program, give the Secretary the authority to sell it at a certain price. I do not know whether it would be desirable, but that would be one way of doing it, as under the feed grain bill.

Mr. POAGE. You can sell it at the world market if you want to. And the world market is what? About \$1.45—less than that?

Mr. SCHNITTKER. About \$1.25.

Mr. JAENKE. You have a different situation, of course, from a voluntary program. We had no allotments or quotas in the case of feed grains. Here you have a mandatory program if approved by producers. We think this makes for an entirely different set of circumstances. To try to adapt the feed grain program to wheat might result in numerous complications.

Mr. POAGE. One more thing. I hope that there will be some very clear language in this part—I would hope, probably in this bill, that any man should be entitled to participate on the basis of all he could prove of both acres and production. I know it has been stated time and time again, but no matter how many times you state it, no matter how many times the county committee is told, some of them will say they are not going to give credit unless their records show it. It seems to me that it would be very helpful if we would put in here

wording as in the feed grain section to the effect that no matter what this county record shows, no matter what the county average is, if the man can prove by satisfactory proof that he grew it, that he is entitled to all the history he can prove.

Mr. ALBERT. The wheat picture is much better than the feed grain picture. The only place where that would have any real application is to the 15 acre. The rest of them are all well known and proved and already set up on the books. And if they planted over, they got certain penalties; if they planted under, there were none.

Mr. POAGE. That would be on the production basis. Acreage is there. I have no question about his acreage. It is the production that needs to be made very clear.

Thank you very much. I appreciate the opportunity.

Mr. ALBERT. Mr. Stubblefield?

Mr. STUBBLEFIELD. I do not have any questions.

Mr. ALBERT. Mr. Hagen.

Mr. HAGEN. Do you contemplate raising the price support on wheat?

Mr. JAENKE. As I indicated earlier, sir, there is no specific determination at this point of a specific figure, but we would anticipate a modest increase; yes.

Mr. HAGEN. Do you not think it is high enough now?

Mr. JAENKE. Obviously, we do not.

Mr. HAGEN. That is a disputed question.

In making these payments, do you recognize or do you make a differential in the amount of payments for a bushel, which recognizes distinctive differences in the value of different varieties of wheat?

I am thinking of Durum wheat. If the man grows Durum and reduces 10 percent on the same acreage and bushelage, should he not receive a higher payment per bushel than the man who is just producing Soft Red or Hard Winter?

Mr. JAENKE. The payments are based on his yield. The same rate applies to either one; if his yields are higher, then he gets a higher payment.

Mr. HAGEN. As I understand it, there are not enough differentials in price support to produce wheat that is in demand. Rather, the wheat planted is the wheat producing the most bushels per acre. A man who retires the same number of bushels of Durum should get a bigger payment than the man who retires the same bushelage of one of these cheaper grades of wheat. Would it do that under this bill?

Mr. JAENKE. The payments would be based at 50 percent in the case of the 10-percent requirement and 60 percent of his normal yield on the balance.

Mr. HAGEN. Do you consider the variety of wheat he has been growing—that is what I am asking about—in determining the payments?

Mr. JAENKE. No. Except as the market price reflects that. The same applies to all wheat.

Mr. HAGEN. In other words, every grower across the country, regardless of the type grown, is going to get exactly the same payment for the same bushel of wheat as every other grower even though he has been growing a premium variety, we will say, pricewise?

Mr. JAENKE. That is correct.

Mr. HAGEN. Do you think that is equitable?

Mr. JAENKE. It is based on the support price. And insofar as support price reflects any differences in the value of this wheat, this factor is taken into consideration.

Mr. HAGEN. I understand one of the problems of the wheat program is that the support prices have not accurately reflected these differentials in price or the demand for good wheat. That has been one of the problems of the program. I have some grown in my district in California. We have some Durum wheat growers, as they have in North Dakota. It is very high quality and is used for very special purposes. And I think they should be entitled to receive more per bushel if they are to be compelled to reduce 10 percent of the acres they grow.

Mr. LATTA. You have given the figures in the 55 million acres for Soft Red Winter wheat. Will you give us the figures for the total export of Hard Red Winter wheat, and, also, of Hard Red Spring?

Mr. SCHNITTKER. The estimated total exports in this crop year of Hard Red Winter is 391 million bushels.

Mr. LATTA. 391 million bushels?

Mr. SCHNITTKER. Yes, sir.

Mr. LATTA. How many for Hard Red?

Mr. SCHNITTKER. Hard Red Spring, 40 million bushels.

Mr. LATTA. How much?

Mr. SCHNITTKER. 40 million bushels.

Mr. LATTA. And how much on White?

Mr. SCHNITTKER. 133 million bushels of White.

Mr. LATTA. Exported?

Mr. SCHNITTKER. Exported.

Mr. LATTA. And 391 million bushels of Hard Red Winter and 40 million of Hard and 30 million of White were all under the export subsidy that Mr. Belcher mentioned for Soft Red Spring?

Mr. SCHNITTKER. If there is any exception to it, it is a very minor one. These shipments are all under—

Mr. LATTA. You say they all got the same?

Mr. SCHNITTKER (continuing). Under the subsidy program and under Public Law 480 and other programs. Yes, sir.

Mr. LATTA. The subsidy and the export subsidy that is given for Soft Red Winter would apply, also, to the 391 million bushels subsidy that we give to Hard Red Winter?

Mr. SCHNITTKER. The classes of wheat are treated in somewhat the same manner under the export program.

Mr. LATTA. Originally, you were permitting the farmers to take out up to 20 acres. As I understand this bill, the way it is now, you are not permitting them to take out up to 20 acres.

Mr. SCHNITTKER. There was an early draft which included a 20-acre provision comparable to the feed grain program.

Mr. LATTA. Why did you change that? Why not permit these small farmers to take out all of their production?

Mr. SCHNITTKER. This was deleted in the committee print. As I understand it, the primary reason for the deletion was to avoid the possibility of large numbers of small growers, particularly in the soft wheat belt, from retiring all of their acreage, thereby increasing the possibilities of a shortage of soft wheat.

Mr. LATTA. Actually, though, you are making it almost impossible from a dollars-and-cents standpoint for these small farmers to participate in this program; when you get down to around 8 acres, the farmer is not going to take the trouble to mess around with this acreage. He will stay outside of the program, whereas if you gave him the opportunity to take all of it out, he would probably participate.

Mr. JAENKE. The only limitation that applies to him is the mandatory 10-percent provision of this draft which has a top limit of 13.5 acres. Then, as you say, the voluntary portion would apply.

Mr. LATTA. Well, actually, except for the mandatory portion, you almost make it impossible for him to comply from a dollars-and-cents standpoint.

Mr. JAENKE. I would certainly agree that many would not go beyond the 10 percent.

Mr. LATTA. He is not going to fool around with 8 acres.

Mr. JAENKE. There is a tendency toward that, yes.

Mr. LATTA. Why not permit this farmer to take his 15 acres out or 20 acres, or whatever figure you arrive at, like you do in the feed grains?

Mr. JAENKE. As Mr. Schnittker presented, we could then have a situation where we did have a short supply in the case of soft wheat, if, as you obviously expect, there would be considerable people who might do this. It could reduce production sizably.

Mr. LATTA. Are you not refuting your own arguments, and the argument that Mr. Poage makes, that there would not be a deficit in Soft Red Winter wheat in 1962?

Mr. JAENKE. It is an unknown factor. With such a provision, there could be a thousand different estimates as to how many people would take advantage of it and would take their entire production, the entire 13½ acres, out.

Mr. LATTA. I thought that what you actually wanted to do was to get the surplus cut down, and now we are talking about the possibility of a shortage. Once these farmers have to participate, I think you ought to make it possible from an economic standpoint for them to do so all the way. They will not participate when it comes down to 8 acres, they will not oil up the machinery and take it out there for this production.

Mr. JAENKE. The 10-percent, across-the-board mandatory cut of this program, we think, would result in a good balance in the case of the soft wheat and have a desirable effect in the case of all wheats. So we are accomplishing the objective that you indicate.

Mr. LATTA. You have only a 1-year planting here.

Mr. JAENKE. Yes.

Mr. LATTA. And you have got 56 million bushels that you will export in the next year. Certainly, if you cut out all exports, you will not have much difficulty but this certainly would be detrimental to the producers of Soft Red Winter wheat.

Mr. JAENKE. On that assumption that you make, with no exports whatsoever, there would be enough.

Mr. LATTA. There would be no shortage?

Mr. SCHNITTKER. If you were to cut out all exports of Soft Red Winter, you could, probably, arrange a 25- or 30-percent cut in the production and have enough wheat produced for domestic use.

Mr. LATTA. Thank you.

Mr. ALBERT. I want to bring this to a close.

Everybody has had at least one opportunity to ask questions.

Mr. DOLE. What do they plan to do with the diverted acres? What does this bill provide can be done with the diverted acres?

Mr. SCHNITTKER. They would have to be put into the conservation use approved by the Secretary. This would vary a great deal by areas and it would be very limited in your area of the country. I am not prepared to say what it would be under wheat, but I judge it would be similar to those practices which have been approved under the feed grain programs, including summer fallow.

Mr. JAENKE. It would not be eligible for soil-depleting crops.

Mr. SCHNITTKER. It could be fallowed or planted to some cover crop for the 1-year period.

Mr. DOLE. We receive many inquiries on that, and I believe a letter from the Department should be included in the record in answer to some of these questions.

Mr. JAENKE. In the feed grain program, the law says that sesame, sunflower, safflower, and castor beans can be grown.

Mr. DOLE. Will you recommend something like that whether or not the bill states you can plant these three crops?

Mr. JAENKE. Yes.

Mr. DOLE. Are there any limits as to the amount of money he can receive under this program, \$50,000 or \$100,000?

Mr. JAENKE. There is none provided in this committee draft.

Mr. DOLE. Would there be any objection on behalf of the administration to stating that the most you can retire is 40 percent of that?

Mr. JAENKE. That is correct.

Mr. DOLE. Would there be any objection by the administration to have a provision where a farmer now under some conservation reserve program could include the rest of his allotment in some similar type of program at a reduced price?

Mr. JAENKE. The conservation reserve program has expired.

Mr. DOLE. I am talking about some amendments to this bill whereby we could include some provision for retirement of additional acreage at a lesser price.

Mr. JAENKE. I think we would want to take a careful look at that. The problems of getting into a whole farm diversion program are well known. And before I would comment on it, I would appreciate an opportunity to give more thought to it and have our people analyze it.

Mr. DOLE. I know it is a substantial question. I have been home a couple of times recently and there is considerable feeling if we go down to 40 percent, a lot of them might go all the way in if the law provided some reduced payment. With reference to payment in kind for the 30 percent, is this not a way to avoid what we refer to as compensatory payments?

Mr. SCHNITTKER. The payments on the land diverted are to replace the income which would have been earned from wheat produced on that acreage. It would contribute to income when wheat is not produced on the acres.

Mr. JAENKE. They are diversion payments.

Mr. DOLE. It is an indirect way to make compensatory payments, is it not?

Mr. JAENKE. I would not consider them as such.

Mr. DOLE. Just one other question. This is just another phase. As to the base history of 1960, why do you use that?

Mr. SCHNITTKER. Only for purposes of limiting the plantings under the 15-acre exemptions. The history for purpose of payment is 1959-60.

Mr. ALBERT. Mr. Jennings?

Mr. JENNINGS. Would you have any objection in paragraph 4 to have it read:

Provide that producers could further reduce their wheat acreage and the acreage devoted to nonconserving uses, by an average up to 30 percent of their wheat allotment or acreage or 15 acres, whichever is greater?

Mr. SCHNITTKER. Mr. Jennings, this relates to the question discussed a moment ago with Congressman Latta.

Mr. JENNINGS. This is a direct question.

Mr. SCHNITTKER. The Department would have to reconsider what the effect of that kind of a provision would be, particularly on several different classes.

Mr. JENNINGS. Would you reconsider it?

Mr. JAENKE. Yes.

Mr. SHORT. I would like to ask the Department provide for the record a table that would show the amount of the various varieties of wheat that have been in CCC stocks during the past 10 years. I think you have that table.

Mr. JAENKE. Yes.

Mr. SCHNITTKER. Because of the discussion on classes of wheat by use, we would like to ask permission to insert in the record estimates of production and utilization of classes of wheat under the proposed program.

Mr. ALBERT. Without objection it is so ordered.

(The information follows:)

NOTES ON AUTHORIZING WHEAT PRODUCERS TO DIVERT TO CONSERVATION USES THE GREATER OF 15 ACRES OR 40 PERCENT OF THEIR FARM ACREAGE ALLOTMENT IN 1962

In 1960, about 735,000 producers planted 7.8 million acres harvesting about 225 million bushels of wheat on farms with 15 acres of wheat or less. About two-thirds of this acreage and production was exempt from marketing quotas.

Slightly more than half the wheat produced on farms with less than 15 acres of wheat is either Eastern White or Soft Red Winter wheat, primarily the latter. It is estimated that if Soft Red Winter wheat acreage were to be reduced in 1962 by more than 20 percent, there would be some danger that the 1962 crop would not fully provide for normal domestic use and dollar exports of 150 to 160 million bushels.

If producers with 15-acres or less were permitted to divert their total acreage of wheat to conservation uses in 1962, approximately 75 percent of the wheat acreage in Ohio, Indiana, Illinois, Michigan, and New York, the States producing most of the Soft Red Winter and Eastern White Wheat would be eligible for diversion, and a large part of that acreage would probably be diverted.

In order to avoid the possibility of an extremely high diversion in soft wheat areas, it is recommended that growers not be authorized to divert their entire wheat acreage in cases where such acreage does not exceed 15 acres.

Wheat, by classes: CCC-owned stocks, July 1, 1956-60

[In millions of bushels]

Year	From operating reports								Total from fiscal reports
	Hard wheat	Hard Spring	Soft Winter	Durum and Red Durum	White	Mixed	Balancing item ¹	Total	
1956-----	669.6	148.9	11.8	.3	126.6	4.6	-----	961.8	950.7
1957-----	624.5	158.2	2.9	4.1	36.9	2.3	+1.5	830.4	823.9
1958-----	596.4	173.9	4.5	16.9	30.8	2.4	+3.4	828.3	834.9
1959-----	867.1	187.6	7.8	11.3	57.2	1.9	+1.7	1,134.6	1,146.6
1960-----	931.6	181.9	2.0	9.1	64.4	1.7	+8.7	1,199.4	1,195.4

¹ Balancing item to bring amount reported by classes in line with the total operating inventory.

