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AGRICULTURAL ACT OF 1961

TITLE I, AGRICULTURAL ENABLING AMENDMENTS ACT OF 1961

1961/pt. 2

HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

H.R. 6400

APRIL 27, 28, AND MAY 1, 1961

Serial E

PART 2

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II



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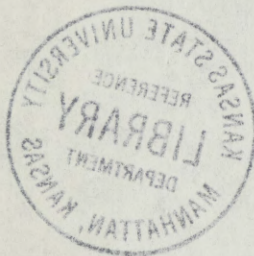
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AGRICULTURAL ACT OF 1961

THURSDAY, APRIL 27, 1961

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

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

Present: Representatives Cooley, Poage, Grant, Gathings, Albert, Abernethy, Abbitt, Jones of Missouri, Hagen, Johnson of Wisconsin, Jennings, Breeding, Stubblefield, McSween, Inouye, Harding, Hoeven, Dague, Belcher, McIntire, Short, Mrs. May, Harvey, Findley, Dole, Beermann, and Reifel.

Also present: Hyde H. Murray, assistant clerk; John Heimburger, counsel; Francis LeMay, consultant; and Betty Prezioso, staff assistant.

The CHAIRMAN. The committee will please be in order.

We are delighted to have with us this morning Mr. Herschel D. Newsom, master of the National Grange. We will be glad to hear you now, Mr. Newsom.

Mr. NEWSOM. I would like to have at the table with me Mr. Joe Parker and Fred Bailey.

The CHAIRMAN. You may do so.

**STATEMENT OF THE NATIONAL GRANGE, PRESENTED BY
HERSCHEL D. NEWSOM, MASTER; ACCOMPANIED BY JOSEPH
PARKER, LEGISLATIVE COUNSEL, AND FRED BAILEY, CON-
SULTANT**

Mr. NEWSOM. Mr. Chairman, it is always a privilege to appear before this committee. To present the views of the National Grange and to discuss proposed agricultural legislation and corrective measures which are needed is indeed an opportunity that we appreciate.

We commend this committee for its prompt consideration of H.R. 6400, and for its continued efforts to improve the agricultural program by providing the legislative basis under which constructive and effective commodity programs may be developed and be put into action. We want to assure this committee of our willingness to cooperate and to assist in every way possible in developing a workable measure.

I think it goes without saying (and certainly without the necessity of restating voluminous statistics) that there is a real need and increased recognition of the urgency for doing something more constructive about the problem of declining farm income than has been

accomplished in the past. Almost of equal urgency and importance is the necessity of treating constructively the cost of certain phases of the present farm program.

In this connection, Mr. Chairman, we wish to commend the efforts being made by the Secretary of Agriculture and the administration in moving promptly to tackle the farm problem. This is not an easy task. The course of least resistance would have been to blame somebody else for the situation and delay decision to act; or to suggest putting on a patch here and there and let things drift further. We are pleased, therefore, that this bill provides for a broad gaged attack on the very real problems of agriculture.

Our Grange executive committee met in Washington last week, Mr. Chairman, and endorsed the basic principles and objectives of H.R. 6400, the Agricultural Act of 1961. The proposed legislation would make possible the putting into action of many of the basic principles which have been developed and supported by the Grange over several years.

One of the most important features of the bill, we believe, is that it implements the commodity-by-commodity approach in an effort to meet the problems of today's agriculture; an approach long advocated by the Grange.

The bill also calls for direct producer participation in the development of programs and requires substantial producer approval before any program becomes operative. The measure would permit a variety of programs and would provide farmers the opportunity, in cooperation with the Secretary of Agriculture, to better manage supplies and to bring production and marketing more nearly into balance with demand.

This approach will serve to progressively reduce the very substantial storage, handling, and distribution costs currently required in the storing and disposition of the unbalanced farm production which has resulted from a legislative structure which we would seek to change under this sort of enabling measure. Producers would be provided with effective tools under this proposal, to enable them to better manage and coordinate their production and marketings. We would thereby be able to increase farm income effectively and do it in the marketplace.

The portion of the bill which we understand is before the committee today for discussion is title I, entitled "Supply Adjustment and Price Stabilization" which comprises the first 42 pages of the bill. While we are familiar with the broad outline and concept of the measure, Mr. Chairman, we have not had an opportunity to give this measure the detailed scrutiny that we want to give to it before making our final recommendations to this committee. We would like, therefore, to ask for the privilege of filing with the committee our supplemental views, or specific recommendations, concerning particular provisions of the bill.

The measure, as we view it, is a broad enabling act. It lays down legislative policy and objectives which are sought to be obtained. It provides for the establishment of national farm advisory committees on a commodity basis. Subtitles B and C of title I contain the operative provisions, which would authorize, and establish guidelines for use in setting up new programs to comply with the declaration of policy laid down in H.R. 6400.

Subtitle B entitled "Marketing Orders" generally extends the provisions of the Agricultural Marketing Agreement Act of 1937 to all commodities. It also amends the Agricultural Marketing Agreement Act to enable farmers to place a greater emphasis on market promotion and development. These both are principles that the Grange has thought about for many years. In addition it authorizes national marketing orders, and orders on either a regional or national basis, under which producers may place quantitative limitations on the amount of a commodity that may be marketed by any producer. Marketing orders under this bill could be brought into being under the procedure which is presently contained in existing law (through notice and hearings), or under the new procedures provided in the bill; namely, by the issuance of the Secretary of Agriculture after consultation and advice with national farmer advisory committees, approval of the President, and review by the Congress, and with approval by producers in a referendum.

Subtitle C of the bill authorizes the establishment of farm marketing quotas for any agricultural commodity, and for the apportionment of such marketing quotas among producers. Such quotas could be established on the basis of commodity units or acreage, with the usual type of penalties for noncompliance, as has been provided in legislation now operative.

In general this subtitle authorizes the employment of techniques, more comprehensive and more flexible, but similar to those now authorized, under existing law, with respect to marketing quotas for the basic commodities.

Under this subtitle a program of marketing quotas could be established, for any commodity, by the Secretary after such program is developed with the consultation and advice of a producer advisory committee, and after approval by the President, and after review by the Congress, as well as after approval by two-thirds of the producers, in a referendum.

Subtitle D of the bill relates to price stabilization and would authorize the establishment of price support for any commodity at any level not in excess of 90 percent of parity. Price support could be made available through commodity loans, commodity purchases, compensatory payments, diversion payments, incentive payments, and other operations. I would remind you, Mr. Chairman, this is a recitation of the various items in our traditional Grange stock or remedies that we have proposed should be on the shelf for meeting these problems for many years.

I have outlined briefly the general scope of the bill for the purpose of pointing up the fact that the measure, in the main, extends to and authorizes for all commodities, programs and techniques, which have been authorized, or which have been put into operation in the past only for certain specified agricultural commodities.

Secondly, I would like to point out clearly, that the measure is simply a delegation of power to the Secretary of Agriculture to implement a congressional policy within the guidelines or legislative standards provided by the Congress itself.

We recognize that the measure involves a broader delegation than has been usual in the past, and that there may be differences of opinion concerning the guidelines or safeguards that are needed or pro-

posed. The differences of view concerning the provisions which would permit a measure to become effective if it were not disapproved by the Congress—or by either House of the Congress—within a period of 60 days, we believe stems from the failure to recognize that the Secretary of Agriculture is not legislating in the usual sense of the word; he would be exercising a delegated authority; authority which we propose would be granted by the Congress under the guidelines established.

He would be exercising such delegated power, much the same as he now does when he establishes a price-support program and lays down conditions of eligibility for any commodity, which, under the law, does not receive mandatory price support, but is eligible to receive price support at the discretion of the Secretary. The difference then, it seems to us, between this measure and other measures in which broad powers have been granted to the Secretary, is that the exercise of delegated powers under H.R. 6400 would be subject to the further check and possible disaffirmance by either House of the Congress, which is not true under the existing authority.

As we visualize the operation of this measure, if a proposed program is submitted to the Agricultural Committees, which contain provisions which the committees believe to be unwise or unsound, the committees could refer the proposal back to the Secretary of Agriculture for further consideration and consultation with the advisory committees for such modification as may be necessary.

If the proposals were not modified so as to obtain the approval of the committees, it would be anticipated in our judgment that the committees would report adversely and urge disapproval of the program by the respective Houses.

It seems to us that the bill, although containing broad grants of delegated power, also provides the flexibility needed to improve and strengthen farm programs. At the same time it provides many checks and effective balances.

Although we are not in a position this morning, Mr. Chairman, to offer any specific amendments, which might strengthen the measure, we believe the bill would be improved if the provisions relating to the marketing orders could be expanded to give greater recognition and authority for additional self-help measures, such as authority for producers to promote orderly marketing through purchases, diversion, incentive payments, export allowances, and similar methods.

We repeat that we would propose under the self-help philosophy what we have advocated for many years.

We believe that some commodity groups may prefer to use measures such as these in preference to quotas or production controls or marketing regulation.

We are sure there are instances when this approach will even work more effectively.

In considering this measure, we believe that none should willingly let themselves as farmers, get into the position of condemning programs designed to improve the producers' bargaining position, and to increase farm purchasing power and income, merely because new techniques of implementation are sought to be employed. We, of the Grange, will endeavor to continue to study the measure and observe these discussions in an effort to draw attention to any provisions which

we may believe to need change. We hope that we will also, in such instances, be able to suggest constructive amendments in accord with the declaration of policy to which we subscribe.

In closing, Mr. Chairman, I would like to assure you that I know that the current and prospective farm situation, and the underlying causes of the imbalance in farm income, are quite familiar to members of this committee. We all know that farm income has dropped seriously; that farm costs have risen sharply; that surpluses have piled up; and that the cost of the present program is subjecting all of us in agriculture to severe criticism.

I hope most of us realize that more effective measures need to be taken and taken without delay. The present bill, be believe, will prove effective—by providing new tools and procedures, under which producers of any commodity may seek:

- (1) to improve their relative bargaining position;
- (2) to obtain a better balance of supply with demand; and
- (3) to expand market opportunities, through market research, promotion and development programs.

In this direction, we will not only achieve the objectives so clearly defined in the declaration of policy; we will provide the basis for a perpetuity of the "individual enterprise" agricultural structure in the United States that has—and shall continue to be—the envy of the world.

The CHAIRMAN. Mr. Newsom, I congratulate and commend you on your fine statement. You clearly indicate that you understand the importance of the measure now pending before us.

I am sure you realize this committee will give careful consideration to every provision of the bill before final action is taken. You certainly will be given an opportunity to file such supplemental views as you may desire.

I know that we have called on you in previous instances for advice and counsel, and I am sure that the committee will have further conference with you.

I will now turn the meeting over to the vice chairman, Mr. Poage. Mr. Hoeven and I have to go to the Rules Committee now.

Mr. POAGE (presiding). Mr. Abernethy.

Mr. ABERNETHY. I would like to ask some questions. As I understand you really are not ready to recommend the enactment of the bill as it is?

Mr. NEWSOM. That is an accurate deduction. We have had some discussions, turning certain features that we are not thoroughly ready to resolve in our own minds right now as to some of the details, but, basically, we are thoroughly in accord with the purpose and the objectives. And we want to register that accord vigorously now.

Mr. ABERNETHY. Do you find yourself in agreement or disagreement with what I think is a very important item or feature of the bill; that is, with the idea that the members of this committee and the Congress itself should delegate to someone else outside of the Congress, even though in the Government, in the executive department, the authority to draft a program and to leave us with only a veto?

Mr. NEWSOM. Well, this is one of the problems that we are still discussing among ourselves.

I do not concede, Mr. Abernethy, that this proposal does constitute an abdication of jurisdiction on the part of the Congress, but we are prepared to consider any strengthening of the guidelines of the rules of the game that will preserve the constitutional prerogative. And yet, I think it is fair to point out that we have consistently recognized, even though finally believe and have long believed, that we are going to have to approach these problems on the basis of the individual commodities.

Mr. ABERNETHY. I am in accord.

Mr. NEWSOM. Recognizing the difference and the variations in their end use patterns and all of that—recognizing that many commodity groups, as we have attempted to say here, would like to have authority, even to control and finance their own marketing programs.

Mr. ABERNETHY. And to approach it commodity by commodity, on that basis. Do you think it does that?

Mr. NEWSOM. Not to a sufficient extent. This is the point I was seeking to make. I am saying that as we go further in this direction that we believe we have to go—I believe that it is a fundamentally sound purpose and objective to try to lay down the broad guidelines that we will need to use in building each of these individual commodity programs without having to call upon the Congress to pass on the intimate details of each one of them, section by section.

Mr. ABERNETHY. Well, does not the language of the bill as now written provide for, first, the election of an advisory committee, and then for counseling between the advisory committee and the Department? Let us put it this way, the majority of the advisory committee might be in disagreement with the views of the Department and the minority of the committee in agreement with the views of the Department, yet the Department could send to the Hill a bill which would not be within the agreement of the majority of the committee. And the only authority we would have in that respect would be a veto.

Mr. NEWSOM. Well, if that is the committee's interpretation of the bill as it now stands, then I think it needs some fixing.

It is not my interpretation of it as it now stands. After all—

Mr. ABERNETHY. What is your interpretation of it then?

Mr. NEWSOM. As we have attempted to say in the testimony itself, first of all, let me back up and correct one slight error, I think, in terminology. You referred to the advisory committee as being elected. They will only be nominated and we ourselves have insisted that we want that.

Mr. ABERNETHY. That may be a little technical difference—may be nominated.

Mr. NEWSOM. It is more than a technical difference, in my opinion.

Mr. ABERNETHY. Anyhow, there will be some formula for the establishment of the committee—there will be some formula for that?

Mr. NEWSOM. All right, but as we have attempted to say in the testimony I do not visualize the necessity or the complete necessity, although some of my friends think that there is some necessity—the complete necessity of doing what you infer. I did not visualize any real necessity of further modification here, make it possible for this committee, in considering any proposal that the Department may send up under this bill and reaching a determination and calling on the Secretary to explain or to elaborate. This committee could still

reach the determination, "Mr. Secretary, we cannot approve this thing under these provisions. Now you and your committee had better work out some modification."

I think this is exactly the way that this thing would work—this is the way we hope it would work.

Mr. ABERNETHY. Suppose they say, with all due deference "we do not think we ought to work out another arrangement—we think this is what we want"—suppose they say that, and then the committee and the Congress is left with nothing except to accept or reject it. That is the way I interpret it.

Mr. NEWSOM. I think that is right. After you have made the effort to modify, if you cannot get the modification, I think if it is not acceptable, you will have just to reject it. This is your right, not only your right but your responsibility.

Mr. ABERNETHY. I think that the responsibility goes further than that, but with all deference to those who believe to the contrary, I think the responsibility rests with the committee and Congress to make the final determination and to have the right and the privilege of amending. But here we have no right to amend or to offer a complete substitute. With all due deference to everyone, this bill is a complete delegation of power conferred and actually placed upon the Members of the Congress, and the public expects the Members of Congress to carry that out.

Mr. NEWSOM. I would say to you, Mr. Abernethy, that I respect your opinion and I respect the opinion of the majority of this committee. If the majority of this committee feels as you do then we, certainly, would expect you to modify this proposal to make that kind of a provision in it. If it is the judgment of the majority of the members of the committee that that change needs to be made we will support the change. That is just the way we feel about it.