Compiled from reports of Grain Division, Commodity Stabilization Service.

Mr. ALBERT. Mrs. May.

Mrs. MAY. I would like to tell the committee and the witnesses here that I have received a telegram from our Washington Wheat Association this morning stating that they are opposed to the 1962 wheat plan for compulsory acreage reduction. This is the Pacific Northwest area we have been talking about. Compulsory reduction hurts this Soft White wheat area because we already have a 50-percent mandatory reduction under the necessity to summer fallow. And there are other reasons I will not take time to go into.

I have had several phone calls from wheat association members protesting this bill. Very briefly, I think we ought to have the information, if you have the information, to give us reasons we could give our people out there as to why this plan would have any advantage for the Pacific Northwest wheat farmer in their particular situation. What is the advantage from this program as compared to other programs we have had proposed.

Mr. JAENKE. Mr. Schnittker has some examples on typical farms in the Columbia Basin area.

Mrs. MAY. That is an irrigated area. I am talking about the other area which is the part of my district which is summer fallow. In this area a farmer owning 100 acres has to take out 50 acres for 1 or 2 years just for cover crops for moisture conserving purposes. This plan calling for a mandatory 10-percent cut means actually a 60-percent cut to these growers.

Mr. JAENKE. We would be most happy to work it out. In general, he would be benefited by any increase in the price support rate. His net income, according to our estimates, depending on the area would be increased somewhere between 10 and 20 percent.

Mrs. MAY. That is all.

Comparison of 1961 wheat program and the proposed 1962 wheat program on wheat-fallow farms in the Pacific Northwest under 2 alternative programs for 1962

1961 PROGRAM CONTINUED IN 1962

	Acres	Yield	Production	Price	Value
		<i>Bushels</i>	<i>Bushels</i>		
Land in farm.....	1,360				
Cropland.....	978				
Fallow.....	448				
Wheat on fallow.....	294	32.0	9,408	\$1.74	\$16,370
Barley on fallow.....	120	38.0	4,560	1.06	4,834
Gross income.....					21,204

PROPOSED PROGRAM FOR 1962

Land in farm.....	1,360				
Cropland.....	978				
Fallow.....	478				
Wheat on fallow.....	264	32.0	8,448	\$1.95	\$16,474
Barley on fallow.....	120	38.0	4,560	1.06	4,834
Income from Government program:					
Proposed wheat program.....	30	28.2	846	.98	829
Savings in costs.....	30			14.75	442
Gross income plus savings in costs.....					22,579
Additional net income with 1962 program.....					1,375

Mr. ALBERT. Thank you, gentlemen, for the testimony.

Mr. JAENKE. Thank you.

Mr. ALBERT. Tomorrow the committee will hear the farm organizations.

Mr. Fred H. Mewhinney, Washington representative of the Millers' National Federation, desires to file a statement for the record. Without objection that permission will be given.

(The statement follows:)

STATEMENT OF MILLERS' NATIONAL FEDERATION, JUNE 14, 1961

This statement is prepared on behalf of the Millers' National Federation, the members of which produce approximately 90 percent of the wheat flour produced in the United States.

The purpose of this statement is to urge that any crop adjustment or marketing control programs proposed or put into effect with respect to wheat take into account and give full consideration to the relative supplies and usages of the various classes and qualities of wheat.

The first fact to which we wish to call attention is that wheat is not just wheat. There are many classes and qualities of wheat produced and consumed in the United States. In order to produce the kinds of flour demanded by the bakers, cracker and cookie manufacturers, housewives, and other users of wheat flour in the United States, the mills of this country require wheats with specific quality characteristics and there are definite limits to the extent to which wheats of the various classes and qualities may be substituted for each other in meeting these requirements.

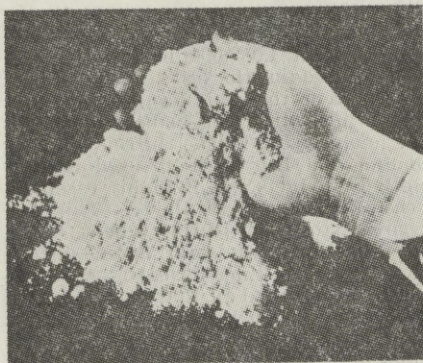
In this connection, we are attaching hereto a reprint of "The Classes of Flour," taken from a publication of our Wheat Flour Institute, "From Wheat to Flour." Although this is rather elementary in its approach, we believe it clearly shows that each of these wheats is absolutely essential if we are to continue to provide the consumer with a wide variety of economical, quality cereal products.

CLASSES OF FLOUR

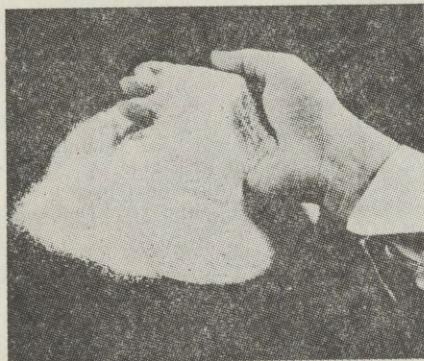
Flours may be grouped according to two classes:

1. The kinds of wheat from which the flours are milled:

- Durum wheat
- Hard wheat
- Soft wheat
- Combinations or blends of hard and soft wheats



Fine white flour ready to be used in baking



Macaroni flour ready for use in the manufacture of macaroni, spaghetti and noodles

2. The use for which the flours are milled:

- **Macaroni flours**—those milled especially for making macaroni, spaghetti and noodles. The best macaroni flours are milled from durum wheat, which is high in protein. Some macaroni manufacturers blend durum wheat flour with other flours which are high in protein. Good macaroni flours are creamy or amber in color and are more granular than bread flour.
- **Bread flours**—those milled primarily for bakers. Bread flours may be made from either hard spring or hard winter wheat, or a combination of the two. They are fairly high in protein and somewhat granular to touch. Bread flours make good yeast breads.
- **All-purpose, general purpose or family flours**—those which are of most importance to the homemaker. These flours are blended so as to give satisfactory results for all general household cooking. In areas where hard wheat is grown, this type of flour is usually milled from hard wheats. In soft wheat producing areas, all-purpose or family flour is usually milled from soft wheats. Or, the flour may be a blend of both hard and soft wheats. Although all-purpose flour is lower in protein than bread flours, it contains enough protein to make good yeast breads, in addition to quick-type breads.
- **Pastry flours**—those milled especially for making pastry and used chiefly by the baker. Pastry flours are usually milled from soft wheats. These flours are quite low in protein and are finely milled though not as finely as cake flour.
- **Cake flours**—most finely ground of all flours. They are milled for making the lightest cakes. Cake flours are milled from soft wheats and are short patents, representing the most highly refined flour streams of the mill. The protein content is low.

Reprinted from WHEAT TO FLOUR published by the Wheat Flour Institute, Chicago 6

The second fact to which we wish to call attention is that there is a wide variation in the relative supplies of the various classes and qualities of wheat. For some classes of wheat there is a close adjustment between annual production and annual usage and carryover stocks are at minimum levels—representing in the case of Soft Red Winter wheat only about 1 month's domestic disappearance.

In this connection, attention is called to the attached statement, entitled "Soft Wheat Facts," prepared by the National Soft Wheat Millers' Association. We concur in the statements and conclusions set forth therein.

Statistics compiled by the Department of Agriculture and published in "The Wheat Situation" (WS-173), April 1961, indicate that the prospective carryover stocks of the various classes of wheat July 1, 1961, expressed as a percentage of the 1955-59 average total disappearance are as follows: Hard Red Winter, 240 percent; Hard Red Spring, 129 percent; Durum, 58 percent; White, 19 percent; and Soft Red Winter, 7 percent.

Of the prospective carryover of 1,455 million bushels of wheat of all classes on July 1, 1961, Hard Red Winter wheat will constitute about 80 percent; Hard Red Spring about 16 percent; White wheat 2 percent; and Soft Red Winter and Durum about 1 percent each.

The situation with respect to the production of Soft Red Winter wheat and milling requirements for this wheat is fully covered in the statement of the National Soft Wheat Millers' Association.

U.S. production of Durum wheat in the 10-year period ended with 1958 averaged 27,063,000 bushels annually and varied from 4,988,000 bushels in 1954 to 39,942,000 bushels in 1957. Usually about three-fourths of the crop is produced in one State—North Dakota. It is apparent that this crop is produced in a rather limited area which is subject to wide variations in per-acre yield. On the other hand, there is a rather stable but growing market in this country for Durum wheat products—mostly Semolina and Durum flour used in producing macaroni, spaghetti, noodles, and other products. It is highly essential that adequate supplies of Durum wheat be continuously available. This can be assured only through substantial carryover stocks of Durum wheat.

Domestic use of Durum wheat during the current year is estimated—in the above referred to "Wheat Situation" report—at 28 million bushels. A carryover of 15 million bushels as of July 1, 1961, is indicated in that report. This estimated carryover, however, assumes only 3 million bushels of Durum wheat exports during the current year. Recent sales for export indicate that actual exports of Durum wheat from current supplies will be more than 6 million bushels, and the 1961 carryover may be only slightly, if any, larger than the 12 million bushel level to which it had fallen in 1960 following production of 21 million bushels in 1959. It thus appears that practically all of the relatively large production of 34 million bushels harvested in 1960 may be matched by disappearance between July 1, 1960, and June 30, 1961.

The modest carryover of Durum wheat in prospect July 1, 1961, must provide not only a cushion against possible unfavorable crop yields of Durum wheat in 1961, but also mill use and exports of Durum wheat during the months of July and August before new crop supplies become available.

It is evident that Durum wheat as well as Soft Red Winter wheat presents a situation where there is a delicate balance between supplies and requirements, meriting special consideration in crop adjustment programs.

The special export programs and increased use of wheat in the Far East, where White wheat is favored, have been effective in reducing carryover stocks of White wheat to a prospective carryover of only 34 million bushels on July 1, 1961. Disappearance of this class of wheat is estimated at 183 million bushels for the current year or more than five times the prospective carryover of this class of wheat. Most of this disappearance is into the export market, but domestic disappearance during the current year is about 1½ times the prospective carryover on July 1, 1961.

Eastern White wheat, included in the above figures, and produced in Michigan and western New York, is used almost exclusively for the ultimate production of biscuits and crackers. The small carryover supplies referred to are almost entirely in the Pacific Northwest and largely unavailable for eastern markets.

In the case of Hard Red Spring wheat, prospective carryover stocks are larger in relation to disappearance than in the case of Soft Red Winter, Durum, and White wheat. Carryover stocks of Hard Red Spring wheat on July 1, 1961, are estimated at 234 million bushels, or 1.3 times this year's estimated disappearance of 180 million bushels, or which 140 million bushels are domestic use and only 40 million bushels are exports. Hard Red Spring wheat provides our mills with much of their requirements for higher protein wheat needed in producing strong gluten flour for the bakers of this country. This class of wheat produced in the United States also provides effective competition in foreign markets for Canadian wheat, most of which is of the same class.

While some downward adjustment of Hard Red Spring wheat carryover may not endanger adequate supplies of this class of wheat for domestic milling re-

quirements, it should be noted that there has been much less increase in the production and carryover of this wheat than in the production and carryover of Hard Red Winter wheat.

The major buildup in wheat production and carryover stocks is in the Hard Red Winter class of wheat. This class of wheat is produced over an extensive area and includes wheats with a wide range of protein content, gluten strength, and baking quality. A substantial amount of Hard Red Winter wheat is suitable for producing bakery grades of flour which compete effectively with bakery flours produced from Hard Red Spring wheat. Generally speaking, stocks of the higher protein and stronger gluten Hard Red Winter wheat are not burdensome. On the other hand, there is a substantial production of Hard Red Winter wheat which is in limited demand by domestic millers and which has found its outlet largely in CCC stocks and export shipments.

This is the wheat which constitutes the major part of the surplus wheat stock problem with which the USDA is confronted. Obviously, an effective and equitable solution of this wheat problem must deal specifically and primarily with this problem area.

In connection with the foregoing, attention is called to the attached table entitled "Wheat Production and Deliveries to CCC Through Specified Dates, by States, 1959 and 1960 Crops." While the delivery figures reported therein are incomplete, particularly for 1960, they indicate a wide variation by States in the percentage of the wheat crop delivered to CCC under its price-support programs. In most States, and particularly the States producing Soft Red Winter and White wheats, the percentage of the crop delivered to CCC is generally less than 10 percent and in many of these States only nominal deliveries were made to CCC from the 1959 and 1960 crops. Montana, which produces both Hard Red Spring and Hard Red Winter wheat in about equal quantities and is an important source of supply for good milling wheat for west coast and other mills, delivered very little of its 1960 crop to CCC. On the other hand, Kansas and Nebraska—major Hard Red Winter wheat producing States—show deliveries ranging from 36 to 45 percent of production in 1959 and 1960. A complete study by USDA of such data might be helpful in indicating problem areas and suggesting solutions.

A blanket reduction in wheat acreage would tend to create a mad scramble for supplies of the scarcer types, resulting in higher per bushel prices to producers, but on reduced marketings; higher prices to wheat users; higher wheat subsidy costs; and a tendency to blend in lower cost wheats less suited to the manufacture of the high-quality products the consumer demands.

It should also be pointed out that even at existing carryover levels a drought, insect, or disease attack could for varying periods of time greatly reduce the production of the specialized products made from the classes of wheat presently in limited supply.

We have heard suggestions that one way to increase domestic supply is by means of a reduction in exports. In the face of existing or impending domestic shortages this may be the best emergency procedure available, but we submit that it is not otherwise a justifiable instrument of public policy. The full market demand for our wheat and wheat products, both at home and abroad, should be met in the best interests of our producers, the consumer, and American foreign policy.

The milling industry is keenly aware of the need to eliminate the production of unneeded commodities, the public cost of removing them from the market, and the depressing effect these supplies have on producer incomes. If an across-the-board reduction of wheat production would achieve these goals, we would favor such an approach. Unfortunately, we fear it would create hardships in many wheat-producing areas and not bring about a substantial reduction in the stocks of the kinds of wheat that represents so much of our present surplus.

We respectfully suggest, therefore, that consideration be given to a system that will apply acreage reductions on the various classes of wheat in some proportion to their respective carryover levels, normal production, and anticipated foreign and domestic disappearance.

NATIONAL SOFT WHEAT MILLERS' ASSOCIATION,
GRAIN LEGISLATIVE COMMITTEE,
Chicago, Ill.