Mr. ABERNETHY. Would you support it whether we made it or not?

Mr. NEWSOM. We have discussed it a great deal. And our consensus of opinion now is that it would work pretty well as we have outlined it in our statement today, but we do not pretend to understand all the details quite as well as the combined judgment of this committee would dictate. We will rely on your judgment on that matter.

That is one of the fundamental matters. I do not concede of this proposal as being a violation of the constitutional government procedure that I think is traditional in American. This is one of the reasons that I dwelled upon the essential difference between the election of the advisory committee and the nomination of it, for appointment by the Secretary.

I expect to hold the man who is Secretary of Agriculture responsible for any policies or provisions that he wants to present to this committee or anybody else, and that is why we insist that he should have the right to appoint them from the nominations.

Mr. ABERNETHY. I think it is all right to hold him responsible, but when I get home my people will hold me responsible.

Mr. NEWSOM. As long as we believe in self-government process, every one of us has to be held responsible. I do not have any disagreement with you on that principle.

Mr. ABERNETHY. I am sure that you do. That is all, Mr. Chairman.

Mr. POAGE. Mr. McIntire.

Mr. McINTIRE. Mr. Newsom, I want to express our appreciation of your presentation of the views of the Grange. As I understand it, they are on a reservation basis.

Mr. NEWSOM. Yes.

Mr. McINTIRE. I would just like to ask for further elaboration on some of your statements.

On page 5 of the statement you refer to the existing authority of the Secretary, and you are referring here, if I understand correctly, to title III of the Agricultural Adjustment Act, which is the encompassing provision of all commodities, in which the Secretary has the right to set the level of support, and you refer here to the fact that he is to lay down the conditions in relation to these commodities. Would you elaborate what you mean by laying down the conditions relative to them?

Mr. NEWSOM. If I may, Mr. McIntire, although I think I understand the situation fairly well in general terms, I would like to defer to our legislative counsel, Mr. Parker, to answer that. I think that he can give you a more meaningful answer. Will you answer that question, Mr. Parker?

Mr. PARKER. In that connection, under title III of the Agricultural Act of 1949—that is the act which generally is the act which authorizes price supports—the Secretary of Agriculture is given a broad and almost unlimited grant of discretionary power to establish price supports for any agricultural commodity and, also, to lay down the terms of eligibility under which any producer would have to meet in order to be eligible for that price support.

For example, this year the price support is currently being provided for soybeans. This year to be eligible for their price support the soybean producers must show that they have not decreased their acreage of the soil conserving process. I have forgotten whether that is the exact verbiage or not, but it is the substance.

Mr. McINTIRE. This was not in the act, let me say, until the feed grains bill was passed, was it?

Mr. PARKER. Yes, the authority to provide the price support was in it.

Mr. McINTIRE. The price support? We are dwelling on the conditions relative to this.

Mr. PARKER. And the authority to lay down the conditions of eligibility has been in the act since 1949.

Mr. McINTIRE. As to the feed grains bill, when it came out of the conference, was there not legislative authority by which he could lay down this condition of eligibility for soybeans—was that not there?

Mr. PARKER. In connection with the feed grains bill there is now in that bill mandatory price supports for feed grains, which was never in there before, but this provision, with respect to that, has been laid down with respect to soybeans this year, and I believe stems from the authority of the 1949 act.

Mr. McINTIRE. What other conditions are examples of what you mean here?

Mr. PARKER. Well, the only condition I think that he could not impose as a condition, so far as the grant of the discretionary author-

ity is concerned is, I do not believe he could impose a marketing quota. He could impose any other conditions, cross compliance, acreage allotments—I do not know—anything he might conceive that would effectuate his price-support program.

Mr. McINTIRE. Except acreage limitations.

Mr. PARKER. He could impose a limitation on acreage.

Mr. McINTIRE. A limitation on acreage only on the allotment basis.

Mr. PARKER. No; he could not impose a marketing quota. I think that that provision contemplated the type of a marketing quota that would involve the imposition of a penalty, if there was noncompliance with the marketing quota. That is about the only limitation that I see in the Agricultural Act of 1949.

Mr. POAGE. Will you yield?

Mr. McINTIRE. Yes.

Mr. POAGE. Does not the law say that he can impose the conditions of eligibility to receive the benefits?

Mr. PARKER. That is correct; that is right.

Mr. POAGE. That does not allow him to impose a penalty for not doing something, but it does allow him to say that, "You get the benefits if you comply with these conditions," and these conditions may be that you do not plant a certain amount.

Mr. PARKER. That is right.

Mr. POAGE. That is, in a particular crop there is no penalty to go ahead and overplant, other than that you lose the benefits.

Mr. PARKER. That is correct.

Mr. McINTIRE. There is another question that I would like to ask. On page 4 of your statement, Mr. Newsom, I am sure you are here setting forth the provisions of the act, but you say that the price supports could be available to the commodity loan, and so forth. If I understand that it would operate through Commodity Credit Corporation funds, as now under the price-support operation?

Mr. NEWSOM. That is my understanding.

Mr. McINTIRE. And you are in accord with this matter of financing in relation to the programs which would be set up under this program?

Mr. NEWSOM. I think if I understand your question the answer is, "Yes."

Mr. McINTIRE. In the amendment relative to the Commodity Agreement Act there is the authority, providing a marketing order were implemented, that the order could include the assessment of fees for the bringing of funds for research and promotion and advertising. I think the term is broad enough to cover a good deal of activity, so far as those particular funds would be concerned.

Do you have some reservation or suggestion how an advertising program would be set up in the department, because it would be my understanding such funds as were accumulated under this provision would be subject to the department's supervision, I realize it would be administered, probably, by the marketing agreement order executive committee, but here again this committee cannot function unless it is with the approval of the Secretary. How then, do you envision an advertising program of a commodity, nationwide, would be handled under this?

Mr. NEWSOM. We attempted to cover this point partially in the first or second full paragraph on page 6 of our testimony, but I should like

again, if I may, to defer either to Mr. Parker or Mr. Bailey for a more detailed answer to your question.

I have in mind, Mr. Parker, that these sort of self-help type would be the turkey proposal which we have been supporting the turkey growers in, and it might give rather an excellent illustration of the type of thing we envision here which would attempt in large measure to clarify our point of view as to the question by the Congressman from Maine.

Mr. PARKER. Mr. McIntire, I am not certain that I understand your question, but I would like to say that this is one of the areas or details of the bill that is pending before the committee on which we have some reservation as to the technique that is employed here with respect to expanding or providing authority for producers to carry out marketing development type programs with funds that they might create through a marketing order type of procedure.

The best illustration, perhaps, that I can refer to would be the provisions in a bill that has been before the Congress for the last 2 or 3 years. The bill has been supported by the National Turkey Federation which, while it is based on some of the marketing order techniques on carrying over this power, this sets them up specifically in a bill which would give the producers the right to assess themselves to raise funds which then a producer committee could expend in carrying out the market development advertising, promotion, public relations, almost anything they might decide to do. And in that bill, I believe, it was designed to have, perhaps, less control or supervision by the Secretary of Agriculture than would be provided if you have this. The theory being that the producer groups are spending their own money and could best determine, insofar as they did not impose upon some other commodity, how best to spend their money.

Most of these commodity groups do carry on promotion programs with funds raised in a number and variety of ways.

It just so happens that the turkey growers do not have or they feel they do not, I believe, an effective way to raise funds that they want, which they believe can be effectively spent in promotion.

This is, I think, the substance and heart of what is being recommended here, that this bill ought to be broadened out to encompass that type of activity, which we do not think as presently presented is as good as it could be in that respect, in other words.

Mr. McINTIRE. Do you not think, Mr. Parker, that there is some question here on this type of situation in different areas where commodities are doing that sort of thing in their local and regional areas? Do you not think that a national marketing order which provided for advertising would be confronted with tremendous competition as to how the funds were administered?

And would it not have a tendency toward that? It refers in this statement to an interest in self-help. Mr. Newsom referred to that. It seems to me that there is an area that is concerned here that would help to break down the very self-help programs that the commodity groups in many areas have built up over a great many years.

In my State about 60 percent of all of the research money used on our major commodities is provided by the producers themselves. If you have a national marketing order, would we not have a double problem here—would you not be getting into a problem conflict on programs which are already underway?

When you sit on a committee, as I have for 4 years, to decide how much of \$250,000 is going to be used for advertising, whom you are going to engage, what the fee is going to be for that advertising agency, and then go back to the producers, you have to prove that you spent say \$100,000 for advertising and show them where they got their money back. You really have a kind of interesting job on your hands. I can speak from some personal experience. And I can conceive that on a national basis it will not be any less difficult to prove you have gotten returns for the money spent. On a local basis you can do it with the local contracts—you can advertise for your local industry. How will you do that on a national basis?

We had this same provision before our committee on an amendment, as you well recall, and this committee did not choose to include advertising in the amendments which were put on the Marketing Agreement Act at that time.

Mr. PARKER. I think there is a difference, though, in the amendment that was pending at that time, because the Marketing Agreement Order Act as presently in existence does not operate on the basis of the producers. It operates on the basis of handlers. And it is an entirely different thing, I believe, either to assess the handlers to carry on an advertising program that might be devised and administered by the producers and one which the producers themselves would assess on themselves and carry out. I think there is a difference.

Mr. McINTIRE. Do you think for a minute that on the fresh fruit and vegetable orders that any producer considers that the fee is paid by the handler?

Mr. PARKER. I do not know.

Mr. McINTIRE. You know better.

Mr. PARKER. I do not know. I assume that most of them think that they are paid by the producers, but I presume that many of the handlers think they are paid by the handlers.

Mr. McINTIRE. I don't see how there can be a question about that, because if you get the sales tickets from your brokers and a carload of potatoes or fruits and vegetables, the administrative fee is right on the account. Does the handler pay that?

Mr. PARKER. Not in those instances, but this in turn depends upon the way you set up your marketing order. If you were setting it up whereby it could be deducted at the handler and charge it back, that is quite a different thing than setting one up where you would actually assess it against the handler.

You have this probably basic discretion under the existing law. It will vary under different commodities where you would attack it.

Mr. McINTIRE. Where would you assess the cost?

Mr. PARKER. As I say, it would vary.

Mr. McINTIRE. We have a State tax by which we finance research and promotion, and it is collected at the handling level.

Mr. PARKER. That is right, in most instances it is.

Mr. McINTIRE. The producers vote it.

Mr. PARKER. In that instance that is the most convenient way, probably, to do it.

Mr. McINTIRE. Administratively, we have to get this at the point where you can do the job. And the job is to get it done right where this money is changing hands, not from the producer in the country.

Under your milk orders it is paid by the handlers.

Would you give me an understanding as to why this legislation defines a "producer" as a "handler," just by so many words—what is the reason for that, as this does?

Mr. PARKER. I am sure that the General Counsel of the Department is better able to answer that question than I am.

Mr. McINTIRE. That is in the bill.

Mr. PARKER. But as I interpret it, it is merely the fact that they do not specifically incorporate powers that are applicable against the producers, so they are merely carrying over the enforcement provisions in the existing law that are applicable to the handlers to producers, by saying any producer is, also, a handler for the purposes of this section. It is just transferring enforcement powers over, rather than stating words on that.

Mr. McINTIRE. Are there any court decisions with reference to marketing agreements, and so forth, in which this distinction has been made which might be of particular significance?

Mr. PARKER. I do not believe I understand your question. Under this proposed bill they are including powers that you include in an order that would be operative against a producer. And if a producer does not comply, then you have the enforcement powers. And rather than writing in enforcement powers here they have just carried over by reference the enforcement powers that are presently applicable to handlers.

Mr. McINTIRE. Why was the original act set up on a handler basis?

Mr. PARKER. Well, I do not think there are very few people alive who could answer that question specifically. This act originally, you know, was set up in the Agricultural Adjustment Act of 1933. It was a very comprehensive piece of legislation coming into being at a very difficult time in our history. They were seeking powers that covered producers and the whole distribution process, you might say, at that time. And the powers, in my opinion, that are presently contained the Agricultural Marketing Order of 1937 are as broad or broader than any other provisions that I know the Congress has ever passed. If you look at them, you will see that there is a broad, almost unlimited grant of discretion of authority in the Secretary of Agriculture to set up a system whereby he cannot only provide allotments and quarters for every handler in the country—he could go clear on through to the distribution level, clear on up to the retailer processes under the existing law, in my opinion, if he wanted to. He has not done it. I do not think that he would get an agreement, a very broad agreement, at least, to make such a comprehensive sweep.

All I am saying is that is the reason, I think, that those provisions with respect to handlers are in there, that they were included because of the depression which the Congress was then trying to treat at that time.

Mr. McINTIRE. On this point is there any relationship to the concept that the handler is in interstate commerce and the producer on the first sale is not?

Mr. PARKER. This may have had some connection with the act in 1933, because our concept of the scope of the commerce clause was much more restricted than we think it now is, than which the courts have subsequently held.

Mr. McINTIRE. Then they are today you say?

Mr. PARKER. I do not think that there is much question that today the commerce powers are broad enough to reach all of this.

Mr. McINTIRE. Thank you.

Mr. POAGE. The Chair is going to call on those who want to ask questions. I will not ask everyone if he wants to ask questions. I will only call on those who signify that they want to ask a question. We have spent more than 1 hour on this already. We have another witness we have to hear this morning. I will recognize you for questions, but I want it understood that we are not inviting everybody to ask questions, but rather those who have questions to ask and you will have the opportunity for that.

I am going to do this alternately, as we have been doing. I will proceed down the list. If anybody can forgo questioning or have somebody else ask the questions, it will expedite this matter.

Mr. Albert.

Mr. ALBERT. Do you think there is any basic difference between the principle involved in this bill and the principle involved in title III of the 1949 act? In other words, do you think it is clearly an administrative implementation of legislation when the Secretary acts under the terms of this bill, or is it legislative authority that we are giving him?

Mr. PARKER. I presume when you refer to title III of the 1949 act that I made reference to, that you are referring to that?

Mr. ALBERT. Yes.

Mr. PARKER. To put the thing on all fours, that would be in effect what is in subtitle (d), I believe, relating to price stabilization. The discretion here that is being given under this title is no broader than that contained in the existing law, with the exception that you are providing more methods or more types of price supports or compensatory payments and direct payments, but, otherwise, the situation is exactly the same with this exception, that under any price support under this act must be presented, must be approved by the President and presented to this committee before review and possible rejection by the House. That is a limitation that is not contained in the existing law with respect to the authority of the Secretary to write price supports.

Mr. ALBERT. There is no question as to the Secretary's authority to set up a program—there is not any question but what he has that authority. Back in the drought period, the Secretary implemented his authority. He put into effect a beef purchasing program and there was set up a price support operation which the Congress had never tackled head on.

Mr. PARKER. That is correct—that is correct. There is no question but what he could set up a price support type of program without consulting anyone under the existing law. And we saw just a few years ago where the Congress had provided a system of price supports for corn and laid down conditions under which the producer would be eligible for that, and the Secretary of Agriculture went out and set up a new price support system for noncompliance corn.

Mr. ALBERT. May I ask you this question along that same line. Do you think it would be better than if we followed the traditional method, drew the guidelines tighter, and eliminated the necessity of referring this back to the Congress when the programs are set up?

Mr. PARKER. That is a policy question. I know I should refer that to Mr. Newsom here, but I would like to make this comment, and then I will let him answer the question. Essentially that is what is before the committee here as to how much power is to be delegated and how much discretion—what type of guidelines you write—and whether or not you apply this technique of having this further check on the exercise of that discretion which has been utilized before in some congressional measures, but it is a relatively new development.

Mr. ALBERT. Congress has to make important decisions here. We are obtaining the advice of those of you who are professionals in this field. And that is why I asked that question. It is an important question to the Congress.

Mr. NEWSOM. If I may, I would like to comment on that question. And I do so by calling your attention to our testimony of about a year ago on the so-called Poage bill under the sponsorship of the Congressman from Texas. We pointed out at that time and we still believe and I think probably we will always believe that any proposal of this sort should come back to the Congress for, at least, review. And as my conversation with your colleague, Mr. Abernethy, has already indicated, if the judgment of the majority of the members of this committee want even tighter conditions for that review, I think we would feel a little more kindly toward moving forward in that direction than we would in simply relying on tightened guidelines, because I do not think you can lay down guidelines in a general enabling piece of legislation that will fit the turkey producers' proposal we have already mentioned a moment ago and will fit equally well some other proposal that might come in on some other commodity within a year or two.

Mr. ALBERT. Specifically, would you object to the Congress requiring that these programs be approved by affirmative vote before they become operative?

Mr. NEWSOM. We have not thought that was necessary. We have felt that this review section—I think we indicated that a year ago—this provision for review by the Congress is reasonably adequate, but as I say we are even split among ourselves on this. We are not in completely unanimous agreement. The majority of us happen to believe that this review provision as provided in the bill is adequate.

Mr. ALBERT. And you would say the same thing with respect to the power of the Congress to amend this program when these proposals came up—you would simply say that if we did not take affirmative action to disapprove that the program in toto should become obsolete?

Mr. NEWSOM. I would like to emphasize, however, that I have pointed out that we visualize a kind of a working relationship here that would get amended by agreement in consultation but if you people do not visualize that possibility then let us preserve it.

Mr. ALBERT. Just one other question. Is there a chance for arbitrary action on the part of the department with reference to the referendums which are provided for; in other words, are there sufficient guidelines to determine, for instance, who will be eligible to vote in a referendum?

I say that because we have in the wheat program the 15-acre farmer who does not have the right to vote. If he were given that right, you might get a different kind of a program. Could the Secretary, by arbitrary action, pick out the voters, and then determine the program,

regardless of important agricultural interests within the field in which he was acting?

Mr. NEWSOM. I would have to say to you that this is one of the areas on which we do not as yet have a firm position. We are not satisfied with the guidelines under existing law.

Mr. ALBERT. I am not satisfied, either.

Mr. NEWSOM. And we do not know that we want to hold up this enabling bill because of inadequacies or deficiencies in existing law, but if it is possible to write better guidelines then we would be interested in discussing them.

Mr. ALBERT. I think this is a field in which you and the committee and all of us should give some attention, because there are differences of interest between different commodities; there are regional differences in this country—and if we enable some Secretary of Agriculture to come along and take arbitrary action with respect to one group of individuals interest within a commodity, or one regional group, we would, certainly have something to come back on us.

Mr. NEWSOM. I concur in your position, but I would point out that that is not, in our judgment, a deficiency of this bill. It is, certainly, one that we are studying. I just do not have the answer for it now.

Mr. ALBERT. I thank you.

Mr. POAGE. Mr. Short.

Mr. SHORT. Mr. Chairman and Mr. Newsom, I will be as brief as I can in the interest of moving along.

On page 6 of your statement down a few lines from the top, you say:

we believe the bill would be improved if the provisions relating to the marketing orders could be expanded to give greater recognition and authority for additional self-help measures, such as authority for producers to promote orderly marketing through purchases, diversion, incentive payments, export allowances, and similar methods.

How do you construe this to be a self-help measure—or how would you apply such a program under a self-help condition?

Mr. NEWSOM. I would give you quickly two illustrations of the type of thing that we have in mind.

I feel firmly that the basic philosophy of getting the primary portion of the necessary level of income for dairy producers of this country out of the fluid milk market is a sound philosophy. We have already gone forward in that direction.

I further feel that the dairy producers of this country might conceivably, as we have already discussed with this committee on a few previous occasions, find it possible to make rather substantial contributions to some concept of the freedom from hunger program without cost to the taxpayers if we had the proper kind of mechanism for diverting some dried milk, for example.

I furthermore feel that the provision that is written into the turkey bill which had been before this committee, which has never had any definite action, would set up a provision wherein the turkey producers themselves could actually purchase and dispose of eggs at a very low cost and, thereby, regulate supply in terms of need. And that these are sound provisions. And, frankly, one of my criticisms of this bill, H.R. 6400, which is now before you, is that we have not as yet put sufficient emphasis on this type of thing, whereas I think, frankly,

there is a little overemphasis on the control of production or the control of marketing in comparison to what I think offers an equally and, in some cases, a more sound approach in this matter of diversion at the right stage of the productive pattern of promotion, building poultry markets in Europe, which are doing very well, and that type of thing.

Mr. SHORT. We have had incentive payments, purchases, and perhaps a clearer word would be "subsidies" and you are opposed to payment for that sort of thing coming from the Federal appropriation. And you are visualizing that the industry within itself would do this?

Mr. NEWSOM. Right. And I would say to you, further, that I know it may sound idealistic to some of our contemporaries, to say so, but I, frankly, visualize the possibility in a relatively few years under this kind of enabling legislation, I visualize the possibility of our being able, as producers, to assume the large portion of the total role and cost of an operation of these programs with progressively declining costs for any of this type of program to the taxpayers as such.

This is our reason for interest in this kind of a measure.

I submit to you that I doubt if there is a member of the committee who would not subscribe to that as being a desirable objective.

All I am saying to you is that if the members of this committee find it necessary or desirable to modify this enabling approach, so long as you are not violating that fundamental purpose and objective, we will be anxious to work with you.

Mr. SHORT. Mr. Newsom, are commodities precluded from doing that thing?

Mr. NEWSOM. They do not have the mechanism to do it.

Mr. SHORT. Why do they not?

Mr. NEWSOM. It has not been provided.

Mr. SHORT. It seems to me that existing marketing orders, in the case of Federal enabling legislation, provides them with that tool—if they need it—in addition to the rights as an industry group to go ahead and do this.

Mr. NEWSOM. Again, I would like to yield to Mr. Parker, but I would say to you that we have been seeking authority to extend this marketing order approach to other commodities that can use it, for many years, and that is one of the additional reasons we are enthusiastic about this proposal. Can you answer that question?

Mr. SHORT. If you would permit me, just a minute—I see that the gentleman from Oklahoma is leaving—if you will wait.

Mr. ALBERT. I will be right back.

Mr. SHORT. I wanted to make mention of a statement the gentleman, my good friend from Oklahoma, made a few minutes ago of the Secretary of Agriculture implementing—I believe you used the words, "the price-support program for beef cattle." I would add that you must remember that was done under the authorized use by law of section 32 funds which becomes considerably apart from the price-support approach. I will agree with the gentleman that, perhaps, it has the same end effect as the price-support program, but the buying program was initiated to stabilize the price of cows forced on the market by drought conditions.

Just one more question. Do you believe that under the provisions of this bill, or even without it—do you believe that it is possible to

devise a program that will balance supply and demand, commodity by commodity, for instance, for commodities such as wheat and cotton that will actually improve the farmers income?

Mr. NEWSOM. That is one I should like to answer with the privilege of modifying your question just a little. I do not concede that we have to do this in the final analysis within any commodity, but as we adjust programs for the various commodities I think that we can get a situation wherein we can have the balanced kind of production over all agriculture that will permit us to get a reasonable level of farm income, primarily, out of the American market, because in many instances it is the only market that is available to us, and in all cases the best market, of course. And I firmly believe that over a relatively short period of time a series of programs which we visualize as being provided for in this kind of legislation will bring us to that objective of an equitable level of income out of agricultural efforts and investments.

Mr. SHORT. I will grant you, sir, that I think that this sort of thing might provide a means whereby you could stabilize marketing and, probably, stabilize the farmer's income, but I think that we too often use the word "improve" in referring to such programs as this, and I do not think we have any evidence that the application of existing farm programs or any attempts that have been made on the part of Government that we can point to as conclusive proof that any of them have actually ever improved the farmer's income.

Mr. NEWSOM. I would say to you that in my opinion the milk marketing orders have done exactly that. I think that if we had a little time to think it over we could point to other programs that have, also, substantially improved income.

Mr. SHORT. I do not think that I quite put my question properly. I think I should have added without some supplemental payment on the part of the Government.

Mr. NEWSOM. I do not agree with you. I believe that when we start with the situation where your Government and mine is actually in possession of what, 75, 78, maybe 80 million tons of feed grains, we are going to have to rely on some of this sort of thing in this transition period, but if I did not believe, Mr. Short, that we can do vastly better than that under this bill, I would not be so vigorous in my support of the approach. I do believe in it. I think within, as I have said—I do not know how to pinpoint it in terms of years, because it depends on how many obstacles we run into—but I believe firmly that we will have the charter for a series of programs that will benefit not only the producers but stabilize supplies and prices for consumers to the point that agriculture can even make a greater contribution to this total economy than we have in the past. And I think every one of us in this room is tremendously proud of the contribution we have made.

Mr. SHORT. Thank you, that is all.

The CHAIRMAN. I think the gentleman must realize that the general farm program provided by the Federal Government actually favored the citrus people of this country. They have operated successfully and prosperously since. They are not calling on the Government for handouts. I know that the Federal program provided for tobacco brought the price from 15 cents to 55 cents a pound, yet it has not penalized the consumer and it has not cost the Government.

Mr. SHORT. We had that discussion the other day. You mentioned the consumer. We had hearings here yesterday, I think, that point out the very practical fact that there is a very practical limit beyond which you cannot artificially raise the price and have it be in the best interests of everyone.

The CHAIRMAN. The price is to be frozen, so as to protect the price from skyrocketing. I believe, as Mr. Newsom does, that our present situation of agriculture in the market is such that if you take the Federal Government out of the picture, all of the farmers in the country would go bankrupt. There is not any question about it.

Mr. SHORT. I could not disagree with you more. I think we have conclusive proof that we have some industries—you mentioned the citrus fruit industry—they are one of those that because of some peculiarity in the price-support formula—in the parity formula—they are receiving, apparently, a percentage parity that is far beyond that of any of the other commodities, with the possible exception of cattle, and they are one of those that has never had any support program and they are one of the major commodities.

The CHAIRMAN. I will not take the time of the committee to debate the program with you, but suppose the Government abandons the sugar program, what would happen to the sugar producers on the mainland and in Hawaii and in Puerto Rico?

Mr. SHORT. Mr. Chairman, I recognize that there is a great difference between sugar and wheat and cotton.

The CHAIRMAN. Do you want to repeal it?

Mr. SHORT. No; I do not.

The CHAIRMAN. What would happen to the wool producers of America if it were repealed?

Mr. SHORT. There is just this great difference—

The CHAIRMAN. All right.

Mr. SHORT. There is a need to provide an incentive for the domestic industry to produce the supplies we need. The same thing is true of sugar, and you know it.

The CHAIRMAN. You have allotments on it.

Mr. SHORT. Well—

The CHAIRMAN. I am not going to argue this. Mr. Newsom knows and I do, too, when we talk about taking the Government off the backs of the farmers, that is a lot of hogwash, that is all it is. If you take the Government out of the business the farmers would go down the drain, into bankruptcy.

Mr. SHORT. I do not agree with you.

The CHAIRMAN. You do not want the Sugar Act repealed—you do not want the Wool Act repealed.

Mr. SHORT. I do not suggest to some other group what program they should have.

The CHAIRMAN. This does not dictate anything. The Secretary and Mr. Newsom pointed out it just gives guidelines to try to help some of the groups to enable them to help themselves.

Are there any other questions?

Mr. Abbitt.

Mr. ABBITT. In the discussion between you and Mr. McIntire, referring to your statement on page 5 in regard to the proposal that would come to the Congress, you say it would be referred to the com-

mittee, and the committee refers the proposal back to the Secretary of Agriculture for further consideration. I could not find that. I could not find any provision in there. I wonder maybe if you or Mr. Parker would tell me where it is, that the committee could refer it back to the Secretary, where is that. You and I know that there is not a measure that goes to the House or the Senate that would take only a day or two—sometimes it takes a month or two or more.

So far as this is concerned, unless we do something by way of a negative action and veto it, are we going to have anything further to say? Could we call the Secretary up here and say that we do not agree with such and such, and he would take it back?

Mr. NEWSOM. We would be fairly willing to subscribe to a provision that the 60-day limitation might be followed under those circumstances. Probably, I had better yield to Mr. Parker again. I do not think that there is any provision in this bill for the Congress referring it to the committee, but this is normal procedure on the part of the Congress, when the Secretary would submit something to the Congress for review. I think it is just unthinkable that the Congress would follow any other practice, except to refer the thing to the appropriate committee which would be this one, so far as the House is concerned.

I think the procedure we envision here is predicated on our concept of the normal method of operation of the Congress. If there is any error in judgment on our part, then we stand ready to correct it, but, certainly, there is no prohibition against following the normal practice of the Congress, as I understand it.

Mr. HOEVEN. Will the gentleman yield to me at that point?

Mr. ABBITT. Yes.

Mr. HOEVEN. Mr. Newsom, I did not have the benefit of your entire statement. I had to appear before the Rules Committee on another farm bill and hence was delayed.

As I understand it you are reserving your final appraisal of title I until a later date, is that correct?

Mr. NEWSOM. That is hardly the way I would say it. We are reserving final appraisal of some of these detailed provisions comparable to this one.

Mr. HOEVEN. Referring to your colloquy with Mr. Abbitt, do you object to the Congress of the United States amending or changing any proposal submitted to it under the provisions of this bill?

Mr. NEWSOM. No, I do not; I do not object to providing for that in whatever way is most effective, as we have attempted to say, I think, Mr. Hoeven. I think you did hear our full statement, but you have not heard all of the conversations subsequent to the presentation of the full statement.

Mr. HOEVEN. I am concerned about the delegation of legislative authority to the Secretary and the proposal to have the Congress take the program, on a take-or-leave basis. You have indicated to Mr. Abbitt, that you will defer to the better judgment of this committee as to whether or not we should have an opportunity to amend or to change any proposal. Is that correct?

Mr. NEWSOM. I think that is exactly correct. I have attempted in our discourse, though, Mr. Hoeven, to point out that we believe that really there is no actual necessity for such provision here, because I

visualize that when the Secretary comes before this committee to discuss his proposal you, certainly, ought to be able, and I believe would be able, to discuss it factually and to arrive at some judgment that might get exactly this kind of a modification on an informal basis, but if this committee is unwilling to rely on that, then we would be interested in whatever change of the rules you want to write.