SOFT WHEAT FACTS—CROP YEAR 1960-61

1. Soft wheat is the principal kind of wheat raised east of the Mississippi River. There are two types: Soft Red and Soft White. Soft Red wheat is raised in this general area and also in appreciable amount in Missouri, Arkansas, and Louisiana. It should be noted that both Illinois and Missouri also raise considerable hard winter wheat and that most of Wisconsin's limited production is in spring wheat. In 1960 the 10 principal Soft Red wheat States were Ohio, Indiana, Illinois, Pennsylvania, Missouri, North Carolina, Virginia, Michigan, Kentucky, and Maryland. Eastern Soft White wheat production is concentrated in Michigan and New York (exhibit I).

2. Soft wheat has a well-defined and long-accepted special use in chemically-leavened (as opposed to yeast-leavened) products. It is also widely used in flour for home baking sold in the Eastern half of the United States. No other type of wheat makes a satisfactory substitute for it.

3. Historically the soft wheat area has a tradition of wheat production running back as long as this country has existed. No other area has produced wheat for so long a period.

4. Wheat acreage in the soft wheat area has declined over the years and is now very closely in line with actual proven needs. Any further reduction would create an actual shortage.

5. Taking 1910-14 as a normal base period, the record shows a 40-percent acreage decline in the soft wheat area by 1960. In the same period of time hard wheat acreage increased by 88 percent, spring wheat acreage decreased by 17 percent and western wheat acreage increased by 10 percent (exhibit II).

6. Soft wheat is grown on a great many small farms, as it always has been grown. In 1959, there were 1,135,125 wheat farms in the soft wheat area. This is 62 percent of all the wheat farms in the whole country (exhibit III).

7. Even more indicative of the characteristic size of soft wheat area farms is the fact that in 1959, 977,721 of them had wheat allotments of 15 acres or less. Wheat grown on these small farms accounted for about 66 percent of the total production in the soft wheat area, vastly more than small farms accounted for in any other area. Any legislation restricting the existing right of small farmers to raise wheat will seriously affect many farmers in the soft wheat States (exhibit IV).

8. Soft wheat is used. The average carryover in 1949-58 was 28 million bushels—about 20 percent of the average annual domestic usage. The carryover for July 1, 1961, is estimated at only 12 million bushels—about 1 month's domestic usage. This is far below the limits of safety. No other class of wheat has anything like such a proportionately small carryover, and for Hard Red Winter wheat the carryover on July 1, 1961, is estimated at well over 4 years' domestic usage (exhibit V, a and b).

9. There is no surplus of soft wheat. This is conclusively demonstrated by the very small carryover and by the fact that CCC owns virtually no Soft Red wheat or Eastern Soft White wheat (exhibit VI).

10. Even the present dangerously balanced soft wheat production is maintained only by the harvest of small farms, including that from "excess" acres of small, noncomplying farms. In 1959 the production on this excess small-farm acreage in the soft wheat area was 86,267,000 bushels. About 67 million of this was soft wheat (53 million Soft Red and 14 million Soft White). The Soft Red wheat crop that year was 163 million bushels. Without these excess acres, production would have been only 110 million, or actually 22 million less than domestic usage. Nor could this deficit have readily been made up from carryover, for in 1959 the carryover on July 1 amounted to only 21 million bushels (exhibit VII).

11. It is of the utmost importance that new wheat legislation not foreclose the historical right of small farmers in the soft wheat area to produce at least as much soft wheat as they now raise. The wheat is needed: There is no other source for it; and it in no way contributes to the surplus buildup.

12. Especially disturbing are proposals to reduce all wheat production by the same uniform percentage. The record clearly indicates that the soft wheat crop is presently utilized to the full, hence any reduction would only upset a presently balanced position. During the 10-year period 1949-58 the average production was 183 million bushels, exactly equal to domestic and export usage. A reduction of 20 percent, for example, would reduce the crop to about 146 million bushels, which is only 8 million more than average domestic utilization, and obviously would not provide for even minimum export requirements.

13. Proposals to pay in kind for reducing wheat acreage would be impossible to put into effect for soft wheat farmers, if what is meant is payment in wheat of the kind the farmer would have grown, because the Government simply does not have the soft wheat to make such payments.

14. What actually is needed for soft wheat is a small but steady increase in production until a consistently adequate carryover has been provided. The present extremely low carryover is a very real danger—a severely short crop or a crop failure could be disastrous for processors and consumers of soft wheat.

15. In summary—

(1) Soft wheat is a particular kind of wheat needed for particular purposes in which there is no satisfactory substitute for it.

(2) There is no surplus of soft wheat in the Eastern half of the United States. Present production is barely adequate for historically proven needs.

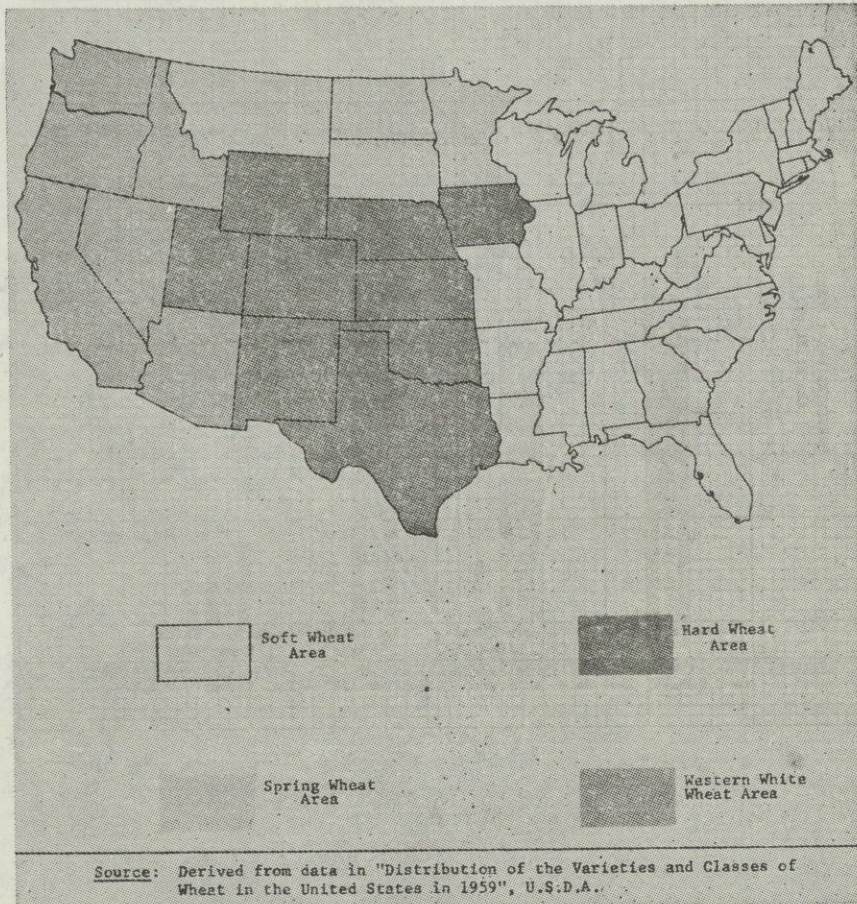
(3) Soft wheat is grown by a great many farmers on small plots.

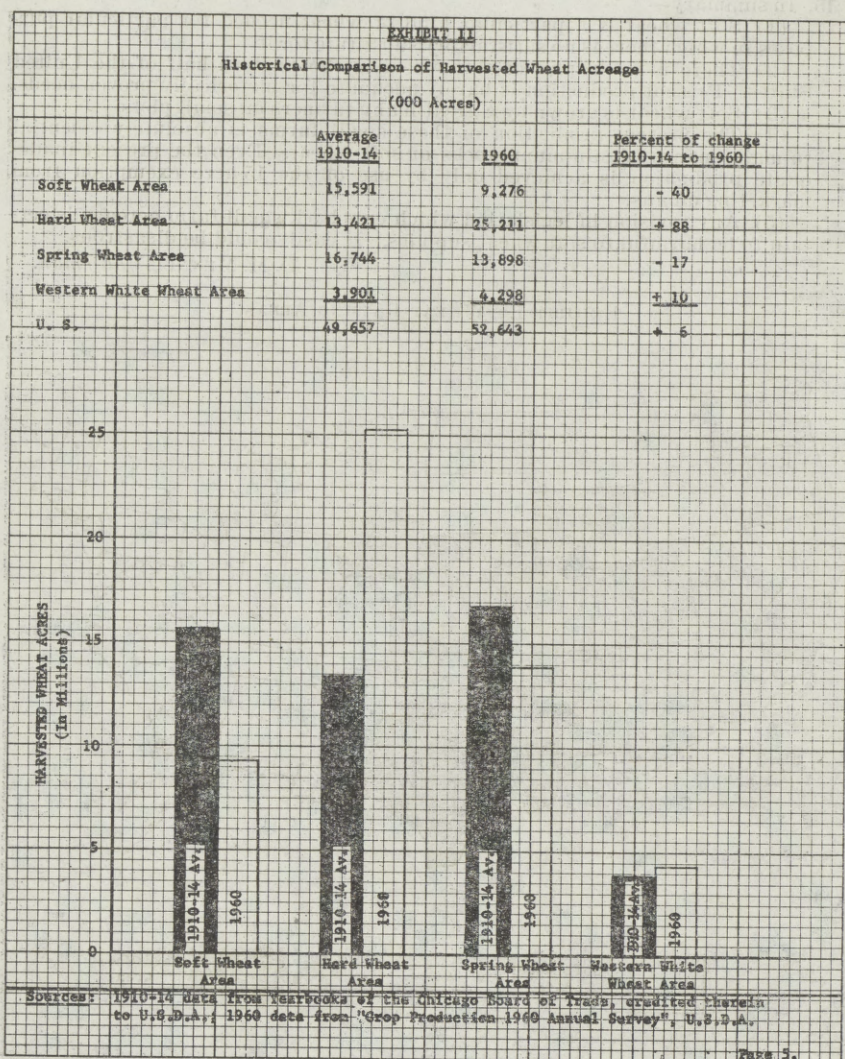
(4) The present production of these small farms is absolutely essential to maintenance of minimum stocks of soft wheat. Even the present inadequate production is achieved only by use of the 15-acre exemption from marketing quotas.

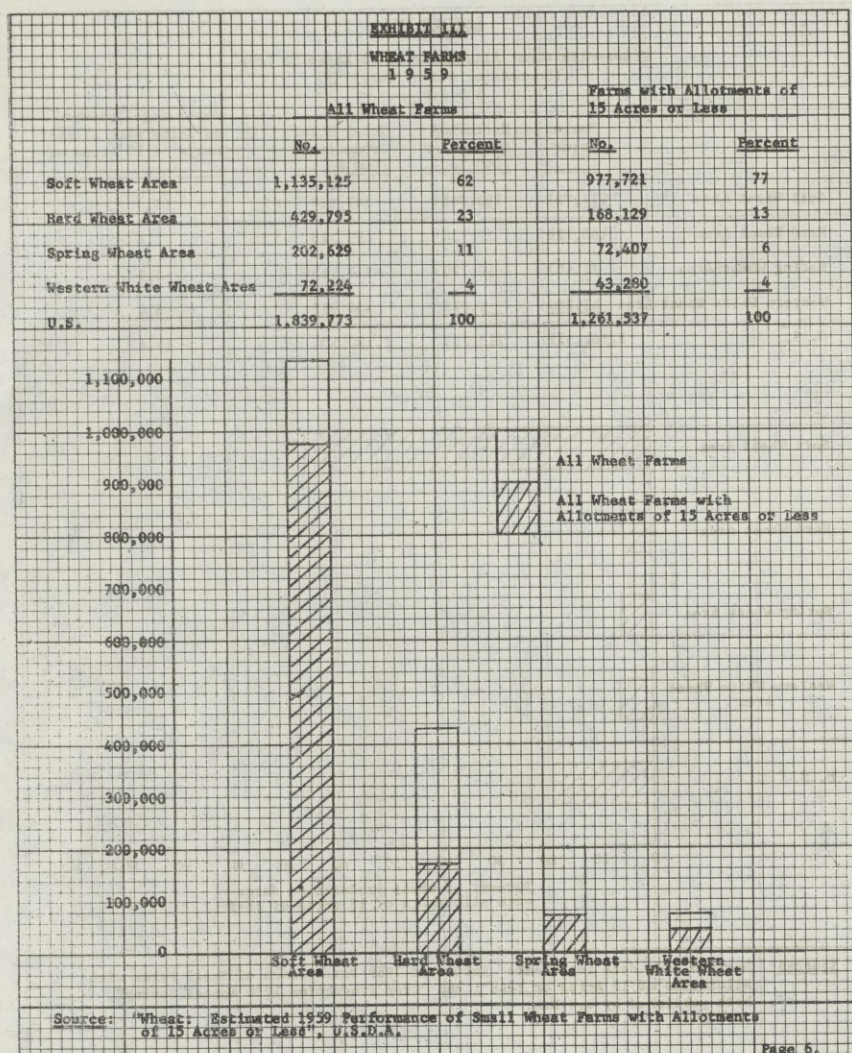
(5) Any revision in legislation which cuts back small-farm acreage is certain to be harmful to soft wheat supplies. It easily could be disastrous.