Mr. HOEVEN. Mr. Newsom, you expressed the hope that the proposal in question would be submitted to this committee, but there is no provision in the bill which provides for such submission. It is entirely possible that proposals would not even be submitted to the congressional committees.

Mr. NEWSOM. I have not visualized that when this thing is submitted to the Congress for review. I had not visualized that there would be any other procedure in prospect.

The CHAIRMAN. Will you yield there?

Mr. HOEVEN. Yes.

The CHAIRMAN. I should like to say this.

Mr. HOEVEN. I will yield to Mr. Abbitt.

Mr. ABBITT. I will yield.

The CHAIRMAN. I want to say this about it, I understand the legislation before us contemplates the very steps outlined in your statement, except in regard to wheat for 1962.

Mr. NEWSOM. That is right.

The CHAIRMAN. That does provide that the Secretary shall select the committee, and he and the committee will discuss the problems involved and agree upon a program. It does not contemplate submitting that program to the Congress. That is one thing.

Mr. NEWSOM. That is right.

The CHAIRMAN. That is one thing that Mr. Hoeven has put his hands on.

Mr. NEWSOM. That is right, and this—

The CHAIRMAN. They would not have that to consider.

Mr. ABBITT. I understood—

Mr. HOEVEN. The gentleman from Virginia has the floor.

The CHAIRMAN. You go ahead.

Mr. ABBITT. I understood that there was some question to the Secretary Monday or Tuesday—the question was asked, and you may correct me if I am not correct—that if the proposal were submitted to the producers and that commodity group voted down that proposal that their support under the Federal law would be cut to 50 percent, is that true?

Mr. NEWSOM. In interpretation of the existing law I would deem it much safer to yield to our legislative counsel, Mr. Parker.

Mr. PARKER. I think it is in the bill.

Mr. ABBITT. Yes.

Mr. PARKER. I think your statement is correct.

Mr. ABBITT. Under the present bill the Secretary submits to a commodity group—I mean the bill before us—and that commodity group says, "We do not want any part of it," and then automatically their program, under the present law, is cut 50 percent, is that correct?

Mr. PARKER. I think it would apply to any commodity.

Mr. ABBITT. Would it apply to the wheat program for 1962?

Mr. PARKER. I think it applies to any program. If the program is presented pursuant to the provisions of this bill, and then is submitted to the producers and they turn it down in a referendum that their price support would be cut 50 percent, they would have no program, in other words.

Mr. ABBITT. In other words, for instance, it was the tobacco program or the milk program or the wheat program, and they have a program now and we give this authority to the Secretary, whether you want to call it authority or whatever you want to call it, and he says, "I want so and so for the tobacco boys," and Mr. Abernethy points out that the committee might be selected, and they say we do not want that, but the Secretary, as it was said the other day, has the final say and he says, "This is it." I remember that in the last few years the Secretary told our tobacco boys, "This is it." I am not saying that the Secretary would do that, but I am just telling you what they did to us recently.

Mr. BAILEY. In that connection I believe that the 50 percent applies only if there is an allotment program to the producers who produce within their allotments, and then those who do not comply with the allotments. I am talking about the price supports.

Mr. ABBITT. I am talking about the other.

Mr. BAILEY. On one of the major components?

Mr. ABBITT. I understood him to say the milk program.

Mr. BAILEY. I am not sure on that, that I could answer on that, but allotments would still have to be complied with.

Mr. ABBITT. And if Congress did not veto it in time and it was submitted to referendum and whoever voted, voted it down, or did not have two-thirds for it, in that instance would the support program be cut 50 percent?

Mr. PARKER. That is one of the places in this measure, I think, in which the Grange, if I may speak for Mr. Newsom, has some reservations. This is a difficult portion of this measure, but you have the problem here of doing something about maybe some of the existing programs.

Mr. ABBITT. You say that this bill does not give the Secretary more authority than he now has—did I understand you to say that or did I misunderstand you?

Mr. PARKER. What I am saying—let us take subpart or subtitle (b), the one dealing with marketing orders, outside of a few technical amendments which do broaden out the advertising aspects of the bill, it does not give the Secretary of Agriculture procedurally any more power than he has now. In fact, it places further restrictions or more restrictions.

Mr. ABBITT. What you are saying, though, is that he has the power to put a program into effect—he could not take tobacco and cut it 50 percent, could he?

Mr. PARKER. In trying to answer your question, you have got two parts of this bill, subpart (b) and subpart (c).

Mr. ABBITT. I understand that.

Mr. PARKER. The point that you make, though, is a serious point, and one that has been troublesome to the Grange. One of the reasons why I think that there is no specific recommendation on some of these points is because it requires further study. You do have a technique

here whereby a program could be presented under this bill, and then if rejected in a referendum of producers would have the effect of knocking out any existing program.

Mr. ABBITT. That is a dangerous thing—it could be dangerous. I do not say that it is a danger with the present Secretary. He is a public servant trying to do what he can for the American public. I am not talking about the present Secretary.

Mr. HOEVEN. Will the gentleman yield?

Mr. POAGE. I want to get this clear in my mind. I understood the Secretary to say here the other day that only when there had been a referendum held and less than two-thirds of the producers had supported the referendum—only under those circumstances could there be any impairment of the existing program.

Mr. PARKER. That is right.

Mr. POAGE. The fact that the Secretary called the representatives of the industry together through the Committee and discussed it with them, and they came to no agreement or turned it down, would not in anywise impair the existing situation?

Mr. NEWSOM. That is right.

Mr. POAGE. Is that right? I understood your statement to be if he called these producers together and they did not agree——

Mr. ABBITT. I did not say that.

Mr. POAGE. You may not have said that. I only wanted to get it clear in my own mind what you did say on that. I think it is clear that you do not turn down any existing program unless the producers go into a referendum and actually vote.

Mr. ABBITT. That is my understanding of it—that is exactly what I understand, the way you stated it.

Mr. NEWSOM. I should like to add, as Mr. Parker has already said, this is one that we have not been able to reconcile completely to our own satisfaction. We recognize the necessity of making provisions for getting away, eventually, from the present kind of support measure on feed grains. None of us can live with that indefinitely—78 million tons of feed grains in Government hands is unthinkable. So we have got to provide some method of terminating that program, either as a result of a referendum or otherwise. And yet there are other cases where we are unwilling to terminate any existing program as a result of an adverse referendum or a new one.

Mr. POAGE. One illustration is the wheat program. I think you agree that our present wheat program is in as bad a shape as anything could possibly be.

Mr. NEWSOM. Either one is bad enough.

Mr. POAGE. The worst part of it is that the wheatgrowers of the United States do not have any real financial interest in improving the present program.

Mr. NEWSOM. Except to put it on the taxpayers of America.

Mr. POAGE. That is right. Of course, it is in the selfish interest of most wheat farmers to maintain the present program, yet we all know it is unfair—we know that it can destroy the whole agricultural program. We know with that we must have something else.

Mr. NEWSOM. All I am saying is that I am a little bit embarrassed, frankly, to have to come before this committee when hearings are scheduled and to say that we do not have all of the answers but this

is one that we do not have, even though we have worked pretty hard with the people who had been working on this bill.

We have been delighted with the determination on the part of the Secretary and his advisers to try to lay down a blueprint under which we can make some progress. And we are determined to work with them and stand ready to help them. And I say to you very frankly we have found them very receptive to many of our ideas. And we are enjoying the experience. But we just are not ready to close the door on some modification in some of these sections even yet. That is all I am trying to say.

Mr. ABBITT. May I pursue this with one further question? I would like to ask this of Mr. Parker. Are there any guidelines or criteria set up in here whereby someone may instigate this, or is that left with the discretion of the Secretary?

Mr. PARKER. The way the bill is set up this is almost completely within the discretion of the Secretary other than, probably, the general rule of construction that you have to try to abide by, that anybody who would be affected by a program or regulated by a program would, probably, be entitled to a vote. That is not spelled out. This is another area where, probably, more effective guidelines are needed.

Mr. ABBITT. In line with the wheat program, what about the 15-acre boys—it seems to me that it should be spelled out in here, rather than left too much in the air.

Mr. POAGE. Would you yield again?

Mr. ABBITT. Yes.

Mr. POAGE. Does not the bill leave that to the committees working with the Secretary? When they proposed the program, that program would include a determination of who would participate in it?

Mr. ABBITT. On the part of some person other than the Congress.

Mr. POAGE. It would not be on the part of the Secretary alone. It would be part of the program that would be worked out through the committees.

Mr. ABBITT. I understood the Secretary to say that in the final analysis the Secretary does decide.

Mr. HOEVEN. Will the gentleman yield?

Mr. ABBITT. Yes.

Mr. HOEVEN. The Secretary will make the final determination as to who shall vote in the referendum—not the Advisory Committee.

Mr. ABBITT. If I am wrong I want to be corrected, but I understood him to say here that the way the Committee would work is that he would sit down with them and consult with them, but if the Committee felt one way and he felt another, that would be his decision.

Mr. POAGE. I think that is correct. I think he stated that he could veto what the Committee suggested, but he would have a terribly hard time of selling the program if he did veto it. He made that very clear. If the Committee went home and said, "Why, this is not what we proposed," it would be most unlikely that he could ever get congressional support.

Mr. ABBITT. The Committee could say, "We do not care to go along with it"—they might say that. But under this bill the Secretary could go ahead and submit the proposal but if voted down, the producers would lose their present programs. Something should be done in this area. Let me ask one more question.

Some of the milk people in my State are considerably worried as to what would happen to the State milk commissions; in other words, you have to visualize what they feel, and if we had a national milk marketing order on milk, what would it do to the State milk marketing orders—what would be the worst that could be done, so far as the present State milk commissions are concerned? You can visualize such an order might mean that the State commission would not have any authority or say in this whole milk proposition.

Mr. PARKER. I am not prepared to answer a question like that without some analysis of what the extent and scope of the powers and authority of the State milk commissions are.

Mr. ABBITT. I would like to have that answer, and if you can answer that later, that will be fine. That is all I have.

Mr. POAGE. Will you yield to me again?

Mr. ABBITT. Yes.

Mr. POAGE. I think that is something that both of us, probably, have wrong. Our counsel just called my attention to the fact that this bill on page 30 and page 31 provides for the referendum and does state who shall vote and does not leave it to the discretion of the Secretary. It says:

The Secretary shall conduct a referendum of farmers to determine whether they favor or oppose a national marketing quota for the marketing year or years proclaimed under this part within 60 days after the date of such proclamation. The persons eligible to vote in the referendum shall be farmers engaged in the production of the commodity in the year in which the referendum is held which is not subject to an exemption under section 360(i) except the Secretary may also provide for the inclusion in the referendum of farmers engaged in the previous year in the production of the commodity not subject to an exemption in any area where farming practices in such area are such as to make the 2-year period a more representative period for determining eligibility.

And section 360(i) simply authorizes:

The Secretary may, if he deems such action will not substantially interfere with the effective operation of a marketing quota program under this part, determine for any agricultural commodity a uniform amount of production (in terms of acreage, production units, or commodity units) per farm which may be marketed free of restriction for all uses or limited uses.

And that means as to the 15-acre exemption on wheat, that he may exempt them, if he wants to.

Mr. ABBITT. Do they have a right to vote?

Mr. POAGE. They do not—just like the law is today. Just like the present law. The present law does not permit them or allow them to vote. This does not allow them to vote, if they are exempted from the marketing order; in other words, if the order does not touch a farmer, he cannot vote; if it does, he can vote.

The CHAIRMAN. I will have to interrupt for a moment. We have a very distinguished visitor, and I hope you will pardon me, Mr. Newsum, for the interruption. At this time the Chair would like to recognize the distinguished gentleman from Mississippi, Mr. Arthur Winstead. Will you come around, please, and bring our distinguished visitor with you?

STATEMENT OF THE HONORABLE ARTHUR WINSTEAD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. WINSTEAD. Thank you, Mr. Chairman. We are sorry to interrupt your schedule here which is, indeed, a pleasure for me, in that I may present the Maid of Cotton for 1961. The National Cotton Council, together with other sponsors, have carried on this program for a number of years. We have a lovely lady here, the daughter of one of my constituents in Forrest, Miss., a neighbor of Miss America of 2 years ago, Miss Merriweather. I will not take your time further except to say this, since you are interested in cotton consumption from the Carolinas to the State of California, I know of no one who could represent us better in this field than Miss Linda Lackey, the Maid of Cotton for 1961. [Applause.]

The CHAIRMAN. Mr. Winstead, we are delighted to have you and Miss Lackey with us.

We have had on former occasions the pleasure of these fine young ladies visiting our committee and to honor us with their presence. I certainly hope that your assignment will prove to be one of the greatest events in your life and pleasant in all respects. I am sure that you are worthy of the honor of representing the cotton people of our great Republic. We are delighted to have you with us. We hope that you will enjoy your visit to Washington and enjoy every minute that you serve as the Maid of Cotton.

We are honored to have on our committee another distinguished Mississippian, Mr. Abernethy.

Mr. ABERNETHY. I had to get in this in some way. [Applause.]

The CHAIRMAN. We are glad to have you here.

STATEMENT OF MISS LINDA LACKEY, MAID OF COTTON

Miss LACKEY. Thank you so much. I certainly have enjoyed meeting with the committee here today. You might be interested to know that we will be going abroad in June in connection with the Cotton Council International. And we are doing our work for cotton.

The CHAIRMAN. Fine; thank you. [Applause.]

Mr. FINDLEY.

Mr. FINDLEY. May I address a question to the comments by Mr. Poage? I would like to direct attention to line 14 on page 31 where the act said:

The determinations of the Secretary as to the farmers eligible to vote in the referendum hereunder and the proclaimed results of such referendum shall be final and conclusive.

I think you ought to take that into account in determining just where the authority is as to eligibility, as to where it would reside for determining that.

Mr. POAGE. Let me point out that this simply says where you go to carry out an appeal.

Mr. ABBITT. That is on what page?

Mr. POAGE. Page 31; I do not think that that changes any of it.

Mr. FINDLEY. The Secretary would become the judge and jury; in fact, on all questions regarding the referendum vote, so his ability to be the judge and the jury would certainly give him authority to make the determination.

The CHAIRMAN. Let me inquire—maybe Mr. Parker and Mr. Heimburger can answer this—who make the determination in the referendums we now have as to the eligibility of the voters?

Mr. PARKER. The Secretary of Agriculture.

The CHAIRMAN. That is what I thought. The voter must be qualified as a producer of the commodity.

Mr. PARKER. You laid down a condition that those who vote are farmers who have been engaged in the production of the commodity. Someone has to make that determination. And that question becomes an issue when it is decided.

The CHAIRMAN. Of course, in making the determination the Secretary has the guidance and the help and the cooperation of the committees, the county officers; is that not true?

Mr. PARKER. That is true.

Mr. POAGE. There is nothing different between this provision and the existing law, is there?

Mr. PARKER. I do not think so.

Mr. FINDLEY. But it does place the authority in the Secretary's hands.

The CHAIRMAN. He already has it.

Mr. POAGE. It is no more authority than he now has.

Mr. ABBITT. Right following that page 31, it speaks of transfers of quotas. Does that mean that the Secretary can transfer those?

The CHAIRMAN. I think that question will have to be carefully considered by this committee, because as I understand it, it might be possible for some of those producing on the west coast and some on the east coast, in the high producing areas, to transfer their quotas. We will have to look into that carefully. I am sure that we will.

Mr. Jones.

Mr. JONES of Missouri. I do not have any questions.

The CHAIRMAN. Mr. Hagen.

Mr. HAGEN. Mr. Newsom, is it a fair statement to say that this legislation could provide a vehicle for regulating the whole of agriculture?

Mr. NEWSOM. I expect that is a fair statement. You would have to recognize the qualifications, of course, but I am sure you do.

Mr. HAGEN. Yes; in that connection you really have not gone to the "guts" of this matter, we will say, of the details of the bill—and you are the master of the National Grange; as such, would you feel more comfortable if you had the opportunity to take this legislation to your whole membership—obviously, you have not had a chance to take this back to your full membership; is that correct?

Mr. NEWSOM. No; not in terms of this particular draft, but since 1924, the Grange has made repeated pronouncements calling for this kind of a philosophic approach, and I think I know the position and the temper of our people well enough to know that they are overwhelmingly in support of this sort of a proposal, so long as we make certain that some of the questions of the types that have been raised here this morning are equitably disposed of.

Mr. HAGEN. But in response to that observation I would say—and this is my final question—or it is a question, would you not be happier as the national master of the Grange if you had the opportunity of taking this bill, in detail, back to your stockholders in the

Grange, or to be permitted to take it back between now and next January, would you not feel more comfortable in your role as master of the Grange?

Mr. NEWSOM. I think that is a relative thing. I think that I would have to say to you that the answer is "No," because, in effect, we took this same basic question to our last national convention down in Winston-Salem, N.C., last November, as a result of enabling legislation that was considered by this committee and on which we testified before, and we received some very definite guides that are, frankly, reasonably well incorporated in this proposal before you now.

Mr. HAGEN. One final observation. I appreciate your comment, but it would be my observation, in viewing agricultural laws, that they fall down in detail and not in their general direction or philosophy—they fail on the detail, that is what has happened to our present farm program. If I were in your position I would act differently.

Mr. NEWSOM. But, Mr. Chairman, if I may, I would like to comment on this statement, because I think the member of the committee has drawn a very erroneous conclusion. The conclusion that I think he has drawn on our behalf is that we are basically in agreement with the existing operation, and we are not, we never have been. We have recognized its value under the circumstances under which it was put into operation, but, basically, we have pointed out that for years that inevitably, if we ever get into a period of recurrent war circumstances and the constant disruption of production patterns, we would have exactly the kind of situations we now experience in feed grains and wheat. And this is why I want to clarify what I thought was an inference as to our attitude toward the present program.

Mr. HAGEN. I did not mean to imply that. What I am trying to say is that here is a proposal that affects the whole of agriculture—perhaps the first legislation of that character—it potentially involves groups that never had a Federal program or even sought one and we confront them with the possible necessity of hiring lawyers and lobbyists to represent them in defending against proposals which are not now possible. Before we create such a situation we would have some kind of a mandate for such course of conduct.

The CHAIRMAN. Let me interrupt. It does not involve any segment of agriculture at all unless the producers themselves initiate some sort of program.

Mr. NEWSOM. Exactly.

Mr. HAGEN. I recognize that, but we make possible such involvement.

The CHAIRMAN. Then it is submitted back in a referendum to the producers who would have to approve it.

Mr. HAGEN. That is right, but the referendum is on a per capita head count. You have all of these segments in agriculture, as Mr. Albert pointed out, in different geographic areas. They could very easily be outvoted in a proposition of this kind. At least, I think they should have a good opportunity to look at the program and to suggest changes in it. I am sure we would be more comfortable, and they would be, under that procedure.

Mr. NEWSOM. I would say only if you close your eyes to the alternatives, to the results of needless delay, would that conclusion be justified. We cannot do that. I am sure Mr. Hagen does not in-

tend to do that. I would say that our objectives, our pronouncements ever since the original commodity by commodity pronouncements by the National Grange, way back to 1924, clearly indicates that the Grange must support this kind of an approach, even though we want the chance to perfect some of its sections.

The CHAIRMAN. I want to congratulate you, Mr. Newsom, for being with us and for providing real leadership for the National Grange. There are some in the committee room who know what your organization has stood for all through the years. And I think you are following resolutely in the footsteps of Mr. Goss who was held in high regard for many years. One thing I like about you and one thing I liked about Mr. Goss was that neither of you come here in a strait-jacket and say, "Here is a set of rules and regulations, I cannot vary one way or the other," but you provide leadership and speak for your organization. Otherwise, if you were not going to do that you might as well bring the resolutions in here and leave them and not take up the time of the committee. I congratulate you. I think everyone on this committee will join with me in complimenting you for the leadership you are providing. You have not taken this bill lock, stock, and barrel. You said that you do have some reservations.

We have not accepted it. We are indicating a willingness, like yourself, to try to do something to improve the plight of the farmers of America.

Mr. NEWSOM. I do not feel that we have any right to do anything other than that.

Mr. JONES of Missouri. I have one question. Mr. Newsom, do you not think that the greatest difficulty we have had in presenting this program to the public and to the American farmer is the misconception that some people have that some of the mechanics and possibilities that are written into this bill have been interpreted as being specific that are going to be applied to their program, whereas the detail and the specific program will have to be written by the advisory committees, with the assistance and approval of the Secretary, and that many of us are getting apprehensive about this bill when, in fact, this bill does not impose anything, and everything that is to be imposed upon the farmer and every benefit he is to receive from it, will have to come from the programs which are to be developed through the mechanics of the bill.

Is that not our great difficulty?

Mr. NEWSOM. I think you are exactly right.

Mr. JONES of Missouri. Thank you.

Mr. HARVEY. I would like to say, first of all, that I am very happy to see my distinguished fellow Hoosier here this morning. I would want to say this, too, which is more of a statement rather than a question and more or less applicable to the comments made by both Mr. Jones and Mr. Hagen, I will be very, very unwilling to support this bill, particularly title I, so long as provisions are in there whereby hogs and cattle, livestock, in other words, can be made subject to a marketing order. I think historically the livestock producers have not wanted this sort of thing.

And I would hesitate very much to have this part of it contain machinery that could make it possible, and you know it is there, to drive a marketing order through. And if you put it through on one commodity, you have got to put it through on others. I would very

much dislike to see our great hog and cattle industry put into a Government straitjacket.

The CHAIRMAN. Nobody is proposing that. This is just to give them the jacket to put on themselves. [Laughter.]

Mr. HARVEY. I know who is going to give them the jacket and who is going to sell it.

The CHAIRMAN. Thank you very much. Mr. Dole?

Mr. DOLE. As you know, Mr. Breeding and I are interested in the wheat program. With reference to the 1962 wheat program as I understand it, the Secretary acts with the advice of the advisory committee, and no congressional review, and no referendum, is that your understanding?

Mr. NEWSOM. That is the provision, as I understand it, that there is a referendum, but no submission for 60 days to the Congress. And, of course, you recognize the time compulsion in this thing, if this is to become the vehicle by which we get a wheat measure that applies to the 1962 wheat crop.

Mr. DOLE. Recognizing the time element, is there any difference between assuming we might have an emergency wheat program for 1962 just as the emergency feed grains program, and still have normal hearings in both Houses, by the committees?

Mr. NEWSOM. We have that route available to us, if we elect to go that route. Frankly, if this measure does not move more rapidly than some of us have thought, we will have to go that route, if we do not want to live under the existing law, the existing wheat program for another year.

Mr. DOLE. Do you object to going that route and having hearings on the wheat program?

Mr. NEWSOM. No; I would not object in going that route.

Mr. DOLE. We asked the Secretary the same question. He would designate the representatives of farm organizations to be on this advisory committee. I understand it would be from the wheat States, the advisory committee on wheat. Would you state at this time what course the National Grange might play in that committee?

Mr. NEWSOM. I cannot state what part we would play. I can state that we would attempt to play a part in making the program conform with our traditional wheat program.

Mr. DOLE. Do you have any wheat program at this time? I do not mean in detail.

Mr. NEWSOM. Yes; as a matter of fact, we have supported wheat legislation for many years, and we would be glad to furnish you a copy of any one of the bills.

Mr. DOLE. On page 40, subtitle E, they talk about congressional review and miscellaneous provisions. Is there actually any congressional review provided in this bill? As I understand it, this becomes law if we do not look at it. It is a matter of terminology. What do you think they mean by the word "review"?

Mr. PARKER. It is maybe a question of semantics, but it does provide for the submission of the program to the Congress. I assume, or I think it is assumed that it would be looked at on review. I do not believe that anybody could foresee Congress to look at anything, but if it is submitted for an opportunities review, I would presume that it would be at that time.

Mr. DOLE. Are we abdicating the powers of Congress under article I, section 1, of the Constitution, delegating legislative powers to the Congress, under this?

Mr. PARKER. I do not think that there is any element of constitutional law involved in the way the bill is drafted.

Mr. DOLE. I am thinking about the question as to how much authority can be delegated by the Secretary to anybody not in Government—a nongovernmental agency.

Mr. PARKER. I think that is a question, but as I view the way the bill is drafted, the final repository and responsibility to exercise the powers is the Secretary, a Government official.

Mr. DOLE. Is the Grange satisfied with the provisions which are in the present bill for the election and selection of the advisory committee members?

Mr. NEWSOM. I think reasonably so. As a matter of fact, we participated in several discussions as to the makeup of these committee members and committees. I am perfectly willing to listen to anybody's suggestion for a modification in selecting the committees, but this one looks good to me.

Mr. DOLE. I suggested to the Secretary that perhaps there could be an election of two members, instead of electing three, and give the two members, the elected two members, the right to select the third member. Would that meet any objection from the Grange?

Mr. NEWSOM. It did meet objection from us.

I have suggested from the very beginning that the Secretary's hands must not be tied in the appointment of the members of the advisory committee; that we would expect to continually hold the Secretary responsible. We are going to hold him responsible. We are not going to select members to the committee and not have him reserve some authority as to the appointment of the committees, because we may want to influence that appointment ourselves.

The CHAIRMAN. In fact, the former Secretary, Mr. Benson, had, perhaps, more committees and commissions than any other Secretary of Agriculture, and nobody had anything to do with selecting those committees; did they?

Mr. NEWSOM. Well, I do not know that I am qualified to answer that, but I think that the Secretary's prerogative must be preserved here, although we would expect to try to influence him.

The CHAIRMAN. In former years they have had committees and commissions, and they did that themselves.

Mr. NEWSOM. I think if I understand it, he has had that prerogative all of the time, and I want him to keep it.

Mr. DOLE. Just as a matter of record, we were discussing with the Secretary a more democratic approach. He was suggesting that, perhaps, we could find one that was more democratic. And to eliminate the charge that it was a partisan thing I made my suggestion.

Mr. NEWSOM. I think that there may be dangers in some of the ideas that have been discussed.

The CHAIRMAN. Thank you very much, Mr. Newsom. We will now recess until 3 o'clock this afternoon.

(Whereupon, at 12:15 p.m., a recess was taken until 3 p.m., the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will please be in order.

We are very happy to have Mr. Homer L. Brinkley of the National Council of Farmer Cooperatives. We will be glad to hear you now, Mr. Brinkley.

STATEMENT OF HOMER L. BRINKLEY, EXECUTIVE VICE PRESIDENT, NATIONAL COUNCIL OF FARMER COOPERATIVES; ACCOMPANIED BY KENNETH D. NADEN, SECRETARY; AND RICHARD T. O'CONNELL, MEMBER OF THE STAFF

Mr. BRINKLEY. I want to express my appreciation to you, sir, and to the members of the committee for your courtesy in permitting me to appear today.

If I may, I would like to be accompanied by my associates, Dr. Naden, who is secretary of the council; and Mr. O'Connell of our staff.

The CHAIRMAN. We will be very glad to have them.

Mr. BRINKLEY. In view of the fact that I know how busy all of you are, we will attempt to paraphrase a considerable portion of our testimony which is rather lengthy because we tried to go into this fully. I would like to have the statement filed for the record, but I would like to refer to it and try to keep the committee posted.

The CHAIRMAN. All right.

Mr. BRINKLEY. On page 1 we start off with the proposal with reference to a section of the declaration of policy of the bill.

While we believe that the declaration of policy in this bill adequately summarized the objectives to be fulfilled by this legislation, it recognizes wisely that achievement of satisfactory farm income will come only by a multipronged attack on an extremely complex problem. There is no one farm problem and no one solution.

In our opinion the declaration overemphasizes what the Government intends to do in direct-action programs and fails to emphasize what the Government can do in encouraging self-help by farmers. It fails to recognize explicitly the great imbalance in market power between agriculture and nonagriculture. We recommend that subparagraph (a), page 2, beginning with line 7, be amended to read:

(a) afford farmers the opportunity to achieve *market power comparable to that of other economic groups* by providing them with the means necessary to adjust their agricultural output to requirements, to develop markets for their products, and to *work effectively together to achieve comparable competitive strength in marketing their products and procuring farm production supplies and services through their own cooperative organizations.* (New wording in italic.)

This wording is consistent with Secretary of Agriculture Freeman's statement of April 19 in which he said, "We need to recognize that all the farmer is asking for is equality of economic opportunity." We certainly subscribe to that.

We also recommend that paragraph (i) page 3, line 15 through 17 be amended to read:

(i) facilitate and improve credit services to farmers by revising, expanding, and clarifying the laws relating to agricultural credit, where necessary to effectuate the stated purposes of existing credit agencies.

This wording recognizes that present credit agencies are doing constructive service for farmers but can be improved and strengthened. We doubt the wisdom of or need of new agencies in this field.

With respect to the selection of the committees, we have a few suggestions that may be helpful. One basic one is that we seriously doubt the need for providing a place on these committees, which are farmer advisory committees, for direct consumer representatives. There is no provision for consumers for example, to sit on similar bodies established by the U.S. Department of Labor or the U.S. Department of Commerce or of other boards or regulatory agencies of this kind which may greatly influence national policies affecting farmers as well as other groups. Competition, rather than influence on a Government board, is the best protection for consumers.

There is a great and continuing need for more emphasis on marketing programs and activities by farmers themselves. We recommend, therefore, that provision be made for inclusion of one or more farmers' marketing cooperatives actively engaged in the marketing operations of the commodity involved in each advisory committee. This can be done by revising lines 3 and 4, page 6 of the bill to read as follows:

and (2) one or more additional members as representatives of farmers' cooperative organizations actively engaged in marketing the commodity involved.