D. M. MENNEL, *Chairman.*

EXHIBIT I.—WHEAT RAISING AREAS







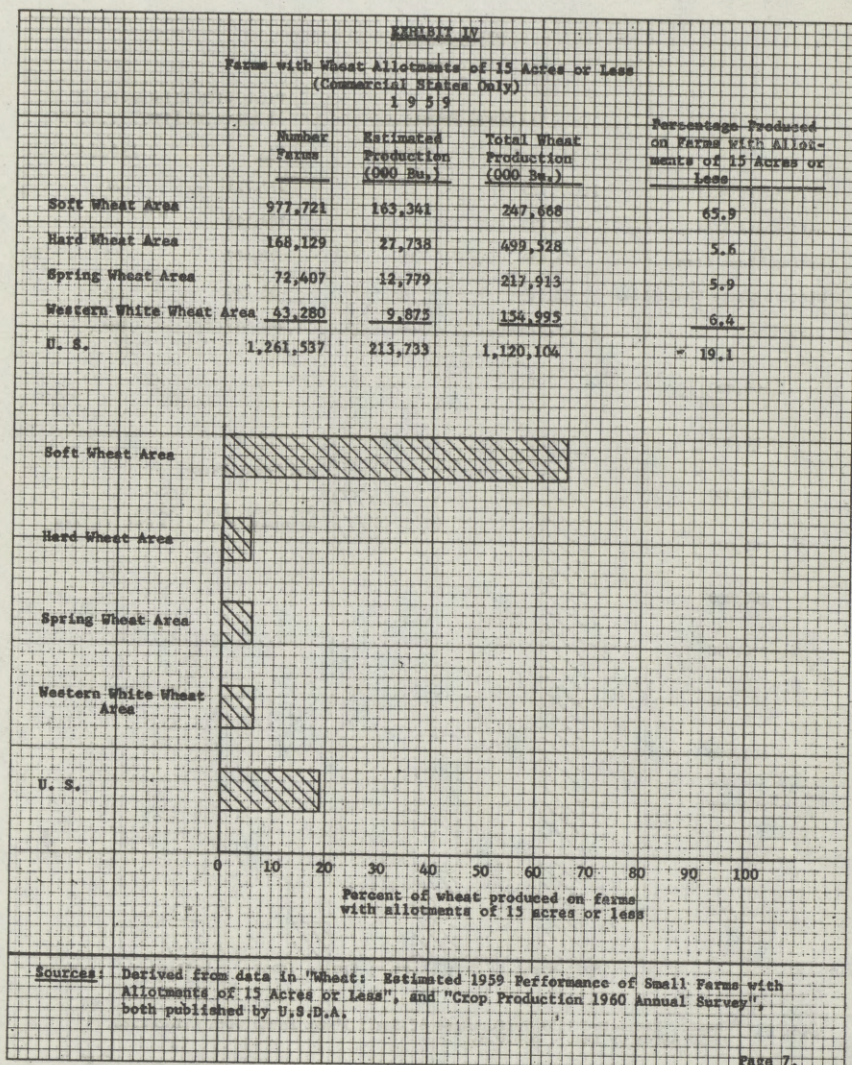


EXHIBIT V (A)

Estimated supply and distribution of wheat by classes, year beginning July 1

[In millions of bushels]

	Stocks July 1	Produc- tion	Imports	Supply	Exports	Domestic disap- pearance	Carry- over
All wheat:							
Average:							
1949-58.....	679	1,091	11	1,781	372	632	777
1959.....	1,295	1,128	7	2,430	516	601	1,313
Estimated 1960.....	1,313	1,368	7	2,688	553	606	1,529
Soft Red Winter:							
Average:							
1949-58.....	28	183		211	45	138	28
1959.....	21	163		184	41	132	11
Estimated 1960.....	11	195		206	59	135	12
Hard Red Winter:							
Average:							
1949-58.....	431	522		953	191	254	508
1959.....	940	619		1,559	296	264	999
Estimated 1960.....	999	790		1,789	298	259	1,232
Hard Red Spring:							
Average:							
1949-58.....	147	194	11	352	36	152	164
1959.....	251	152	7	410	50	135	225
Estimated 1960.....	225	191	7	423	50	139	234
White:							
Average:							
1949-58.....	59	165		224	96	65	63
1959.....	65	173		238	128	45	65
Estimated 1960.....	65	155		220	145	45	30
Durum:							
Average:							
1949-58.....	14	27		41	4	23	14
1959.....	18	21		39	1	25	13
Estimated 1960.....	13	37		50	1	28	21

Sources: Years 1949 through 1955 from "The Wheat Situation" for February 1958, p. 11. Years 1956 through 1960 from "The Wheat Situation" for October 1960, p. 4. USDA.

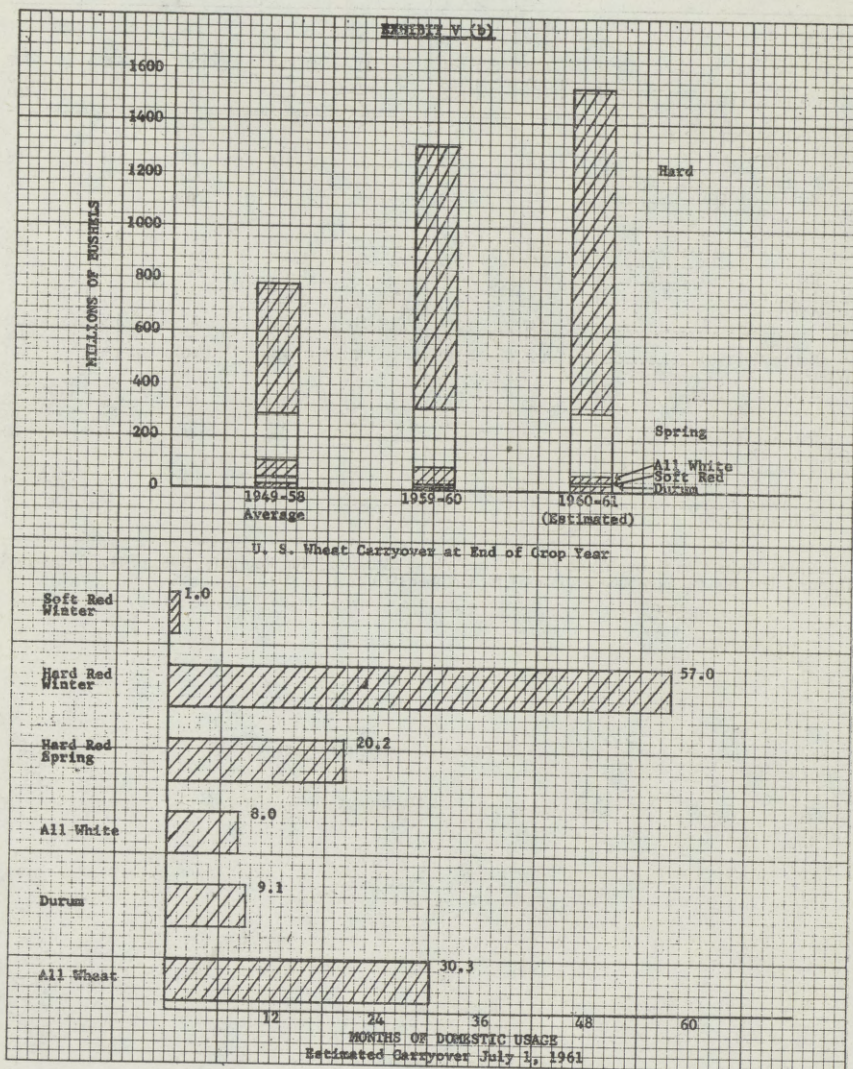


EXHIBIT VI

CCC-owned wheat, by classes, January 1, 1961

[Bushels]

Hard Winter-----	867, 428, 000
Hard Spring-----	183, 375, 000
White-----	¹ 50, 997, 000
Durum-----	7, 591, 000
Mixed-----	1, 172, 000
Soft Winter-----	283, 000
Balancing Item-----	2, 333, 000
Total-----	1, 108, 513, 000

¹ 24,000 bushels of this was reported by the Evanston office. Presumably this is all the Eastern Soft White wheat owned by CCC.

Source: The Grain Market News for Jan. 27, 1961, p. 10, USDA.

EXHIBIT VII

Wheat production on noncomplying farms with allotments of 15 acres or less—
commercial States only, 1959

[Thousand bushels]

	Estimated allotment production	Estimated actual production	Difference
Soft Wheat area-----	64, 651	150, 918	¹ 86, 267
Hard Wheat area-----	8, 194	25, 073	16, 879
Spring Wheat area-----	2, 055	12, 037	9, 982
Western White Wheat area-----	3, 637	8, 704	5, 067
Total, United States-----	78, 537	196, 732	118, 195

¹ 67,000,000 bushels of this is estimated to be soft wheat (53,000,000 Soft Red and 14,000,000 Soft White).

Overquota production on small Soft wheat farms is needed

	Million bushels
Total Soft Red wheat production in 1959-----	163
Produced on small farm overquota acreage-----	53
Total-----	110
Actual domestic consumption-----	132
Domestic deficit (without overquota production on small farms)-----	22
Exported in 1959-60-----	41
Total projected deficit (without overquota production on small farms)-----	63

Sources: Derived from data in "Wheat: Estimated 1959 Performance of Small Wheat Farms With Allotments of 15 Acres or Less," "Crop Production 1960 Annual Survey," and "The Wheat Situation" for October 1960, all published by USDA.



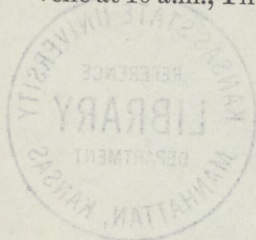
Wheat production and deliveries to CCC through specified dates, by States, 1959 and 1960 crops¹

State	1959 crop			1960 crop		
	Production (thousand bushels)	Delivered to CCC through June 30, 1960		Production (thousand bushels)	Delivered to CCC through Apr. 30, 1961	
		Bushels	Percent of pro- duction		Bushels	Percent of pro- duction
New York.....	7,729	806,211	10.4	7,380	565,686	7.7
New Jersey.....	1,575	98,378	6.2	1,617	130,037	8.0
Pennsylvania.....	14,045	305,984	2.2	15,782	270,699	1.7
Ohio.....	32,242	169,168	.5	52,500	318,241	.6
Indiana.....	32,630	57,036	.2	41,844	47,131	.1
Illinois.....	43,160	261,748	.6	46,226	448,128	1.0
Michigan.....	35,904	3,556	.01	33,926	291,571	.9
Wisconsin.....	1,853	12,061	.7	1,680	-----	-----
Minnesota.....	22,758	250,572	1.1	26,543	529,144	2.0
Iowa.....	3,317	641,245	19.3	2,985	783,642	26.3
Missouri.....	37,950	6,145,058	16.2	37,648	4,993,367	13.3
North Dakota.....	97,636	4,164,346	4.3	127,500	14,896,318	11.7
South Dakota.....	18,204	2,857,834	15.7	46,156	7,450,843	16.1
Nebraska.....	68,204	28,180,308	41.3	85,712	31,145,742	36.3
Kansas.....	209,700	77,238,283	36.8	290,640	131,566,626	45.3
Delaware.....	742	5,935	.8	775	-----	-----
Maryland.....	3,984	158,711	4.0	4,588	79,307	1.7
Virginia.....	6,462	410,785	6.4	6,656	173,991	2.6
West Virginia.....	575	1,293	.2	756	-----	-----
North Carolina.....	9,494	93,106	1.0	7,956	47,894	.6
South Carolina.....	3,936	230,598	5.9	3,358	44,004	1.3
Georgia.....	2,255	236,967	10.5	2,070	169,780	8.2
Kentucky.....	4,484	502,551	11.2	5,191	297,405	5.7
Tennessee.....	3,720	154,613	4.2	3,408	38,197	1.1
Alabama.....	1,380	889	.1	1,300	-----	-----
Mississippi.....	858	6,424	.7	1,110	-----	-----
Arkansas.....	3,640	271,682	7.5	4,420	130,171	2.9
Louisiana.....	1,200	-----	0	1,218	-----	0
Oklahoma.....	89,174	1,629,700	1.8	121,278	5,178,321	4.3
Texas.....	59,850	5,212,014	8.7	84,645	7,469,739	8.8
Montana.....	79,315	5,913,181	7.5	79,517	1,482,339	1.9
Idaho.....	42,748	6,641,671	15.5	35,031	84,661	.2
Wyoming.....	5,517	530,660	9.6	5,541	229,849	4.1
Colorado.....	54,562	7,066,410	13.0	66,121	11,471,460	17.3
New Mexico.....	3,849	194,349	5.0	4,546	273,256	6.0
Arizona.....	3,672	-----	0	858	-----	0
Utah.....	5,355	34,570	.6	5,106	-----	0
Nevada.....	756	-----	0	457	-----	0
Washington.....	75,065	10,371,739	13.8	65,102	307,779	.5
Oregon.....	28,464	3,161,924	11.1	26,542	48,369	.2
California.....	8,718	1,019,032	11.7	7,744	24,685	.3
Total, United States.....	1,126,682	165,040,592	14.6	1,363,443	220,988,382	16.2

¹ Compiled from reports of the U.S. Department of Agriculture. Crop production as reported by the Agricultural Marketing Service, Crop Reporting Board, 1960 Annual Summary of Crop Production. Deliveries of 1959 crop wheat to CCC through June 30, 1960, as published in Grain Market News, vol. 8, No. 29, July 22, 1960. Deliveries of 1960 crop wheat to CCC through April 30, 1961, as published in Grain Market News, vol. 9, No. 20, May 19, 1961. Unliquidated 1960 loans and purchase agreements as of Apr. 30, 1961, totaled 56,270,139 bushels.

Mr. ALBERT. The committee stands adjourned until 10 o'clock tomorrow.

(Whereupon, at 11:50 a.m., the hearing was adjourned, to reconvene at 10 a.m., Thursday, June 15, 1961.)



AGRICULTURAL ACT OF 1961

Wheat Program for 1962

THURSDAY, JUNE 15, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WHEAT,
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 1310, New House Office Building, Hon. Carl Albert (chairman of the subcommittee) presiding.

Present: Representatives Albert, Thompson, Jones of Missouri, Breeding, Stubblefield, Inouye, Harding, Belcher, Short, Latta, Dole, and Reifel.

Also present: Representatives Johnson of Wisconsin, and Beermann.

Christine S. Gallagher, clerk; Hyde Murray, assistant clerk; John J. Heimbarger, counsel; and Francis M. LeMay, consultant.

Mr. ALBERT. The subcommittee will please come to order.

First of all, the American Farm Bureau Federation, represented by Mr. Charles Marshall, who is the president of the Nebraska Farm Bureau Federation, accompanied by a distinguished Oklahoman who is assisting him, will present a statement.

We will now hear from the ranking minority member of the subcommittee.

Mr. BELCHER. In view of the fact that Mr. Lewis Munn is president of the Oklahoma Farm Bureau and he is also a long-time personal friend of mine and constituent of mine in my district and for a great many years a wheat farmer, and president of the Oklahoma Farm Bureau for a long time, I welcome him to this committee.

Mr. ALBERT. Mr. Beermann would like to say a word.

Mr. BEERMANN. Thank you, Mr. Chairman. I am not a member of the subcommittee but a member of the full committee. And having known Charles Marshall for about 20 years, I appreciate his appearance before this committee and welcome him. I welcome this distinguished gentleman from Nebraska.

Mr. ALBERT. We are glad to have you here, Mr. Marshall. You represent a great organization. You may call up any associates that you desire to sit with you and the committee will be glad to hear from you.