On the matter of marketing orders and agreement, by way of background, I should say that we have been under continuing admonition by our governing body, the delegates and member organizations of the National Council of Farmer Cooperatives for more than 10 years to study and appraise and to seek out ways and means by which the basic principles of marketing agreements and orders might be applied more effectively and more broadly and more constructively, and we have council policy which is quoted on that page, on page 3. Without reading all of the council policy, which is a directive for our operations, I would like to make this comment:

That this policy statement indicates that members of the National Council of Farmer Cooperatives strongly endorse the principles of certain proposals in this subtitle as we understand them for strengthening and broadening of the marketing order and agreement-type operation. The reason for this support is that, after years of careful study and of direct experience, we believe marketing orders and agreements have made a modest yet vital contribution to raising farmers' bargaining power and farmers' net farm income. This is also the almost universal opinion of agricultural farmers' self-help efforts. This authority is consistent with our views that the Government, except in dire emergencies, should not engage directly in market operations but should create the opportunity for farmers, through their own marketing organizations and structures, to earn a fair income by developing strong market power. We believe broadening the marketing order authority can make further contributions to these objectives. The modest attainments of marketing orders previously referred to, may have been the result of modest emphasis upon them. We think their sound principles are capable of much more effective application.

Marketing orders and agreements are devices to overcome one of agriculture's unique characteristics, that of thousands, even millions, of separate, individual business enterprises comprising each commodity industry. This type of program permits the development of industrywide programs which are in the interest of the majority. Through these industrywide programs farmers are able to meet needs and conditions which cannot be met by thousands of weak individual units. I would like to review briefly some of these needs and problems facing farmers in their marketing operations to illustrate how marketing orders have augmented their own efforts to meet these needs.

There then follows several paragraphs with relation to the various kinds of things that marketing orders have proven effective in doing.

(1) *Need for quality and pack control.*—Maintenance of uniform and satisfactory quality of farm products is one of the most important factors influencing consumer satisfaction and price received. Quality involves not only grade but size, maturity, and pack factors, and flavor, nutritive value and consumer acceptance. Frequently the urgency to ship fresh fruits and vegetables, for example, at the beginning of a season results in immature products reaching consumers. Their adverse reaction can jeopardize the success of all producers for an entire season. In addition, quality, maturity, and size control are useful tools for segmenting or stratifying markets and thereby improving returns. Only industrywide rules and regulations fair to all can meet this need.

(2) *Need for control of unfair trade practices.*—There is an occasional need to correct or prevent unfair trade practices in the processing, distribution, or handling of agricultural commodities. Practices such as shipping deceptive lots or loads of a commodity, making misleading representations, improper sampling or grading, or others may creep into some phase of the marketing through attempts of individuals to gain an unfair competitive advantage. If unchecked such practices may, by the force of competition, become general or widespread through the industry to the detriment of all producers and handlers. The establishment of standards which define and maintain standards for fair trade practices can be accomplished through industrywide programs of the marketing order type.

(3) *Need for surplus control.*—In view of the general condition of excess resources and overproduction in agriculture the need for surplus control is obvious. There are two different types of surplus control, as distinguished from production control on farms, which can be and are being met by marketing orders. The first is surplus control in any particular market during any particular period of time. Allocation and planning of shipments to market in an orderly manner without limiting the total shipped can meet this need. The second is surplus control over an entire season. Diversion of some portion of the supply to noncompeting uses is an important and useful technique to meet this need.

(4) *Need for economic information and research.*—Skillful marketing of any commodity requires accurate and current market data carefully applied. Frequently the correct and most pertinent data cannot be obtained except through an industry program. There is a

great need for new economic research pointed specifically to devising marketing techniques to raising farm income from the quantity available to sell.

In that connection we recommend very strongly that the phrase in the bill relating to this aspect of our problem be strengthened so that it would read:

research in marketing designed to raise farm income, in utilization of surplus crops, in industrial uses, nutrition, and in production geared to market requirements.

This should be emphasized.

(5) *Need to meet bargaining power of large-scale buyers.*—It is well known that the principal buyers of farm products are large-scale buyers. Because of intensive competition among processors and retailers, their need for specific quality, quantity, and uniformity of product is growing. The group action of farmers, feasible under marketing orders, frequently makes it more possible to meet these requirements and satisfy buyers. Furthermore, large-scale buyers are skillful, knowledgeable, professional buyers. Few individual farmers could hope to match them in skill. There is an urgent need for farmers to create the large-scale selling units and to utilize industrywide programs so they can acquire equality in professional skill, experience, and ability with that of buyers. This they could do through the stimulation and protection that would be provided for the greater effectiveness of their own cooperative efforts in the marketing field.

Again there follows another statement of Council policy which seems to us to point to support for the provisions in the bill relating to the Federal producer marketing orders. These would be orders where the order would apply to producers but stop short of handlers. We think this is an area that can be, prove to be, effective on some of the larger commodities, and on those commodities where it might not be feasible to bring the customer or handler in as a part of the procedure.

Authority of the Federal marketing order and agreement type for producers is needed—

(1) to strengthen the market position of producers and farmers who do not now own and operate food-processing plants and cannot qualify as handlers;

(2) to protect farmers and producers against deliberate or inadvertent exploitation by buyers of farm products.

(3) to create the opportunity for more farmers to receive the benefits of such authority for industry programs than the limited number now authorized; and

(4) to encourage farmers who do not now have any group action in their industry to begin to work together to achieve the market power that comes from group action, and to move affirmatively into the field of augmenting their economic power by developing better techniques, processing plants and handling operations.

A Federal marketing order authority for producers will permit farmers to become more effective in use of marketing techniques to raise the value of their products. It will also permit farmers to utilize marketing techniques which become effective only when industrywide

organization is created. In addition, such authority creates the means for equitable sharing of the costs and burdens of the program.

Among the effects which would be expected, I think confidently so, to be achieved, would be:

- (a) Regulation of quality, maturity and grade of product.
- (b) Regulation of flow of product to market over a season.
- (c) Standardization of containers.
- (d) Control of unfair trade practices.
- (e) Regulation of quantity shipped.
- (f) Creation of research projects to undertake improvement in the marketing, distribution, and consumption of the commodities covered, as well as utilization, new uses, and nutrition.

There are many things that these cannot do, and I think it would be unwise to consider the things that they could do without realizing, at the same time, their limitation because there is danger in expecting too much.

We do feel, however, that in time, and in a relatively short period of time, as these became effective and useful, that they would be brought into greater use and would be constantly more effective on an increasingly wide number of commodities, many of which would be presently thought of as completely incapable of any benefits deriving from these programs.

On the nationwide marketing orders, again our organization has departed from the principle that is now in effect, that these licenses or orders should be confined to the smallest production of a marketing area.

We think the basic reason is that we have moved a long way in this year 1961 from the conditions that prevailed when these criteria were established.

I think that nationwide provisions should be used with caution, with adequate safeguards, and so on, and there might very well be on an interim basis instead of nationwide orders or overall application, that the Secretary of Agriculture might be vested with authority to do a more effective job of coordination among orders on a smaller regional basis.

I think it is of paramount importance that orders take into account the regional characteristics, differences in production and marketing techniques in different areas, and these other matters that are of tremendous importance and have been built up over a long period of years in certain areas; to take into account those characteristics and others.

Yet here is a situation where, if they are not coordinated, they may run the grave risk of having an ineffective operation, where as wise coordination in the public interest and in the interest of procedure of these commodities on an overall basis might be very effective, short of going to the final step of nationwide orders.

The quotas under marketing orders, we do not have as definitive a position with respect to marketing quotas under the orders as, perhaps, might be expected because of various matters relating to the conflict of interest among commodities.

Let me say, in passing, that this conflict of interest within commodities and between commodities is something, it seems to me, that must be kept in mind at all times, because they are very real.

I think that they can be, the differences can be, compromised, perhaps not immediately but I think that ultimately they can be.

There is also the possibility, and I am reading down at the bottom of page 9, that any legislation which emphasizes marketing and the importance of farmer marketing activity may inadvertently lead to growth of cooperativelike groups in certain commodity fields which would not be responsible for their own marketing agencies, which would not invest their own capital and which would be principally creatures of the Government or of nonfarmer interests. The experience gained in earlier years when a few organizations of this kind were formed would lead us to make a strong recommendation that great care be exercised to avoid creation of this type of group, which was totally unrelated to the farmers' own control and own needs.

On the matter of unit voting of cooperatives, I recognize that there are serious differences of opinion in agriculture about the present authority for cooperatives under certain conditions to cast the votes of their members in the case of votes on marketing orders, and we have this to say: The principle of unit voting by farmers' marketing cooperatives, in connection with marketing agreements and orders, represents group or collective action by farmers and permits them, I say "permits them," to develop a stronger voice in economic affairs.

These are not mandatory provisions, they can take advantage of them or they may not, and many of them do not.

At the same time, unit voting contributes significantly to the strength and objectives of cooperatives which are the instruments chosen voluntarily by farmer members to represent them. When farmers sign a contract with their marketing cooperative whereby it agrees to accept their product and has assumed an obligation to market these products and perform certain services, the cooperative needs the support of unit voting in carrying out this responsibility, and a very grave responsibility it is.

We urge, therefore, the inclusion of permissive unit voting privileges by cooperatives in all legislation of the market order and agreement type; furthermore we will oppose vigorously efforts to remove unit voting rights from present legislation.

The wording of the bill appears to be unduly restrictive in that it would not permit marketing orders on any additional products of agricultural commodities. This is to be observed in the wording of paragraph 4 on page 8 of the bill, line 24 and 35 which states that the authority of the order is broadened to include "any agricultural commodity or any regional or market classification thereof not subject to orders under A but not products thereof." It is our view that the law should be flexible enough to allow orders on canned, frozen, or processed products to be instituted provided both producers and handlers approve an order as under present authority.

On the matter of section IV, the general direction in which subtitles C and D head our agricultural economy is toward supply control on farms. It is our view that supply control or planned production may be the most powerful and critical tool used by nonagricultural business firms and by labor in their exercise of market power. Therefore, farmers should also have comparable tools available for their use.

However, the supply control programs of most nonagricultural industries operate in close conjunction with and as an integral part of a sophisticated production and marketing program. This way includes both vertical and horizontal integration, large-scale mass production techniques, diversified product lines, extensive research for new products, use of consumer brands, elaborate sales and promotion programs geared to the production and marketing programs, and many other tools.

Relatively few agricultural commodities are produced and marketed in this manner. There is considerable danger that supply control programs instituted without this kind of a private marketing system may be doomed to failure because of their narrow attack on the problem. Therefore, supply control programs are, in our opinion, the last step in sequence which farmers should take in establishing a comprehensive marketing program and balanced economic power.

One of the principal reasons for the concern of many informed farmers and farm organizations with respect to supply control measures is that such measures which do not have a close tie to farmers' own private marketing organizations may become Government dominated rather than farmer dominated.

We do not say that these shouldn't be used. We say that supply control programs of industry and labor are possible because the public bears the cost of maintaining unemployment resources. We have insurance for unemployed labor and we have administered pricing enabling industry to include the cost of unemployed capital and land in the price of its products.

Quota programs or production restriction on a commodity basis have the great weakness of not recognizing that excess resources in the whole of agriculture are the chief cause of our surplus conditions. Individual farmers or groups of farmers of one commodity may be hurt by supply control without concomitant withdrawal and insulation of the excess resources, not only in that commodity but, perhaps, in other commodities, as well.

The other points, Mr. Chairman, are relatively minor. I will not read them. This will conclude the bulk of the statement.

(The prepared statement of Mr. Brinkley follows:)

STATEMENT OF HOMER L. BRINKLEY, EXECUTIVE VICE PRESIDENT OF THE NATIONAL COUNCIL OF FARMER COOPERATIVES

I am Homer L. Brinkley, executive vice president, National Council of Farmer Cooperatives. We appreciate the opportunity to present our views on H.R. 6400 to this committee.

The National Council of Farmer Cooperatives is a national federation of farmer-owned and farmer-controlled cooperative marketing and purchasing associations. Our affiliates include 5,000 farmer cooperatives throughout the Nation, serving approximately 2.75 million farmer memberships.

Our statement is separated into several sections corresponding to the different subject matter areas of H.R. 6400.

SECTION I

This section contains our comments regarding the "declaration of policy" of the bill.

In general, we believe the "declaration of policy" adequately summarizes the objectives to be fulfilled by this legislation. The declaration recognizes wisely that achievement of satisfactory farm income will come only by a multipronged

attack on an extremely complex problem. There is no one farm problem and no one solution.

In our opinion the declaration overemphasizes what the Government intends to do in direct action programs and fails to emphasize what the Government can do in encouraging self-help by farmers. It fails to recognize explicitly the great imbalance in market power between agriculture and nonagriculture. We recommend that subparagraph (a), page 2, beginning with line 7, be amended to read:

"(a) afford farmers the opportunity to achieve *market power comparable to that of other economic groups by providing them with the means necessary to adjust their agricultural output to requirements, to develop markets for their products, and to work effectively together to achieve comparable competitive strength in marketing their products and procuring farm production supplies and services through their own cooperative organizations.*" [New wording italicized.]

This wording is consistent with Secretary of Agriculture Freeman's statement of April 19 in which he said, "We need to recognize that all the farmer is asking for is equality of economic opportunity."

We also recommend that paragraph (i), page 3, lines 15 through 17, be amended to read:

"(i) facilitate and improve credit services to farmers by revising, expanding and clarifying the laws relating to agricultural credit, *where necessary to effectuate the stated purposes of existing credit agencies.*" (New wording italicized.) This wording recognizes that present credit agencies are doing constructive service for farmers but can be improved and strengthened. We doubt the wisdom of or need of new agencies in this field.

SECTION II

This section contains our appraisal of subtitle A of this bill entitled "National Farmer Advisory Committees."

In general, our policies have looked with favor on drawing upon truly representative farmer committees to act in an advisory capacity with respect to programs which meet their needs. Through such committees the Secretary of Agriculture may say, "Our door is open to receive your suggestions for ways to achieve industry programs which will raise net farm income."

It is our view that it is the responsibility of the Government to help create the environment in which farmers can gain higher income. The advice and counsel of farmers committees and organizations should be drawn upon with respect to the implementation of this responsibility.

We have some points in mind with respect to the establishment of the National Farmer Advisory Committees as specified in the bill.

1. *Selection on income basis.*—There is considerable question in our mind about the wisdom of restricting members of this committee to farmers having a certain proportion of their income from farming. The intention of this requirement—to have only farmers genuinely interested in farmers' welfare initiating these programs—is well conceived. However, a farmer's actual investment in a farm and its equipment, rather than the simple test of income should be taken into account, particularly since so many farmers are relying so heavily on off-farm work for income to keep their farms.

2. *Inclusion of consumer representatives.*—We seriously oppose the provision for inclusion of consumers' representatives as members of these farmer advisory committees. We believe this is an unsound and an unwise proposal and could have far-reaching consequences if applied across the board. Consumers are generally not knowledgeable about production and marketing problems of agricultural commodities. Their interests are often clearly opposed to those of producers. The Secretary of Agriculture represents the public and should adequately represent consumers. There is no provision for consumers to sit on similar bodies established by the U.S. Department of Labor or the U.S. Department of Commerce or of other boards or regulatory agencies of this kind which may greatly influence national policies affecting farmers as well as other groups. Competition, rather than influence on a Government board, is the best protection for consumers.

There is a great and continuing need for more emphasis on marketing programs and activities by farmers themselves. We recommend, therefore, that provision be made for inclusion of one or more farmers' marketing cooperatives

actively engaged in the marketing operations of the commodity involved in each advisory committee. This can be done by revising lines 3 and 4, page 6 of the bill, to read as follows:

"and (2) one or more additional members as representatives of farmers' cooperative organizations actively engaged in marketing the commodity involved."

SECTION III

This section contains our appraisal and comments on subtitle B of the bill entitled "Marketing Orders."

At the last annual meeting of the National Council of Farmer Cooperatives, held in New Orleans in January 1961, the delegate body approved the following policy statement:

"Marketing orders and agreements.—Experience in recent years confirms the conclusion that legislative authority of the type contained in the Agricultural Marketing Agreement Act of 1937 has made a substantial contribution to the bargaining power of producers of specific commodities and thereby to maintaining and raising their income. The national council favors legislation for the continuation and liberalization of the marketing agreement and order type authority to—

"(1) provide for the inclusion of additional commodities to which marketing agreements and orders are adapted, provided that a majority of the producers by number and volume signify their desire to be included under the act; and further provide to enable fruits and vegetables for processing, now excluded, to make use of Federal marketing orders and agreements whenever such orders or agreements affect the producers primarily and are approved by a majority of the producers affected. Whenever such orders or agreements regulate the processed product, such orders or agreements may become effective only upon the voluntary assent of a majority of the handlers affected and administered jointly by producers and handlers;

"(2) enlarge and clarify the authorization for agencies established under marketing orders to engage in or finance, within reasonable limits, research and/or market promotion activities from funds collected pursuant to the marketing order;

"(3) provide for the continuous operation of marketing agreements and orders, despite short-term price variations, where necessary to assure orderly distribution throughout the marketing season; and

"(4) provide for the expansion of this type of authority to encompass such geographic areas as are necessary to carry out the intent of the order."

This policy statement indicates that members of the National Council of Farmer Cooperatives strongly endorse the principles of certain proposals in this subtitle as we understand them for strengthening and broadening of the marketing order and agreement type operation. The reason for this support is that, after years of careful study and of direct experience, we believe marketing orders and agreements have made a modest yet vital contribution to raising farmers' bargaining power and farmers' net farm income. This is also the almost universal opinion of agricultural economists who have studied these programs carefully. This authority augments farmers' self-help efforts. This authority is consistent with our views that the Government, except in dire emergencies, should not engage directly in market operations but should create the opportunity for farmers, through their own marketing organizations and structures, to earn a fair income by developing strong market power. We believe broadening the marketing order authority can make further contributions to these objectives. The modest attainments of marketing orders previously referred to may have been the result of modest emphasis upon them. We think their sound principles are capable of much more effective application.

Marketing orders meet needs of farmers

Marketing orders and agreements are devices to overcome one of agriculture's unique characteristics—that of thousands, even millions, of separate, individual business enterprises comprising each commodity industry. This type of program permits the development of industrywide programs which are in the interest of the majority. Through these industrywide programs, farmers are able to meet needs and conditions which cannot be met by thousands of weak individual units. I would like to review briefly some of these needs and problems facing farmers in their marketing operations to illustrate how marketing orders have augmented their own efforts to meet these needs:

1. *Need for quality and pack control.*—Maintenance of uniform and satisfactory quality of farm products is one of the most important factors influencing consumer satisfaction and price received. Quality involves not only grade but size, maturity, and pack factors, and flavor, nutritive value, and consumer acceptance. Frequently the urgency to ship fresh fruits and vegetables, for example, at the beginning of a season results in immature products reaching consumers. Their adverse reaction can jeopardize the success of all producers for an entire season. In addition, quality, maturity, and size control are useful tools for segmenting or stratifying markets and thereby improving returns. Only industrywide rules and regulations fair to all can meet this need.

2. *Need for control of unfair trade practices.*—There is an occasional need to correct or prevent unfair trade practices in the processing, distribution, or handling of agricultural commodities. Practices such as shipping deceptive lots or loads of a commodity, making misleading representations, improper sampling or grading, or others may creep into some phase of the marketing through attempts of individuals to gain an unfair competitive advantage. If unchecked such practices may, by the force of competition, become general or widespread through the industry to the detriment of all producers and handlers. The establishment of standards which define and maintain standards for fair trade practices can be accomplished through industrywide programs of the marketing order type.

3. *Need for surplus control.*—In view of the general condition of excess resources and overproduction in agriculture the need for surplus control is obvious. There are two different types of surplus control—as distinguished from production control on farms—which can be and are being met by marketing orders. The first is surplus control in any particular market during any particular period of time. Allocation and planning of shipments to market in an orderly manner without limiting the total shipped can meet this need. The second is surplus control over an entire season. Diversion of some portion of the supply to noncompeting uses is an important and useful technique to meet this need.

4. *Need for economic information and research.*—Skillful marketing of any commodity requires accurate and current market data carefully applied. Frequently the correct and most pertinent data cannot be obtained except through an industry program. There is a great need for new economic research pointed specifically to devising marketing techniques to raising farm income from the quantity available to sell. We recommend therefore that the phrase "marketing research and development projects;" on lines 21 and 22, page 7, and line 18, page 9, of this bill be changed to read: "research in marketing designed to raise farm income, in utilization of surplus crops, in industrial uses, nutrition, and in production geared to market requirements."

5. *Need to meet bargaining power of large-scale buyers.*—It is well known that the principal buyers of farm products are large-scale buyers. Because of intensive competition among processors and retailers, their need for specific quality, quantity, and uniformity of product is growing. The group action of farmers, feasible under marketing orders, frequently makes it more possible to meet these requirements and satisfy buyers. Furthermore, large-scale buyers are skillful, knowledgeable, professional buyers. Few individual farmers could hope to match them in skill. There is an urgent need for farmers to create the large-scale selling units and to utilize industrywide programs so they can acquire equality in professional skill, experience, and ability with that of buyers. This they could do through the stimulation and protection that would be provided for the greater effectiveness of their own cooperative efforts in the marketing field.

Federal marketing orders and agreements for producers

At the last annual meeting of the National Council of Farmer Cooperatives, held in New Orleans, La., in January 1961, the delegate body approved the following policy statement.

"Federal producer marketing orders.—The National Council of Farmer Cooperatives favors the development of Federal enabling legislation to make possible the formulation of producer marketing orders and agreements to develop intrastate and interstate and national marketing programs. These programs are to be based on producer initiative and referendum requiring a majority vote of the producers of the commodities affected before the order can be adopted.

"All regulations and projects initiated by these programs are to be effective up to that point where the producer makes delivery of his product to a handler. Such orders and agreements should enable producers to develop programs in the following categories:

- "1. Grade, size, and quality standards.
- "2. Container standards.
- "3. Promotion-advertising.
- "4. Market service-merchandising.
- "5. Research—
 - "(a) market statistics.
 - "(b) economic price analysis.
 - "(c) production problems.
 - "(d) handling and engineering problems.
 - "(e) new product development.
- "6. Third party grading.
- "7. Surplus allocation.

"These programs are to be administered by the Secretary of Agriculture with the help and advice of the producers being regulated. To safeguard the mandatory nature of these market orders on all producers they should be renewed at periodic intervals by producer referendum."

One of the most significant provisions of this section of the bill is that of authorizing Federal marketing orders for producers. We would like to explain in further detail why we believe this provision is in line with our stated policy.

What is it?—A Federal marketing order or agreement for producers is a form of authority whereby agricultural producers, ranchers, or farmers can exercise group action for the purpose of increasing their marketing power and thereby their net income. It is the means whereby farmers can advance beyond the skillful marketing of small group action and achieve area or industry action in marketing their products. In this way farmers may exercise supply-demand influence which other groups in the economy, such as labor and manufacturing industry have exercised for decades. It is a means to augment farmers' own self-help methods. And it must never, under any circumstance, be permitted to supplant or weaken those self-help methods.

A Federal marketing order or agreement for producers would be authority parallel to that now in existence under the Agricultural Marketing Agreement Act of 1937 as amended. It would apply only to producers or farmers in somewhat the same way as the present marketing order and agreement authority applies to handlers. It would apply to products up to the time they are sold to processors or first handlers. Such authority would not affect processors' operations or the allocation of product into different size cans, different brands or different markets. It is an authority inaugurated by producers only and affecting producers only.

Why is it needed?—The principal reason why a Federal marketing order authority for producers is needed is to meet the needs mentioned earlier insofar as they apply to farmers only. A major feature of the present Agricultural Marketing Agreement Act of 1937 is that it applies to handlers of agricultural products. It authorizes handlers to take certain action. This has been a barrier or obstacle to producers of certain commodities from receiving the benefits of this authority if they were not also handlers or if the handlers did not desire to cooperate with producers in establishing an industry program. Opportunity for its use has also been low because of the limited number of products to which it could apply.

Authority of the Federal marketing order and agreement type for producers is needed—

1. to strengthen the market position of producers and farmers who do not now own and operate food processing plants and cannot qualify as handlers;
2. to protect farmers and producers against deliberate or inadvertent exploitation by buyers of farm products;
3. to create the opportunity for more farmers to receive the benefits of such authority for industry programs than the limited number now authorized; and
4. to encourage farmers who do not now have any group action in their industry to begin to work together to achieve the market power that comes from group action, and to move affirmatively into the field of augmenting their economic power by developing better techniques, processing plants, and handling operations.

What it can do.—A Federal marketing order authority for producers will permit farmers to become more effective in use of marketing techniques to raise the value of their products. It will also permit farmers to utilize marketing techniques which become effective only when industrywide organization is created. In addition, such authority creates the means for equitable sharing of the costs and burdens of the program.

A Federal producer marketing order authority could reasonably be expected to produce the same type of results as the present marketing program for handlers has created. Among these are:

- A. Regulation of quality, maturity, and grade of product.
- B. Regulation of flow of product to market over a season.
- C. Standardization of containers.
- D. Control of unfair trade practices.
- E. Regulation of quantity shipped.
- F. Creation of research projects to undertake improvement in the marketing, distribution, and consumption of the commodities covered, as well as utilization, new uses, and nutrition.

These steps help farmers in two ways: (1) to meet the economic conditions forced on them by rapid changes in the nonfarm economy, and (2) to help control the surplus which comes from the drive for productivity and efficiency on American farms.

What it cannot do.—It is desirable that some of the limitations of Federal producer marketing orders and agreements be spelled out so that impractical and infeasible results will not be expected. Marketing orders and agreements cannot create income where product value does not exist. They cannot prevent consumers and buyers from shifting to substitute products because they do not depend on suppression of substitutes as an operating technique. In other words, the effectiveness of industrywide marketing programs in agriculture depends upon the power of persuasion rather than the power of coercion for their success.

Other more specific results which may be expected of marketing orders or agreements but which are impractical are:

1. They cannot fix prices. Farmers may, after negotiation, establish prices which all buyers pay, but will suffer the consequences if prices are set above or below market value. This requires expert economic research and knowledge, which will be available under such programs.
2. They cannot change the law of supply and demand.
3. They cannot make poor quality products better.
4. They cannot be operated so as to allow full freedom for one operator and place restrictions on the other fellow.
5. They are not a substitute for sound producer owned and operated marketing, processing, and shipping agencies.

Effect on participating producers.—A Federal producer marketing order or agreement is a program which goes into effect only when a majority (in a referendum) of the producers of a commodity indicate their desire for it and their willingness to participate. It is a program which works best in those industries in which strong, experienced farmer cooperatives have a record of substantial contribution. The marketing order authority then constitutes a supplementary source of market power which can be utilized when needed.

In general, Federal producer marketing order authority would have little or no effect on producers of other commodities whether or not that group used the authority for a program of its own.

Effect on processors and other first handlers.—

(1) Producer marketing orders or agreements will enable farmers to deliver better products, more valuable products, and thereby earn more money per unit. One authority on marketing orders has stated, "Industry organization through programs such as these can be an answer to the demands of large buyers for uniform grading and packing in standardized containers." Such action is beneficial to processors since it relieves them of some of their responsibilities in packing, grading and field supervision of products and has the effect of delivering products which are more attuned to their specifications.

(2) Marketing orders or agreements enable producers to control their surplus by reducing the quick sale, the distress sale, and the sale made because of poor market information. These frequently undermine the efforts of the majority in an industry to achieve satisfactory prices. One result of control of the surplus is a reduction in opportunities for buyers

to make a profit in buying operations. The strengthened market condition which comes from group action causes all buyers to pay the same price for the equivalent product in the same market.

(3) Effective group action by farmers under marketing orders and agreements can permit lower cost and more efficient processing by better scheduling of deliveries to plants.

(4) Group action under producer marketing orders may reduce the risk of processing operations and reduce excessive processing fluctuation by lowering the danger of market gluts and smoothing out the product flow.

(5) Producer marketing orders would have little or no adverse effect on processors' methods of operation, in their packaging, advertising or merchandising programs. Orders would, however, eliminate the profit opportunities in cheap buying and require profits be derived from passing the cost of better farm prices on to consumers where they belong.

Nationwide marketing orders

At the 1960 annual meeting of the National Council of Farmer Cooperatives, held in Atlanta, Ga., the delegate body approved the following policy statement: "*Marketing order areas.*—The National Council opposes provisions which would confine 'licenses' or 'orders' of the Secretary of Agriculture to the smallest production or marketing areas."

Another significant provision of this bill is the broadening of the market order authority to permit wider geographic coverage. We endorse the principle of a broadening of coverage, with the proviso that the Secretary must take account of the difference in production and marketing of a commodity in different regions.

The phrase "nationwide marketing orders" raises fears in some quarters that uniform rules and regulations will be applied indiscriminately to nonuniform conditions of production and marketing and that, thereby, an injustice will be committed. This fear will be allayed by the proviso that the Secretary must take account of regional differences. It is our view that this broadening of the authority is desirable because the present law unduly restricts the usefulness of the act. The purpose of the act is to raise farm income through industrywide marketing programs. You don't get industrywide economic benefits in a potato program, for example, by having a marketing order on Maine potatoes only or on Idaho or California potatoes only. We live in an economy in which the strategic demand and production influences on the price of a commodity are nationwide. This gives rise to the phrase "the local market is dead." Therefore it is not only desirable but necessary that the Secretary be authorized to use industrywide and sometimes nationwide marketing orders, if this is necessary, to achieve the objective. If the administrative burdens of nationwide orders are insuperable, then the Secretary should be authorized to exercise closer coordination of local or regional orders than is now the case.

Quotas under marketing orders

Another important provision of this subtitle in the bill is the new section 8(f) which authorizes marketing quotas as one of the provisions of marketing orders. We will not, however, take a position of approval or disapproval of this provision because of the following policy statement approved by the delegate body of the National Council of Farmer Cooperatives at its 1959 annual meeting:

"*Marketing quotas.*—In view of the difficulty in drafting statutory provisions relating to marketing quotas applicable to the several commodities represented by the several divisions of the council that the council take no position for or against provisions relating to marketing quotas and thus leave each member association in a position where it can freely negotiate with the administrators of the act as to such marketing quota provisions as the respective member organizations believe may be helpful to their producer members."

We note that under this section the Secretary is authorized to exempt certain producers, because of their small size, from the regulations provided under this order. We believe it is wise to insure this provision does not give rise to gradual weakening of the purpose of quotas by revising lines 1 and 2, page 12 to read as follows: "a minimum allotment of 5 percent of the total production applicable to producers whose production does not exceed such amount." It is our understanding that this limitation is generally contemplated in the bill.