Mr. MARSHALL. I also have with me, Mr. Chairman, Mr. McLain and Mr. Lynn, who are technicians, and we may call on them for answering some technical questions.

Mr. ALBERT. You may proceed.

STATEMENT OF CHARLES MARSHALL (PRESIDENT, NEBRASKA FARM BUREAU FEDERATION), REPRESENTING AMERICAN FARM BUREAU FEDERATION; ACCOMPANIED BY LEWIS MUNN, PRESIDENT, OKLAHOMA FARM BUREAU; JOHN C. LYNN, LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION; AND MARVIN L. McLAIN, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. MARSHALL. We appreciate the opportunity to present Farm Bureau's views on the proposed 1-year wheat program for 1962.

We have consistently suggested to this committee that wheat is our No. 1 surplus grain problem. If we are to arrive at a workable solution of the overall problem of excess stocks of grain, we are of the firm conviction that wheat and feed grains must be considered together and at the same time.

In order that we may all better understand the overall grain situation, the following table shows the average production, disappearance, and carryover of wheat and feed grains.

*Average output, disappearance, and carryover of wheat and feed grains,
5 crop years, 1956-60*

Crop	Average production	Average use ¹	Production as percentage of use	Estimated 1961 carry- over	Estimated 1961 carry- over as percentage of 1960-61 use
Wheat.....million bushels..	1,181	1,111	106	1,522	121
Corn.....do.....	3,862	3,697	104	2,000	48
Sorghum grain.....do.....	521	392	133	725	146
4 feed grains.....million tons ² ..	152.5	144.7	105	85.5	54

¹ Including exports.

² Includes corn, sorghum grain, oats, and barley.

Mr. MARSHALL. The principal provisions of the special program for wheat for 1962 are as follows:

1. A 10-percent reduction in acreage allotments in order to qualify for price support.

2. Price support to be available only to cooperators in the commercial wheat producing area. The range of price support would be from 75 to 90 percent of parity. (We understand it to be the intention of the Department of Agriculture to increase the price support to \$2.04 per bushel.)

3. The penalty with regard to excess wheat would be determined on the basis of twice the normal yield of the acreage in excess of the allotment. The penalty rate would be increased to 65 percent of parity (approximately \$1.55 per bushel).

4. For the 1962 crop, the 15-acre exemption would be reduced to the smaller of the 13.5 acres or the highest number of acres planted to wheat on the farm for harvest in 1959, 1960, and 1961.

5. The 200-bushel exemption for feed would be repealed.

6. Payments:

(a) Payments for the first 10 percent would be calculated on the basis of the adjusted yield for the farm, multiplied by 50 percent of the support price. (Based on \$2.04, this would be \$1.02 times the yield.)

(b) Producers could take out an additional 30 percent of their base acreage, and would be paid at the rate of 60 percent of the support price times their yield. (On the basis of \$2.04, this would be \$1.22 per bushel times the established yield of the farm. On the basis of 30 bushels this would amount to a payment of \$36 per acre.)

We have studied the main features of the committee print which provides for a 1-year wheat program for 1962. We cannot support this proposal.

If we want to solve the wheat problem, we should be working on a permanent long-time approach—not a temporary 1-year bill.

As we stated earlier, we should consider wheat and feed grains together. This bill does not do that. Based on past experience, we could anticipate a request for extension of this program beyond the 1-year period.

Information we have received indicates that sponsors of this bill would probably raise the price support of wheat to at least \$2.04 per bushel. This would be a serious mistake. It would cause the Government to bid against itself in getting land retired from wheat production. Cutting acreage and raising price supports gives farmers a strong incentive to increase the per acre yield on their remaining acreage through heavy use of fertilizer, supplemental irrigation, and other production-stimulating practices.

If price supports are raised under this bill to \$2.04, this will automatically raise the subsidy by 25 cents on all exports. On the basis of 625 million bushels export, this would cost an additional \$156 million annually. This would be approximately a 50 percent increase over current export subsidy costs. Based on the current rate of export—which we hope can be maintained—this would mean that we would be paying approximately \$500 million a year in export subsidy on wheat.

The 10 percent mandatory reduction would not be enough to really have much effect on total wheat production. Only the poorest land would come out of production, and “slippage” would overcome most of the contemplated reduction.

If a land retirement program for grains is to be effective in reducing production, it must be designed to keep the same land out of production for more than 1 year. A 1-year program permits the rotation of diverted acres and thus curtails its effectiveness in reducing production. Many farmers could rotate their retired acres in a normal fashion, and thus receive payments for really doing nothing more than they normally would do. It is very difficult for farmers to make long-time plans for shifts in their operations and their rotation on a year-to-year basis.

We will never arrive at a workable solution to the wheat or feed grain problem until a workable program is developed that will permit more wheat to be fed. Historically, substantial quantities of wheat have been used for feed. Certain areas need their wheat for feed, but shift to other feed grains when the price is forced out of line by price supports that do not recognize the normal market price pattern. Raising price supports on wheat to \$2.04 per bushel will further aggravate, rather than help solve, the problem.

Instead of this proposed 1-year bill for wheat, we again urge this committee seriously to consider our approach to the wheat and feed grain problem.

To assist growers of wheat, feed grains, soybeans, and flax in adjusting production to market needs and provide for an orderly liquidation of Government surpluses, we favor a properly designed and administered cropland adjustment program.

Our recommendations for such a program have been introduced in both Houses of the Congress, and are now pending before this committee as "The Cropland Adjustment Act of 1961"—H.R. 4133, H.R. 4246, H.R. 4257, H.R. 4267, H.R. 4356, H.R. 4395, H.R. 4739, H.R. 4747, H.R. 4811, H.R. 4818, H.R. 5295, H.R. 5390, H.R. 5790.

The crop land adjustments program proposes to remove a basic cause of continuing low farm income by starting an immediate reduction of the agricultural productive plant to a size which will better fit farm output to market needs and open the way to orderly liquidation of accumulated Government stocks. It provides for voluntary participation by producers of all crops, but requires producers who wish to qualify for price support on wheat, feed grains, soybeans, and flax to participate. Greatest emphasis is placed on the retirement of land from wheat and feed grains, as these crops—and particularly wheat—are the ones with the most serious surplus problems.

Specifically, the program provides that:

1. The Secretary of Agriculture shall determine annually the overall acreage adjustment of feed grains, wheat, soybeans, and flax necessary to bring production in line with anticipated disappearance. The Secretary shall also establish annually the percentage of cropland which must be placed under contract to qualify for price support on these commodities.

2. To be eligible for price supports on wheat, feed grains, soybeans, and flax, producers must participate in the cropland adjustment program. Cropland already in a retirement program shall be counted in determining compliance with this requirement. Producers of other commodities may also participate. Whole farm participation should be encouraged. Any cropland retired under the program in excess of the minimum requirement for price support must be placed under contract for at least 3 years.

3. Cropland adjustment payments shall be made at a level which will encourage sufficient voluntary participation to attain the desired adjustment.

4. Adjustment payments may be made in cash or in kind. Emphasis should be placed on payment in kind, with care to minimize disturbance of the market price structure for grain.

5. Cropland retired under this program must be in addition to land normally left idle or fallowed.

6. Acreage retired under the program may not be harvested or grazed.

7. A maximum limit shall be placed on the percentage of cropland acreage that may be retired in any county after allowing for the minimum acreage required for price support. Acreage retired under previous programs shall not prevent participation in the annual adjustment programs.

8. Wheat acreage allotments shall be terminated.

9. The price support level on corn shall be related to the average price received by farmers during the immediately preceding 3 years. The support levels for other feed grains and wheat shall be comparable

to the level for corn with adjustments for differences in weight, nutritive value, buyer preference, and supply-demand conditions.

10. Adequate measures shall be taken to protect farmers from the competition of Commodity Credit Corporation sales from accumulated stocks.

The following table shows approximate cropland acreage nationally, how the acreage is currently being used, and what the status of land devoted to specified crops would be under the cropland adjustment program we are proposing.

U.S. cropland acreage by principal uses

	Planted acreage (thousands)
Cropland—Grouped by principal use:	
Group A—To be supported (without acreage controls):¹	
(Producers of these commodities desiring price support must participate in the proposed cropland adjustment program:)	
Corn, all.....	82,906
Wheat, all ²	55,633
Oats, barley, rye.....	52,177
Sorghum, for grain.....	15,444
Soybeans, for beans.....	23,516
Flax, all.....	3,527
Subtotal, group A.....	233,203
Group B—To be supported (with acreage controls):¹	
(Participation in the proposed cropland adjustment program is not required for price support on these commodities:)	
Cotton.....	16,068
Rice.....	1,614
Peanuts.....	1,579
Tobacco.....	1,144
Subtotal, group B.....	20,405
Group C, other crops and uses:³	
Conservation reserve.....	28,432
Hay, cropland pasture, other crops, fallow, idle, failure, etc.....	177,609
Total cropland, all uses ³	459,649

¹ Planted acreage for 1960 as reported by USDA.

² Currently supported and controlled, but controls to be terminated under Farm Bureau proposal.

³ 1954 U.S. Census of Agriculture—data now used by USDA in land retirement computations. New census data to be available in about 6 months.

⁴ Under contract in 1960.

Mr. MARSHALL. Under Farm Bureau's proposal all land listed in the table above under groups A, B, and C—except for an amount in group C equal to that which is customarily summer-fallowed or left idle—would be eligible for the land retirement program on a voluntary basis.

The acreage allotments applicable to crops listed in group B would not be affected by the cropland adjustment program; however, farmers entering the program to qualify for price supports on a grain or oilseed crop would be required to retire a designated percentage of their total cropland.

For example, if producers should be required to retire 15 percent of their cropland to qualify for price supports on a grain or oilseed crop, a producer with 200 acres of cropland would be required to retire 30 acres even though he might have a 25-acre cotton allotment. If such a producer wished to ignore the program, he could still get

price support on his cotton by complying with his cotton allotment, but he would be ineligible for support on grain and oilseed crops.

The cropland adjustment program is designed to achieve needed adjustments in grain production on a basis consistent with individual choice in a market system. Under such an approach it is essential that support prices be consistent with production objectives. This means that price supports should facilitate orderly marketing rather than fix prices at artificial levels.

Wheat allotments and quotas would be terminated. The support price for wheat would be based on the national average support price for corn with adjustments for differences in weight per bushel, nutritive value, buyer preference, and supply-demand conditions. Thus, all grains would be given comparable treatment and the individual farmer would be free to decide what grains he will produce—subject to the requirement that he must retire a percentage of his cropland to qualify for price support on wheat, corn, oats, barley, grain sorghums, rye, soybeans, and flax.

The amount of land a producer must retire to qualify for price support would be based on his total acreage of cropland—and not on his production history—so the inequities associated with historic bases would be avoided. Surplus wheat could enter the feed market on a fair competitive basis; but market demand for millable wheat should cause average prices to exceed the support level.

To protect producers of the commodities affected by this program from competitive Government sales, the prices at which the CCC can sell accumulated stocks for unrestricted use should be substantially higher than current support prices.

The adoption of this type of cropland adjustment program would be a real step forward in agricultural policy. There is still ample time in this session of Congress to act. Fall wheat and other feed grain plans will soon be made by our farmers. It is really urgent that positive action be taken soon.

We again want to thank this committee for the opportunity to present our views.

I would like to call on my colleague, Mr. Munn, Mr. Chairman, for any supplemental remarks that he might like to make.

Mr. ALBERT. We will be very glad to hear from you.

Mr. MUNN. Thank you, Mr. Chairman. Speaking for the wheat producers in my particular area, especially the commercial wheat producers, they are quite concerned about any further reduction in their permission to produce wheat. Most of our producers now are at least 35 percent down from their longtime base of wheat production and they are becoming quite concerned about what they are going to plant if they are not permitted to plant wheat in fairly reasonable quantities.

So far as the price is concerned in our area, I have had reports of wheat selling in the southern part of our State earlier this past spring as high as \$2.16. I understand considerable of the wheat moved out at better than \$2 to the gulf.

It has been my information that all of the wheat that is not under CCC loans moved out of Oklahoma both this past year and the previous year.

So we certainly are apprehensive about any further cut in our permission to produce.

Mr. ALBERT. Thank you.

Mr. Belcher, do you have any questions?

Mr. BELCHER. No.

Mr. ALBERT. Congressman Jones, do you have any questions?

Mr. JONES of Missouri. Yes, I have a couple of questions.

One, in reading this statement here, you say that you are opposed to the existing proposal before the committee at this time. Would it be possible for your organization to support any program other than the Cropland Adjustment Act of 1961 which has been endorsed by the Farm Bureau?

Mr. MARSHALL. If this committee would prepare or develop a program with some of the features that we have here, we would certainly want to consider what the committee might develop.

Mr. JONES of Missouri. If it is your plan, you will support it. If we do not accept it, you will find yourself unable to support any other plan, is that correct?

Mr. MARSHALL. We are bound by resolutions to certain things and we cannot go further than that.

Mr. JONES of Missouri. What you say is the same old story. You come in here and you say, "We want to cooperate but the only thing we can cooperate with is our opinion; if you cannot take our plan, we are against any plan." Is that not the purport of what you are telling the committee this morning?

Mr. MARSHALL. Mr. Jones, our organization has spent a great deal of time and research and some of the best research men that we can find or hire in the development of proposals for the answer to some of these farm problems. Our people have given us general guidelines. And so long as we can function inside of the guidelines, we are able to cooperate and work with the committee on the development of satisfactory legislation. This is as far as we can go, of course.

Mr. JONES of Missouri. One other question. I am surprised to read here on page 5, in telling what your program would provide that you say the Secretary shall, also, establish annually cropland which must be placed under contract. In other words, that would not be set out in the bill but you are going to give the Secretary the authority.

Do you not think that you are setting up a dictatorship to give that authority to the Secretary of Agriculture?

Mr. MARSHALL. Guidelines would be in the words of the bill. This wording here is not the wording of the bill. The proposal in the bill is that the Secretary use the existing supplies, and the demand, the disappearance of wheat, in arriving at this figure. And it does not give him unlimited power. It provides the power to do something under prescribed limitations which are defined.

Mr. JONES of Missouri. That is all, Mr. Chairman.

Mr. ALBERT. Mr. Short.

Mr. SHORT. No questions.

Mr. ALBERT. Mr. Thompson.

Mr. THOMPSON. No questions.

Mr. ALBERT. Mr. Breeding.

Mr. BREEDING. No questions.

Mr. ALBERT. I would like to ask a question. With reference to the proposal offered here—and I understand every farm organization has its own program—you are not for any temporary program?

Mr. MARSHALL. That is right.

Mr. ALBERT. But if there were a temporary program, would you prefer the program recommended here to the program contained in the wheat bill that the Congress passed a year or two ago?

Mr. MARSHALL. This bill and the one passed a couple of years ago provided some of the same things, that is, the increase in price supports which provides an incentive for the production of wheat. And if you provide the incentive by raising the price support higher, everybody wants to produce every last bushel he can. And in noncommercial areas it encourages the expansion of wheat production in areas that are not commercial.

Mr. ALBERT. And the Congress has provided a larger mandatory cut.

Mr. MARSHALL. Yes, that is right.

Mr. ALBERT. And between this bill that is before the subcommittee now and the program recommended by the various wheat grower groups, the so-called domestic parity plan and the two-price plan, would you have any preference or would you simply oppose them?

Mr. MARSHALL. We are opposed to both of these approaches.

Mr. ALBERT. Would you prefer to keep the present program than either one of these programs?

Mr. MARSHALL. No. We want to get a program that will work. And the present program has not worked satisfactorily. Consequently, the choices between the present program, the multiple price system and this other approach—well, there are just not any of them real good, we do not think.

Mr. ALBERT. But we are stuck with the present program until we do something.

Mr. MARSHALL. That is right.

Mr. ALBERT. Is that correct?

Mr. MARSHALL. That is right.

Mr. ALBERT. We are committed to this program. The farmers do not seem to like it. Many of them do not like it. We have surpluses year after year despite everything done by the Government on the farm program.

Mr. MARSHALL. That is right. And we are getting new producers of wheat. We have added a tremendous number of new producers of wheat under the present proposal because it has been profitable in many areas to produce additional wheat. We have double cropping in irrigated areas and this type of thing which has added to it.

Mr. ALBERT. Would it be an improvement to say that we allow no new growers, that old growers under the exempted provisions of the law, that is, below 15 acres, will be bound by the higher planted acres; would that be an improvement?

Mr. MARSHALL. Possibly so, but the wheat producer in the area that I come from, Mr. Albert, is up against this thing that Mr. Munn indicated a moment ago, that is, the fact that our acreage is now down about 35 percent on my farm; an additional 10 percent will make it 45 percent; and it is summer fallow country; and we have no alternate crop; and this 45 percent gets you down to almost to one-fourth of your available cropland to produce the cash crop that you can produce in that part of the country. And this is a high-quality wheat.

Whereas, the people who are producing in the more humid areas who have the ability to use alternate crops when they shift acres out, get the advantage over the traditional wheat production country where high-quality products are produced.

Mr. ALBERT. If this bill contained a provision to make it more difficult to fail to comply, would your organization support that position if we are going to have any controls?

Mr. MARSHALL. We supported cross-compliance a long time ago and we recommended if we are going to go this route that we ought to go all the way, but we are not in favor of going that route.

Mr. ALBERT. I know you are not, but this bill did contain some of your suggestions, it encompasses some suggestions which your organization has supported. If the Congress saw fit to go that route—

Mr. MARSHALL. It has some of those, but it still leaves the 15-acre fellow with just 10-percent reduction. It still leaves commercial and noncommercial areas, where these States can produce because they are not commercial. And it has some loopholes still in it.

Mr. ALBERT. Do you not think that the 15-acre fellows are also constituents of Congressmen, that Congress has to live with?

Mr. MARSHALL. I think so, because there are more of them than any other kind.

Mr. ALBERT. It seems to me that is the problem.

Mr. MARSHALL. That is right.

Mr. ALBERT. Some Members of Congress have many 15-acre constituents. And we have repeatedly found that difficulty, to do anything to get rid of it, but this bill does go a step in that direction.

Mr. MARSHALL. It reduces them 10 percent, that is right.

Mr. ALBERT. It keeps any new exempt growers from participation. In other words, if you take a 10-percent cut in the Wheat Belt, you will not have a group of new growers east of the Wheat Belt coming in and filling up the vacuum, because they cannot do it under this provision.

Mr. MARSHALL. Except in the noncommercial wheat areas at the present time.

Mr. ALBERT. Those are insignificant in the picture, are they not?

Mr. MARSHALL. These are in some of the areas where double cropping is possible. I visited some land recently in the Mississippi Delta where they raise a crop of wheat and soybeans on the same ground the same year and divide the fixed cost between two crops, which if you have high price support on this wheat, you will provide an incentive for this.

Mr. ALBERT. You might have first the grower subject to some such provisions but that is a matter of an amendment.

Mr. JONES of Missouri. In other words, you would recommend that we eliminate such noncommercial wheat areas then and make every area of the country applicable to the same regulations that are now applicable to the commercial wheat-producing States, is that correct?

Mr. MARSHALL. Noncommercial areas function freely as compared to the commercial area. And this is, of course, one of the problems that has existed in the past.

Mr. JONES of Missouri. I think that is true. I think we keep looking at the noncommercial areas and since they produce very little wheat, we say it is insignificant, and then we see the acres increase in these areas and they become commercial.

Mr. MARSHALL. That is right.

Mr. JONES of Missouri. That has been a part of our problem.

Mr. MARSHALL. That is right.

Mr. JONES of Missouri. Someone says it does not affect it much now because they cannot expand much further, but every time that you mention them, they are bigger and there are other places like that, that are noncommercial areas, and their increased production there does add that much to the problem.

Mr. MARSHALL. That is right.

Mr. ALBERT. Would you oppose this bill if it was voluntary, in the nature of the feed grains bill?

Mr. MARSHALL. If it is voluntary, then it gets into what we are recommending in the way of voluntary farm programs.

Mr. ALBERT. I mean if the price support were increased, the same payments were authorized for the first 10 percent, and additional retirement, would your objection be allayed to this bill?

Mr. MARSHALL. Major changes would cause us to reassess this situation. Raising price supports will not solve the problem, however.

Mr. ALBERT. Thank you very much.

Mr. MARSHALL. Thank you.

Mr. ALBERT. The next witness is Mr. Carl Bruns of the National Association of Wheat Growers.

STATEMENT OF CARL BRUNS, PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS; ACCOMPANIED BY JAMES DYESS, EXECUTIVE VICE PRESIDENT

Mr. BRUNS. Mr. Chairman and members of the committee, we appreciate the opportunity to appear before this group to express our views concerning the proposed amendment to H.R. 6400 relating to an emergency 1-year program for wheat applicable only for the 1962 crop year.

Our position with respect to long-range wheat legislation is unchanged. We still are in favor of a bushels management wheat program as endorsed by our association, the National Grange, and the National Farmers Union.

We are very reluctant to support this amendment, even for 1 year, because it accentuates the problems of obtaining quality production. Under any program of acreage limitation the producers will tend to grow the variety of wheat which produces the most bushels, irrespective of quality. In addition, our growers in the Pacific Northwest are firmly convinced they can sell in foreign and domestic markets all the quality White Wheat they are now producing under present allotments.

However, since it is obviously too late in the year to make any substantial change in the type of wheat program for 1962, and since we are well aware of the excess supplies and the production problems facing us, we acquiesce in the decision of this committee to make the minimum number of changes necessary in the present program for 1962 to meet the immediate need.

The amendment under consideration proposes both a mandatory and a voluntary reduction in wheat acres for 1962, with the acreage taken out of wheat being diverted from the production of any crop, with a

payment in cash or in kind to recompense the producer for loss of income on the acreage diverted.

Before commenting on the specific items in the amendment, I would like to call the attention of the committee to some pertinent facts concerning wheat production.

The table below shows the seeded acres, the harvested acres, the production, and the carryover inventory on July 1 for each of the years 1955 through 1960, the period in which acreage allotments based on the 55-million-acre minimum were in effect.

Acres seeded, harvested, production, and carryover from preceding year, 1955-60—Wheat

[In millions]

Year	Acres seeded	Acres harvested	Production	Carryover inventory on July 1
			<i>Bushels</i>	<i>Bushels</i>
1955.....	58.2	47.3	935	1,036
1956.....	60.7	49.8	1,004	1,033
1957.....	49.9	43.8	951	909
1958.....	56.3	53.4	1,462	881
1959.....	57.7	52.7	1,127	1,295
1960.....	55.6	52.6	1,363	1,314

MR. BRUNS. You will note that the inventory on July 1, 1955, was 1,036 million bushels. We have had this surplus problem with us for a long time. It is not something of recent origin. But even with the 55-million-acre allotment, the inventory on July 1 of the succeeding years 1956, 1957, and 1958 was being successively reduced. Only in 2 of the 6 years, 1958 and 1960, was the production of wheat materially above requirements, and in these 2 years, the extremely high production cannot be attributed to any technological explosion; it was the result of ideal weather conditions in the major part of the wheatgrowing country. All indications now point to another large crop in 1961, again due to weather.

But the crop is not in yet. There are indications of drought in the spring wheat area of the Northern Plains, and reports from the Pacific Northwest indicate severe rust damage.

The point I am making is that even with a 55-million-acre allotment, the increase in inventory of wheat has been less than 300 million bushels in 6 years, which included the 2 best growing years in the recent history of the wheat industry.

Of course, in 1957 we had an effective soil bank program—a program under which producers voluntarily reduced their seeding of wheat below their allotment. There was no coercion applied to obtain this reduction, and yet harvested acres dropped to 43.8 million acres, and with average yields, production dropped below a billion bushels.

In considering any wheat program based on acreage controls, we should consider the distribution of present wheat allotments among various types of farms.

The table below shows for 1960 the distribution of allotment and the planted acres on different classes of farms.

Estimated distribution of 1960 wheat allotment and acres of wheat¹

[In millions]

	Allotment	Wheat acres ²
15-acre farms.....	6.0	7.7
Conservation reserve farms.....	3.2	-----
Unallocated.....	.2	-----
Over 15-acre farms.....	45.6	44.2
Total.....	55.0	51.9

¹ Estimated from frequency distribution data published by CSS, Grain Division, Department of Agriculture.² Acres classified as wheat under marketing quota regulations.

Mr. BRUNS. You will note that 6 million acres of allotment are assigned to the so-called 15-acre farms. Currently in the conservation reserve are farms having 3.2 million acres of allotment. Then there are 200,000 acres of allotment assigned to noncommercial States and held out as reserves, which were never allocated. That leaves 45.6 million acres on farms over 15 acres. Any effective reduction in acres must come from this latter group.

Much has been said about the 15-acre farm. Under the proposed amendment, the maximum acreage which can be grown on such farms in 1962 is the smaller of 13.5 acres, or the highest planted acreage in the past 3 years. On the face of it, this would appear to call for a substantial reduction in acres. As a matter of fact, the only farms on which a reduction would be required would be those on which the acreage is between 13.5 and 15 acres. This involves only about 10 percent of the 15-acre farms, and the average reduction per farm is less than 1 acre.

The following table is a projection of the acreage eligible to be planted under the provisions of this bill, together with our estimate of the amount of land retirement and acreage seeded on these farms. The Department of Agriculture conducted a sample survey last fall on these 15-acre farms. The estimates of the number of farms and the average acreages seeded are from this survey.

Estimated wheat acreage seeded and diverted under provisions of amendment to H.R. 6400 on 15-acre farms

Number of years wheat was seeded ¹	Number of farms ¹	Average acreage seeded ¹	Acreage eligible to be seeded or diverted	Estimated acreage diverted	Estimated acreage seeded
	Thousands		Thousands		
0.....	202	² 3.5	636.0	-----	-----
1.....	324	9.6	3,110.4	-----	-----
2.....	262	9.7	2,541.4	-----	-----
3.....	454	10.6	4,812.4	-----	-----
Total.....	1,242	-----	11,100.2	³ 2,220	⁴ 7,500

¹ Data from estimates of Department of Agriculture, Grain Division, CSS.² Allotted acre eligible for consideration as any other wheat allotment.³ The maximum diversion in any case of 40 percent of the permitted acreage. Estimate assumes 50 percent of producers diverted, even though no price support is available for diverting.⁴ It is assumed most of the producers who diverted in this group would not plant any wheat.

Mr. BRUNS. You will note that more than 11 million acres are eligible to be planted under the terms of this amendment which is 3½ million acres more than has been planted historically on these farms. Considering that any retirement program is completely voluntary on this group of farms, and in addition, that no price support is available for wheat even though land is retired, we believe our estimate of 2.2 million acres diverted, based on 50 percent of the producers participating to the maximum extent, is very liberal. Not every eligible producer will plant his permitted acreage, but recognizing this, we believe that at least 7.5 million acres will be planted in 1962 on these small farms, as compared with the 7.7 million acres planted in 1960. Thus, under this amendment, it is probable that the total production of wheat on these farms will be reduced very little.

Now to consider the farms over 15 acres. As I pointed out before, about 45.6 million acres of allotment were assigned to such farms in 1960, and very little change would be expected in 1962. A mandatory 10-percent reduction would reduce acres by about 4.6 million acres. If we are to obtain the reduction in acres which has been talked of (about 10 million acres), further voluntary reduction will be necessary in order to achieve the goal. Based on the participation in the feed grain program, we would expect this goal to be reached. Our best estimate of the total acreage diverted under the terms of the amendment would be about 11.7 million acres, with about 42 million acres of wheat harvested.

Another one of the reasons we have been reluctant to endorse this proposed amendment is that it will be difficult to explain to our commercial wheat growers that they are the only ones required to take a further 10 percent reduction in their acreage below the 35 percent cut presently imposed by marketing quotas, when feed grain producers are offered a voluntary program calling for a cut below the highest acreage planted in recent years, and when the 15-acre grower, with few exceptions, is not required to reduce below his recent seedings.

When the provisions of this bill were first made known to us we checked with a great many of our members in all parts of the country. The consensus of their opinions was that although this is not the type of program which they felt was most desirable, the majority of wheat farmers will vote affirmatively for this 1-year program.

Mr. ALBERT. Thank you very much, Mr. Bruns.

Any questions, Mr. Belcher?

Mr. BELCHER. No.

Mr. ALBERT. Mr. Thompson?

Mr. THOMPSON. No.

Mr. ALBERT. Mr. Breeding?

Mr. BREEDING. I would like to ask a question in regard to this voluntary and mandatory program. Do you have any suggestions in regard to making this a voluntary program rather than a mandatory program, if so will you state them at this time?

Mr. BRUNS. Well, as we understood, we were to testify in behalf of the amendment as it was.

Mr. BREEDING. My question is directed to the comment that you were reluctant to go along with it. You were opposed to the legislation as proposed.

Mr. BRUNS. Yes; that is right.

Mr. BREEDING. Do you have any suggestion other than this voluntary program?

Mr. BRUNS. I would think that—first let me say, Mr. Breeding, that some of our members feel, as was expressed before here this morning, that a mandatory cut of 10 percent would be very undesirable in their particular areas. If this committee felt that they could get participation through the voluntary land retirement program sufficient to reduce both in the production and carryover by having a strictly voluntary program, we certainly would not have any opposition to going that way.

Mr. BREEDING. Would you put a penalty on the man if he did not voluntarily take part in the program, would you have a difference in price for that man, such as we have in feed grains?

Mr. BRUNS. I could not say, Mr. Breeding. This would mean that you would have a two-price level within the program, if I get your question.

Mr. BREEDING. You have that on the feed grains bill, a price for those that do take part and one for those who do not?

Mr. BRUNS. In that regard, if it is working on feed grains and if the committee chooses to go to a strictly voluntary program, it would seem to me that it would be in keeping to be consistent with the feed grains program to have no cuts.

Mr. BREEDING. What would you pay those that are nonparticipating?

Mr. BRUNS. I would leave it the way it is in the feed grain.

Mr. BREEDING. 75 percent of parity?

Mr. BRUNS. They have no protection at all, I understand.

Mr. BREEDING. But you would not give the fellow that does not participate any protection and support, would you?

Mr. DYESS. If I may clarify just for a moment with this statement, since under feed grains they are free to grow all of the corn and sorghums they want, without any acreage limitation, there is a certain reason for not having any price support for them, but in the case of wheat, the wheat grower has already reduced from his base about 35 percent, and one of the provisions of the marketing quota act is that if he does agree to that mandatory reduction, then he is eligible for price support between 75 and 90 percent of parity. So if a man complies with his allotment, he certainly should be eligible for the 75 percent support. And then if there were to be additional price incentives for those who voluntarily reduced below that, I think it would make rather chaotic conditions in the market, to say the least.

Mr. BREEDING. I had hoped that you would come up with some suggestion on this because we do have criticism and opposition to mandatory controls from some people. At least I have had some.

Mr. DYES. To my way of thinking, if the voluntary program will achieve the results that we are looking for, which is a reduction of some 150 to 200 million bushels in production, then anyone that complies with his allotment should be eligible to get the price that is given to all wheat, and the producer who retires his land in order to reach this goal is being paid for the reduction in lieu of the crop that he would receive.

Mr. BREEDING. In other words, you have two prices for wheat. You would draw the 75 percent if you did not take part. If you did take part, the Secretary might set the price at a higher figure?

Mr. DYESS. That is correct.

Mr. ALBERT. Mr. Reifel.

Mr. REIFEL. Mr. Chairman, I would just like to say that many wheatgrowers in my district have expressed interest and support for legislation of the type now before us.

I have received petitions from nearly 200 South Dakota farmers having individual wheat allotments of from 15 to nearly 6,000 acres. For a wheat program to be effective, their petitions state, it must include an acreage retirement program of from 10 to 40 percent, optional to the grower, and similar to the 1961 feed grains program.

Although I do not propose to burden the record with the names and addresses of these 200 farmers, I did promise them that their views would be brought to the attention of the committee.

I thank the chairman.

I will give their petition to the committee. The petition can be made a part of the file.

Mr. ALBERT. Without objection that may be done.

(The petition will be found in the files of the subcommittee).

Mr. SHORT. I would like to state, if we are going to start mentioning the representation from the farmers back home, I should mention right here that I have had petitions signed by some 3,500 farmers in my district who are opposed for all practical purposes to H.R. 6400 period.

Mr. ALBERT. Mr. Stubblefield, do you have any questions?

Mr. STUBBLEFIELD. As to the 15-acre farmer, the reasoning is that the reduction is based on the allotted acreage, is it not?

Mr. BRUNS. Yes.

Mr. STUBBLEFIELD. It is not on the planted but the allotted acreage; is that not right?

Mr. BRUNS. If I understand you, you say—

Mr. STUBBLEFIELD. If you have a hundred wheat acre allotment and you reduce it, it would be based on the 100 acres, not on the planted acres?

Mr. BRUNS. That is correct.

Mr. STUBBLEFIELD. So the 15-acre man would have to take a bigger cut if he has smaller acreage. It looks like that is a bad situation for the 15-acre man as against the big wheatgrowers.

Mr. DYESS. If I may answer that. The 15-acre man has an allotment somewhat less than what he has been planting. For example, on all of the so-called 15-acres farms, the average allotment has been around 4 acres per farm and yet under the marketing quota provision he has been able to plant, on the average, around 8 acres per farm. So each year we have about twice as many acres planted on these 15-acre farms as are allotted to those farms. And the production from that excess acreage is free to move into the market at whatever the market price is at the time.

Mr. STUBBLEFIELD. The 15-acre man with, at least, a 10 percent mandatory cutback, he has less than 15 acres.

Mr. DYESS. The point is that the 15-acre man does not have any mandatory cut unless he is planting up to the full 15 acres, in which case he is cut back to 13½.

Mr. STUBBLEFIELD. But he could plant up to that.

Mr. DYESS. He can plant up to—

Mr. STUBBLEFIELD. He could plant 15?

Mr. DYESS. That is correct.

Mr. STUBBLEFIELD. He could.

Mr. DYESS. This provision would limit the expansion in this 15-acre area, which we think is good. But it does not require any reduction. And some of these 15-acre farms plant only 1 or 2 years out of 3 years.

This survey we mentioned in our statement indicated that approximately 25 percent of all of the 15-acre farms have only planted in 1 year out of 3, and they are all free this next year to come in and plant the highest acreage they have planted in this 1 year.

Mr. STUBBLEFIELD. It would seem to me that the 15-acre grower is being equally, if not more, restricted than the larger wheatgrower; he takes a much higher cut on his 15; 13½ acres, the 3-year average.

Mr. DYESS. It is not the 3-year average; it is the highest acreage.

Mr. STUBBLEFIELD. The highest planted acreage in the last 3 years?

Mr. DYESS. He has had the option up to this time of planting up to 15 acres in each of those years. Now, this bill will limit him to where he cannot plant more than he has planted before, but it requires no reduction on that side.

Mr. STUBBLEFIELD. Thank you.

Mr. ALBERT. If you left the price support where it is, at 75 percent, and made the cut voluntary, do you think the inducement would be sufficient to get any real participation?

Mr. DYESS. The first 10 percent voluntary and the like——

Mr. STUBBLEFIELD. Would there be inducements enough to get voluntary participation?

Mr. DYESS. I do not believe there are.

Mr. STUBBLEFIELD. No more questions.

Mr. ALBERT. Any more questions?

Mr. BREEDING. I have one. I want to ask you: What do you think the price of wheat ought to be under this bill?

Mr. BRUNS. I would say that the price that I have heard of somewhere around \$2.05 would probably be acceptable. I think it is quite a reasonable price.

Mr. BREEDING. Thank you.

Mr. ALBERT. Any more questions? If not, we thank you.

Mr. BRUNS. Thank you.

Mr. ALBERT. The committee will be pleased now to hear a statement from the National Farmers Union by Mr. Reuben Johnson, associate director, division of legislative services.

STATEMENT OF REUBEN L. JOHNSON, ASSOCIATE DIRECTOR, DIVISION OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. JOHNSON. Mr. Chairman and members of the subcommittee, we support the amendments to H.R. 6400 providing a special 1-year wheat program for 1962, as stated in the committee print dated June 7, 1961, with the following qualifications:

1. We recommend that the price support for wheat be established at 90 percent of the parity price, or \$2.15 per bushel, as a minimum for the 1962 crop year.

In every year in which wheat farmers have been given the opportunity to vote for or against production controls and price supports,

they have approved them by substantially more than the required two-thirds majority. Last year with the price support set at the lowest possible level by Secretary Benson, under prevailing law, 87 percent of wheat producers voting in the referendum voted for the current program of production controls and price supports.

With the further reduction provided for in the proposed 1962 wheat program, we believe that there is ample justification for a support price on the 1962 wheat crop reflecting 90 percent of the parity price.

2. We recommend also that there be added to the proposed amendments provision for postponing the wheat referendum until August 15. Under present law, the referendum is required to be held by July 25. Such a postponement would preclude the necessity for mailing notices to farmers which would be outdated on the enactment of the special 1-year wheat program which is being considered by the subcommittee.

We want to make it clear that we are in support of the bushel-management program for wheat worked out in cooperation with the National Grange and National Association of Wheat Growers as the program for wheat over the long-range. We are hopeful that such a program can be developed for the 1963 crop year and subsequent years under the procedures which are set out in title I of H.R. 6400.

Mr. ALBERT. We thank you, Mr. Johnson.

Mr. Belcher, any questions?

Mr. BELCHER. No.

Mr. ALBERT. Mr. Jones?

Mr. JONES of Missouri. No questions.

Mr. ALBERT. Mr. Short?

Mr. SHORT. You mentioned here that 87 percent of the wheat producers voting in the referendum voted for the program last year. What percentage of the wheatgrowers eligible to vote voted?

Mr. JOHNSON. I do not have that figure with me, Mr. Short. I would be very happy to provide it for the record, if you would like.

Mr. SHORT. If you could provide it, fine.

Mr. JOHNSON. My impression is that the opposition to the wheat program has been a rather hard core and consistent number over the years and the percentage of those supporting the program, varied because of the turnout. More the turnout, the biggest percentage of the growers voting for the program.

Mr. SHORT. I have heard that a comparatively small percentage of the farmers, actual wheat farmers who were eligible to vote in the referendum, voted; that is, those who were eligible. I would like to have the figures put into the record.

Mr. JOHNSON. I will be very happy to secure those. They are available at the Department.

Mr. ALBERT. That may be done without objection.

Mr. BREEDING. Would you also put in the record the percentage of total production of those who voted in the referendum?

Mr. JOHNSON. I will be very happy to accept that amendment.

Mr. SHORT. What was that?

You would have to identify each individual farmer that voted in the referendum and determine what his production was for that purpose.

Mr. BREEDING. Such as whether 10 percent of the wheat producers, produced 90 percent of the wheat?

Mr. SHORT. What proportion of the 10 percent voted in the referendum?

Mr. JOHNSON. I might be able—

Mr. SHORT. I have no objection to that.

Mr. JOHNSON. I think we might be able to get the information by States. I will be very happy to check to see what is available in this regard and provide whatever can be obtained which is based on some accurate survey.

(The information follows:)

NATIONAL FARMERS UNION LEGISLATIVE SERVICES,
Washington, D.C., July 7, 1961.

Hon. CARL ALBERT,
U.S. Congressman,
Washington, D.C.

DEAR CONGRESSMAN ALBERT: Enclosed herewith is a summary table of results of the 1961 wheat marketing quota referendum.

I believe that this provides as much information as is available.

I respectfully request that this table be inserted in the record of hearings on the 1962 wheat program at the point where you granted permission for its insertion.

Sincerely,

REUBEN L. JOHNSON, Associate Director.

Final results of wheat marketing quota referendum, 1961

State	Vote for	Vote against	Total vote	Percent for	Number of eligible	Number of farms
Alabama	74	46	120	61.7	776	6,227
Arizona	42	35	77	54.5	632	1,421
Arkansas	170	9	179	95.0	862	9,197
California	277	195	472	58.7	3,591	5,206
Colorado	3,618	599	4,217	85.8	25,092	29,533
Delaware	78	8	86	90.7	969	1,841
Georgia	539	15	552	97.6	1,462	20,441
Idaho	2,253	535	2,768	80.7	26,084	28,635
Illinois	5,220	1,343	4,563	70.6	49,479	123,453
Indiana	2,762	1,252	4,014	68.8	34,116	110,820
Iowa	307	22	329	93.3	3,721	11,680
Kansas	20,035	3,649	23,684	84.6	158,437	138,779
Kentucky	973	26	999	97.4	4,273	26,674
Maryland	304	74	378	80.4	4,847	14,046
Michigan	2,363	1,449	3,812	62.0	21,739	107,564
Minnesota	7,056	265	7,351	96.4	17,815	38,726
Mississippi	196	2	198	99.0	834	2,309
Missouri	3,863	711	4,574	84.5	33,685	136,800
Montana	12,355	1,144	13,499	91.5	38,995	24,229
Nebraska	6,757	1,680	8,437	80.1	76,869	74,989
New Jersey	54	19	73	74.0	919	4,561
New Mexico	397	70	467	85.0	2,689	4,629
New York	399	305	704	56.7	7,811	35,758
North Carolina	1,667	51	1,718	97.0	2,942	69,023
North Dakota	47,130	2,661	49,791	94.7	110,998	73,009
Ohio	2,057	1,297	3,354	61.3	44,843	149,976
Oklahoma	9,076	1,326	10,402	87.3	59,674	77,836
Oregon	1,107	179	1,286	86.1	7,673	15,877
Pennsylvania	241	293	534	45.1	8,691	84,011
South Carolina	720	21	741	97.2	1,724	34,647
South Dakota	13,719	734	14,453	94.9	47,336	37,106
Tennessee	528	34	562	94.0	2,766	33,507
Texas	6,624	874	7,498	88.3	41,418	53,742
Utah	362	180	542	66.8	3,197	11,973
Virginia	960	129	1,089	88.2	3,727	44,790
Washington	3,263	1,055	4,318	75.6	29,046	16,377
West Virginia	24	35	59	40.7	583	6,286
Wisconsin	31	14	45	68.9	368	12,076
Wyoming	923	250	773	67.7	3,151	3,633
United States	156,134	22,564	178,718	87.4	883,835	1,669,319

Mr. SHORT. Thank you.

Mr. ALBERT. Any further questions?

Mr. REIFEL. Is it not true as to these referendums that the producer has little choice but to go back to the 50 percent of parity if he does not accept the program and has a higher percentage of parity otherwise?

Mr. JOHNSON. That has been the alternative. Last year that would have meant a difference of about 75 cents a bushel.

Mr. REIFEL. What is the objection to allowing the producer to keep the program he has or vote for a program that would be something else?

Mr. JOHNSON. You mean, in terms—

Mr. REIFEL. Whatever the program presently is that he is operating under, to simplify the program would be better, that he would have a choice between what he presently has and what he would expect.

Mr. JOHNSON. I understand there is some feeling that this should be provided.

The tobacco program is very successful. When they vote in the referendum, I understand, they do not even have a 50 percent of parity support to fall back on. I think that farmers are realistic enough either to see the need for and vote for an effective program or either not have a program at all as alternatives here. In other words, we ought to give in any referendum a realistic choice. My own personal opinion is that the past wheat referendums do provide a realistic choice to farmers.

I think one of the reasons the tobacco program has been so successful is that when producers go down to vote in a tobacco program, they are voting for a program or they are voting for nothing.

In Maryland a few years back the warehousemen and the people who make money off of handling the tobacco put on a campaign the result of which voted out controls. It has been very interesting. They are back in the program now.

Every time they voted out a program, they have had more tobacco than they could get fair prices for.

Mr. STUBBLEFIELD. May I make one brief comment on that?

Mr. ALBERT. Do you yield?

Mr. REIFEL. I was wondering—

Mr. ALBERT. Do you yield?

Mr. REIFEL. Just as soon as I get this out.

Mr. ALBERT. You will be next.

Mr. REIFEL. As between what a farmer has now and what might be proposed as a better program, that he get a realistic choice.

Mr. JOHNSON. I have not made an analysis to see what the comparison of these programs are. The Department said yesterday that a producer would have about 10 percent more income between what he has now and this 1962 program, 10 percent more net income.

Mr. ALBERT. Under this wheat program.

Mr. JOHNSON. From the 1962 program. That is the statement that the Department made. I would predict that the increased net income to wheat producers would be more than 10 percent because of the savings that would be made by not having to seed the 10-percent reduction. I would think that you might conceivably have as much

as 20 percent increased net income under the 1962 program if the support level is set at 90 percent of parity as we recommend.

Based on that, Mr. Reifel, I think that producers might take the 1962 program that is proposed in the committee print over the existing program.

I will tell you how the producer will decide. He will take a stubby pencil and a tablet on the kitchen table and he will calculate both of them, and I think he will support that program that does give him the increase in net income, even though it may be rather small.

Mr. ALBERT. Mr. Stubblefield.

Mr. STUBBLEFIELD. I want to make a comment here. These figures of a half percentage point in last year's burley tobacco meant of the growers that 98 percent voted for the program.

Mr. SHORT. Will you yield?

I noticed you recommend that the price support on wheat should be raised from 90 percent of parity. Have the tobacco growers ever been able to get that price up to 90 percent of parity?

Mr. JOHNSON. I thought it had been at 90 percent of parity all of the time.

Mr. SHORT. Is it at that now?

Mr. JOHNSON. So far as I know, that is the rate at which it is calculated.

Mr. SHORT. We had hearings right here in this room not long ago which brought out the fact that the present price of tobacco was 88 percent of parity, that they had not been able to get it up to 90 percent of parity.

Mr. JOHNSON. Mr. Short, I assume your hearing was to help them figure out how to get the 2 percentage points they were losing back. As you know, the chairman of the committee will do everything in his power to help them to get it back. Farmers Union is for them having it.

Mr. SHORT. What I am saying is that this tobacco program has been one where they have had the positive controls, where the farmers have voted for the programs, but the actual fact of the matter is that even with strict controls, they have never been able to get the price up to the 90 percent parity that they want.

Mr. STUBBLEFIELD. If you will yield. I believe the gentleman from North Dakota was here and realizes it pertained only to 1 year's crop in North Carolina where there was an inferior grade of tobacco.

Mr. SHORT. Was not there a bill before this committee a year ago asking us to adjust the formula so that the price of tobacco would not continue to rise because they were pricing themselves out of the market?

Mr. BREEDING. Was it not up to 92 percent of parity at that time? At that time didn't we take action to reduce the price?

Mr. SHORT. At the request of the producers, because they knew they were losing their market at 90 percent or above. This is the thing that I think we have got to keep in proper perspective. There is somewhere here a place beyond which you cannot raise the price without discouraging the market.

Mr. JOHNSON. So long as the value of the wheat in a loaf of bread is less than 3 cents, Mr. Short—it is about 2.3 cents, as a matter of fact—then I am certainly confident that raising the support price

on wheat to 90 percent of parity will not have any world-shaking adverse consequences on anybody.

Mr. SHORT. Mr. Johnson, certainly no one knows any better than I do that the cost of wheat in the loaf of bread has little to do with the cost of that loaf of bread to the consumer. What I am pointing out here is that if you are going to maintain this price up to this level that you are going to fix by law, you will have to have some other controls to go along with it. In Hard Red Spring wheat alone that we grow in North Dakota, if we had the absolute control over imports into this country from Canada, we would not have had one bit of increase in our surplus in the last 10 years. But you have got to have all of the controls to go along with this one of production controls if you are going to make this higher price support work, and we have not been able to do it. That is what is the matter with the tobacco program. Even within the last few weeks, if not right now, I understand we are importing tobacco from Cuba, and from South America. If you do not have those absolute controls, that we do not seem to be able to get, you cannot make these artificial legislative prices work.

I would like to see higher prices for wheat. It seems to me there are some practical limitations that we have to have in mind when we are considering how far we are going to raise them by law.

Mr. BREEDING. Will you yield?

I would like to go into that a little bit further. If you are going to have controls and all of these regulations that you mention here, for all of these people from overseas, how about our own industry so farmers can buy machinery and operate more cheaply? It seems to me like the price of wheat ought to be at least \$3 per bushel when I have to pay \$9,000 for a combine that cost me less than \$5,000 10 years ago.

Mr. SHORT. Maybe you can afford it or you wouldn't buy it.

Mr. BREEDING. We cannot. I think we have got to have higher prices for wheat. Or we must have lower prices for machinery and other necessities, to efficiently operate.

Mr. ALBERT. Any further questions?

Mr. LATTI. Mr. Johnson, I believe you testified before our feed grains subcommittee and testified for the extension of the Feed Grain Act. Is that correct?

Mr. JOHNSON. Yes, there were some amendments, the record shows.

Mr. LATTI. In that bill we provided that the farmer would be entitled to his individual production for 1959-60 in computing the amount of payments to be made in 1961 and 1962. You supported that.

Now I am wondering how you can, also, support this bill which says to the wheat grower that "You shall not get your individual production, you shall get only your county's production average." Why should we discriminate against the wheat producer in this way?

Mr. JOHNSON. Mr. Latti, I do not think I have any objection to doing it the way you do it in feed grains. This bill has been drafted in cooperation with the Department of Agriculture. I think from the standpoint of administering the program that this provides a much simpler approach.

Mr. LATTA. But would you support an amendment that would give the wheat producers the same kind of payments that you are giving the others?

Mr. JOHNSON. I will be willing to abide by the judgment of this subcommittee in working with the officials of the Department of Agriculture who are going to administer the program.

Mr. LATTA. That is not quite what I asked you. We have some areas that grow corn, others that grow wheat, and still others who grow grain sorghums. Why do we make payments one way for one crop and a different way for another? That is what I am asking you. How you can come before one such subcommittee one day and support one method of payment and then come before another subcommittee on another day and support a different method?

Mr. JOHNSON. Mr. Latta, the Department of Agriculture has made their position abundantly clear as to the meaning of this provision. One, they said they would adjust this county average basis for arriving at the payment to wheat producers for reserved acres if unusual conditions exist. And two, they would make adjustments for high-yield farms where the county figure did not seem realistic.

I do not know how much more reasonable they could be in administering a program like this. If that is what they plan to do, I think they cover the points that you just made.

Mr. LATTA. I do not know whether you were present for all of the testimony we had on the feed grains program or not. They were administering that program by taking the countrywide average and adjusting it by a "productivity index"—they did not use the individual farmer's production figures in most cases as provided for under the law. We again spelled out specifically in the new feed grains bill that the farmer should have the production averages on his individual farm.

In this wheat bill you are writing a provision of law to do something that we opposed in the feed grains bill; do you mean to tell this subcommittee that you are for putting that provision into this wheat bill?

I, for one, want to see the farmer get his own production, the production on his individual farm, under the terms of this bill.

Mr. JOHNSON. Mr. Latta, your interest is no stronger than ours—

Mr. LATTA. You support that position?

Mr. JOHNSON. In wanting this done. I have a great deal of faith in farmers providing accurate information on this point. I believe that where a farmer feels he has not been justly dealt with that he will appeal, as many did under the feed grain program.

The important thing is that there is provision for handling the program in this manner. And the Department of Agriculture has said that they will provide for such under this program.

If you want to change the language, that is up to the subcommittee.

Mr. LATTA. That is all.

Mr. ALBERT. Any more questions?

Thank you, Mr. Johnson, for your presentation. We appreciate it.

That concludes the list of witnesses who have expressed a desire to be heard. I have a statement from the National Grange, which without objection I will put in the record. Are there any other witnesses here that desire to file a statement?

Mr. DOLE. I have several local organizations in Rawlins County, Sherman County, and Thomas County desiring to file statements for the record.

Mr. ALBERT. Without objection that permission is granted.

Mr. BREEDING. I have some farm organizations that have statements, I would like to file in the record.

Mr. ALBERT. Without objection that permission is granted.
(The statements and telegram follow.)

STATEMENTS OF SHERMAN COUNTY WHEAT PRODUCERS, INC., RAWLINS COUNTY WHEAT PRODUCERS, INC., AND THOMAS COUNTY WHEAT PRODUCERS, INC., ALL OF KANSAS, PRESENTED BY GERALD C. STOVER, OF COLBY, KANS., ON AN AMENDMENT TO H.R. 6400

Mr. Chairman, and members of the committee, we appreciate the opportunity to submit a written statement before the subcommittee on wheat.

Section 152(a)(1), as proposed, will seriously affect the economy of the farms in the area we represent for the reason that although our crops are sometimes very good, crop failure is the rule rather than the exception. Even in good years, some of our farms fail to produce their normal yield of wheat. We would suggest an amendment to this section which would permit farms not producing their quota on allotted acres, less diverted acres, to market in future years the deficiency in production for 1962. The same feature should be incorporated in the permanent wheat legislation when it is considered. Many of our farms are not in a financial position and have not been in a financial position to produce excess wheat as a hedge against future crop failures.

We believe the temporary provisions for wheat for 1962, as proposed, will help the financial position of the farms in the area we represent, but believe a more sound approach to the surplus problem can be made by a pro rata retirement of cropland from agricultural use. The same cropland should be retired from year to year, thus preventing a shifting of crops to diverted acreage nullifying the reduction in surplus. We believe, also, this would eliminate the inequities caused by the use of short-term histories in determining acreages for wheat and feed grains.

If this approach were used and the price of feed grains and wheat properly correlated, farms could be permitted to use remaining acreage for feed grains or wheat according to their own choice. Also, if the pro rata reduction in acreage is realistic, surplus can thereby be eliminated.

The administration of legislation along the lines suggested in the preceding paragraph would be very much similar than under present law, and the expense connected therewith would be reduced substantially. It would also give the farms freedom of operation as to crops, their rotation, and the conditions of weather.

We do not agree with the Farm Bureau position that wheat is our No. 1 surplus problem, but contend it is feed grains.

We believe the price of wheat should be increased from the present support program to place our farms in a relatively better position with relation to the other segments of our economy. We also believe our farms should be entitled to compensate for any further adjustment downward in wheat acreage.

STATEMENT OF THE NATIONAL GRANGE ON THE PROPOSED AMENDMENTS TO H.R. 6400 FOR A SPECIAL 1962 WHEAT PROGRAM

The constant efforts of this committee to improve the wheat situation and its willingness to examine and consider every suggestion made for the amelioration of this grave national problem is a source of continuing gratification to the National Grange. We are, therefore, pleased that the committee is devoting its attention to these proposed amendments to H.R. 6400, which would authorize a special 1-year program to apply only to the 1962 crop of wheat. In expressing our views on this proposal, however, we believe it appropriate, though perhaps unnecessary, to state by way of reminder that the development of a solution to the wheat problem has long had the active attention of the Grange, and that our

views and recommendations for a longer term solution are on record with the committee.

In its large outlines, this measure would apply the same general approach toward reducing wheat acreage in 1962 as that which has been proposed for reducing the 1962 feed grains acreage. The Grange has already indicated its support of the feed grains proposal as an emergency program and believes that a generally similar special program for the 1962 crop of wheat is desirable and warranted.

We further believe that any such special program must be designed to accomplish at least a minimum specified reduction in planted acreage, and at the same time provide reasonable assurance that it will avoid becoming a contributory factor to a further decline in farm income.

As repeated Grange statements before this committee have already indicated, we believe that a real solution to the wheat problems that confront America and to the income and marketing problems that confront American wheat growers and those who trade in and process their important bread grain, must eventually be found in a program embracing the fundamental principles of the wheat certificate program, long espoused by the Grange and recently supported, even though in somewhat modified form, by the National Farmers Union and the National Association of Wheat Growers.

Recognizing the difficulty of achieving substantial modification of a program that has operated since the thirties and making a new program available in adequate time to be taken into account in the summer and fall operations of the wheat producers of the United States, we are prepared to approve the efforts of this committee to develop an interim device that gives prospect of improving the situation that must be faced in the months ahead, rather than to permit it to deteriorate. It is for this reason that we are willing to lend Grange support to the type of program embraced in these amendments to H.R. 6400.

HUTCHINSON, KANS., June 7, 1961.

HON. J. FLOYD BREEDING,
House of Representatives, Washington, D.C.:

Steadily advancing farm technology, resulting in greatly increased production, has brought a progressive worsening of the farm situation.

Existing farm programs, even with modifications, have not proved effective in dealing with the problem. During recent years, the demand for a new approach has been expressed by almost every segment of the populace.

We believe the Agricultural Act of 1961, provides a new and sensible approach to our problem. We have found this act has the approval of a very substantial portion of the interests affected.

Presently, any further consideration of the Agricultural Act of 1961 rests squarely in the hands of the agricultural committees of the Congress.

We strongly appeal to the members of these committees to vote this bill out to the floor of the Senate and the House of Representatives for consideration.

The economy of our area, as well as that of the Nation, is so dependent upon agricultural income, we feel this industry must be moved off dead center.

KANSAS ASSOCIATION OF WHEAT GROWERS.

ANSON HORNING, *President.*

KANSAS STATE GRANGE,

HARRY C. COLGLAZIER, *Master.*

KANSAS FARMERS UNION,

MARTIN J. BYRNE, *President.*

FARMERS COOPERATIVE COMMISSION, Co.,

J. H. DEAN, *General Manager.*

FARMERS UNION JOBBING ASSOCIATION,

P. J. NASH, *Secretary-Manager.*

Mr. ALBERT. Are there any other statements that anyone would like to file?

If not, that concludes the hearings. We will go into executive session.

(Whereupon, at 11:25 a.m., the hearing was closed.)