50 We would like to add the following specific comments:

(1) There is always a possibility that any legislation which emphasizes marketing and the importance of farmer marketing activity may inadvertently lead to growth of cooperative-like groups in certain commodity fields which would not be responsible for their own marketing agencies, which would not invest their own capital and which would be principally creatures of the Government or of nonfarmer interests. The experience gained in earlier years when a few organizations of this kind were formed would lead us to make a strong recommendation that great care be exercised to avoid creation of this type of group.

The following extract from a policy statement of this organization reaffirmed at the 1960 annual meeting is pertinent:

"We are opposed to any effort on the part of the Government, by design or otherwise, to use farmer cooperatives for governmental purposes to the detriment of those activities in which farmers normally should engage in mutual farm business enterprises for which they may have been established or in which they may wish to engage * * *. We do not regard governmental sponsorship, development and use of captive cooperatives to serve governmental purposes as being within the mandate (the congressional mandate concerning the encouragement of farmer cooperatives) and we express our firm opposition to such policies."

(2) We strongly urge that amendments made by this bill to the Marketing Agreement Act of 1937 should not interfere with the present programs in effect which are operating successfully. We believe, after careful reading of the bill that the opportunity exists for the producers of a certain commodity, who are now operating under a marketing order, to continue under the same order in the future as they are now. We believe it is the intention of the Secretary of Agriculture to permit currently successful orders to continue and we strongly urge this committee to maintain that opportunity. If this is not true, however, protective provisions should be included.

(3) We urge that section 8c(12) entitled "Cooperative Association Representation" which permits the use of unit voting by a cooperative for its membership in the referendum conducted by the Secretary of Agriculture pursuant to a marketing order issued under this authority be retained. The inclusion of this authority for cooperative association representation is perfectly consistent with the congressional mandate for recognition and encouragement of farmers' cooperative marketing organizations. It permits a cooperative to express its views constructively about the effect of a marketing order on its contractual obligations to its farmer members. The following policy statement, approved by the delegate body of this organization at its 1961 annual meeting is self-explanatory:

"Unit voting by cooperatives.—The principle of unit voting by farmers' marketing cooperatives, in connection with marketing agreements and orders, represents group or collective action by farmers and permits them to develop a stronger voice in economic affairs. At the same time unit voting contributes significantly to the strength and objectives of cooperatives which are the instruments chosen voluntarily by farmer members to represent them. When farmers sign a contract with their marketing cooperative whereby it agrees to accept their product and has assumed an obligation to market these products and perform certain services, the cooperative needs the support of unit voting in carrying out this responsibility.

"We urge, therefore, the inclusion of permissive unit voting privileges by cooperatives in all legislation of the market order and agreement type; furthermore we will oppose vigorously efforts to remove unit voting rights from present legislation."

4. The wording of the bill appears to be unduly restrictive in that it would not permit marketing orders on any additional products of agricultural commodities. This is to be observed in the wording of paragraph 4 on page 8 of the bill, lines 24 and 25 which states that the authority of the order is broadened to include "any agricultural commodity or any regional or market classification thereof not subject to orders under A but not products thereof." It is our view that the law should be flexible enough to allow orders on canned, frozen or processed products to be instituted provided both producers and handlers approve an order as under present authority.

SECTION IV

This section contains our comments on subtitle C "Marketing Quotas" and subtitle D "Price Stabilization".

Our policy statement regarding quotas was read earlier. Therefore, our comments on subtitles C and D will be brief and general in nature.

The general direction in which subtitles C and D head our agricultural economy is toward supply control on farms. It is our view that supply control or planned production may be the most powerful and critical tool used by non-agricultural business firms and by labor in their exercise of market power. Therefore, farmers should also have comparable tools available for their use. However, the supply control programs of most nonagricultural industries operate in close conjunction with and as an integral part of a sophisticated production and marketing program. This may include both vertical and horizontal integration, large-scale mass production techniques, diversified product lines, extensive research for new products, use of consumer brands, elaborate sales and promotion programs geared to the production and marketing programs and many other tools. Relatively few agricultural commodities are produced and marketed in this manner. There is considerable danger that supply control programs instituted without this kind of a private marketing system may be doomed to failure because of their narrow attack on the problem. Therefore, supply control programs are, in our opinion, the last step in sequence which farmers should take in establishing a comprehensive marketing program and balanced economic power. One of the principal reasons for the concern of many informed farmers and farm organizations with respect to supply control measures is that such measures which do not have a close tie to farmers' own private marketing organizations may become Government-dominated rather than farmer-dominated.

Furthermore, supply control programs of industry and labor are possible because the public bears the cost of maintaining unemployed resources. We have insurance for unemployed labor and we have administered pricing enabling industry to include the cost of unemployed capital and land in the price of its products.

Quota programs or production restriction on a commodity by commodity basis have the great weakness of not recognizing that excess resources in the whole of agriculture are the chief cause of our surplus conditions. Individual farmers or groups of farmers of one commodity may be hurt by supply control without concomitant withdrawal and insulation of the excess resources.

We would like to raise the following points:

(1) We recommend that in the legislative finding of the Congress pertaining to subtitle C "Marketing Quotas" the close relationship of soil resources, water resources and forest resources be kept in mind. We recommend therefore, that lines 22 and 23, page 17 be changed to read: "*without impairing or wasting the soil, water and forest resources of the country.*" (New wording italicized.)

(2) We recommend that the possibility that the Secretary of Agriculture may wish to retire or remove some marketing allotments be kept in mind. We recommend, therefore, that lines 9 and 10, page 31 be amended to read: "*may be transferred or retired to such extent.*" (New wording italicized.)

(3) We believe that the establishment of commercial areas for use in establishing national marketing quotas under section 360(e) of this bill should keep in mind that the possibility of rapidly expanding production from noncommercial areas may work at cross purposes with the obvious intent of the bill. We recommend, therefore, that lines 2 and 3, page 24 be amended to read: "*production of the commodity outside of the commercial area, provided the total production in such noncommercial areas shall not exceed 5 percent of the total national production.*" (New wording italicized.)

(4) We note in section 603(a) of subtitle D "Price Stabilization" that the Secretary is authorized broad authority for utilizing such price and income support activities as may seem appropriate to carry out the purposes of the act. We should like to recommend to this committee that price and income support activities of any nature should have as a basic purpose the strengthening and support of the private marketing system and should be required to place maximum emphasis on their contribution to marketing operations and opportunities of farmer cooperatives.

We appreciate the opportunity to express our views to this committee.

Mr. POAGE (presiding). Thank you very much, Mr. Brinkley.

Mr. Hoeven?

Mr. HOEVEN. Mr. Brinkley, I want to compliment you on the very comprehensive statement.

I noticed with interest, on page 1 of your statement, that you make reference to the fact that the bill in question fails to emphasize what the Government can do in encouraging self-help by farmers.

It is not very often that we hear anyone suggest that. Witnesses before our committee very often suggest that the Government alone can do anything for farmers.

What have you in mind in encouraging self-help by farmers? What can the Government do in that regard?

Mr. BRINKLEY. I think, Mr. Hoeven, that the chief burden of all the things that we have said is that the orientation should be basically in that direction; that we should leave no stone unturned to see to it that every provision, where it is at all applicable, should be oriented to maximizing the self-help opportunities of farmers themselves.

I do not mean at all by that that we deprecate or would withdraw the very excellent programs that have been instituted on behalf of farmers. Many of them have been, and have made, a major contribution and have made it possible in many ways for farmers to contribute to their own self-help programs.

So that I would say that this is, in essence, about what we mean, that the whole thing should place greater emphasis—frankly, I have felt sometimes like a voice crying in the wilderness, to try to hammer home the thought that farmers have a tremendous opportunity, with proper guidance and leadership, to do a job for themselves, in cooperation with Government programs, if you will, and where they are applicable.

I would not at all suggest any deprecation of these programs. I simply say that they do not intend, and have not intended, and apparently are not intending, to go as far in this direction as, at least, I would hope that they would.

I urge that this committee analyze this thing from that standpoint to see if his particular aspect of economic activities on the farms of this country are maximized as much as possible.

Mr. HOEVEN. I just have one other question. I note your opposition to the inclusion of a consumer representative on advisory groups.

I do not recall that anyone asked the Secretary when he was before this committee earlier this week just what his guidelines or standards would be for selecting a consumer representative.

We are all consumers, and I am just wondering what category of consumers that would apply to. Have you any ideas of what might be intended?

Mr. BRINKLEY. I have no idea, Mr. Hoeven. We feel rather strongly that the Secretary of Agriculture is a public servant and is responsible to all of the people, producers as well as consumers, and I think it would be safe to say that if representatives of farmer cooperatives, who deal with consumers as well as with members, would make a more valuable contribution than direct consumer representatives, it would be because they know what they have got to do to keep their products on the market. They have got to please consumers, not just part of the time but all the time or they would be off the market.

I think that consumers are not informed. Why should they be informed about some of the basic problems that confront farmers and farmer cooperatives, and problems of production and adjustment and marketing and the economic problems that peculiarly affect agriculture.

So I feel rather strongly that this provision should be deleted; that it should be changed.

Mr. HOEVEN. I think there is some merit to your contention. If we could find someone who represented all consumers it would be all right.

Mr. POAGE. Thank you. Mr. Abernethy?

Mr. ABERNETHY. I would like to comment on that. I think there is another side to it. Don't you think there is some merit in the fact that after all these people are our customers, that we get along with them, and that they should have at least one representative to sit within our council?

For instance, we had a city member from New York, on this committee for a while. I thought he was a very valuable member in that he got a better understanding of the farmers' problems, and was very helpful in handling farm legislation on the floor. So I wonder if you have considered that aspect of it?

Mr. BRINKLEY. I would not deprecate at all the vital importance of keeping consumer interests right at the top of the list of considerations that would have to be entered into in the operations of this or any other kind of agricultural programs.

My only point is whether we should have on each of these particular commodity groups a representative consumer who may know nothing whatever about the problems of that particular commodity or about the general overall problems.

Perhaps a better way might be to have consumer representatives on some broader group.

We have proposed, I think, a national advisory committee. Maybe that would be the place where consumer interests might be voiced. But I do have serious reservations about direct consumer representation on these particular commodity committees.

Mr. ABERNETHY. I have just one thing that I wanted to ask you about, and that was just a side observation.

Mr. BRINKLEY. Yes.

Mr. ABERNETHY. As I understand your statement, the National Council of Farmer Cooperatives, with the exception of two or three amendments which you have proposed, and some refinements, in substance, support this legislation, H.R. 6400?

Mr. BRINKLEY. We support most parts of it, Mr. Abernethy, on which we have definitive council policy.

There are many areas, as you no doubt noticed, where we are silent with respect to the provisions, but we are guided completely by the policies that are adopted by our member organizations at each annual meeting, and we have been just as careful as we knew how to confine our statement here to those particular policies.

Mr. ABERNETHY. Have you any opinion relative to what I think is the most prominent point in this bill, and that is as to the committee and the Congress divesting themselves of the affirmative approach, and placing that authority in the hands of the executive branch, leaving to Congress only that which amounts to a veto?

Mr. BRINKLEY. I have some personal viewpoints that I might make, with the understanding that they do not represent the policy of our organization.

I think, and I have always felt, and I think our organization has always felt, that greater reliance should be put on the advice and counsel of the people directly affected, and that the farmers should be consulted on matters affecting their particular commodity.

Mr. ABERNETHY. Up to there I agree with you.

Mr. BRINKLEY. We need to do more of it and do it more constructively.

I have one reservation that I think, at least it seems to me to be valid, and that is that there are about 250 commodities—of course I am sure it is not contemplated that all of them might be the subject of these provisions of this act, but with any considerable number or even in a few commodity programs, I think there is very serious need of an overall, overriding authority that would look after the public interest and look after the interests of intercommodity and intra-commodity problems, as well, because there are invariably conflicts; there are conflicts within commodities and between commodities, and I think it is just too much to ask of human nature to deal with a commodity in which you have your money invested and, at the same time, give adequate attention to the possibility that others—that your recommendation which you make may have a very direct impact on other groups.

So I say, with that reservation, the reservation of coordination, and some degree of central coordination, that this would provide a great many safeguards that I think are not, perhaps, specifically provided in this bill.

I think by implication there are, but it might add strength to specifically provide for this.

Mr. ABERNETHY. Well, I tried to follow you, but I do not know whether I got an answer or not.

Mr. BRINKLEY. I tried to answer.

Mr. ABERNETHY. What is your opinion about passing to the executive branch the authority to draft a program, and passing from the executive branch to the legislative branch the authority to veto?

Mr. BRINKLEY. Mr. Abernethy, my advice would be to get a good constitutional lawyer and pose that question to him. I am not one. I think there are some problems involved.

Mr. ABERNETHY. Let us assume that it is constitutional. How do you feel about it?

Mr. BRINKLEY. I think if it were constitutional there would be one hurdle, one long mile toward the final answer to a problem. I have no answer to the final problem.

Mr. ABERNETHY. All right.

Mr. POAGE. Would the gentleman yield there?

Mr. ABERNETHY. Yes.

Mr. POAGE. Mr. Brinkley, this bill does not authorize the Congress to turn over to anybody the right to legislate, as I understand it.

It simply says that the Secretary shall have power to promulgate certain executive regulations under certain circumstances; does it not?

Mr. BRINKLEY. Yes.

Mr. POAGE. And those circumstances are where the farmers or producers of a commodity have, through their chosen committees, discussed and recommended a program which the Secretary then approves, and which the President then approves, which he has then submitted to the Congress, and which is not disapproved, which, if it involves quotas, has been submitted to and has been approved by two-thirds of them. If all of these things have been done, he can promulgate—he cannot write a law, but he can promulgate—executive regulations; can he not?

Mr. BRINKLEY. That is right.

Mr. POAGE. It does not authorize anybody to pass laws.

The present law authorizes the Secretary to promulgate very similar regulations but without any referral to either producers or to Congress.

It is true that this bill extends the scope, particularly in the field of marketing orders and agreements; but for support, for price support, the present law authorizes the Secretary to promulgate executive regulations providing support for almost every agricultural product including, much to my surprise, the eight which are now specifically supported by congressional legislation.

The Secretary can now establish a program that provides for support, and he can establish the conditions on which that support will be payable; can he not?

Mr. BRINKLEY. Yes.

Mr. POAGE. Conditions of eligibility is what the law says; and those conditions may involve production restrictions.

He cannot throw anybody in the penitentiary if he does not carry them out, but he can surely keep him from getting the benefits right now.

Mr. ABERNETHY. Those are set out in the act though Mr. Poage.

Mr. POAGE. They are not set out in the act, and I will sight the example of the last administration which did it without any act.

It bought meat, beef, to raise the price of cattle.

Mr. SHORT. They could have done that, if the gentleman will yield, without the Agricultural Act.

Mr. POAGE. That is right.

The Secretary had all of that power and he exercised it, without consultation with either the producers or the Congress. I had been under the impression that the eight commodities where the Congress had actually moved into the field and established legislative programs of support would be excluded, and the Secretary could not walk into those fields. But Secretary Benson showed me that was not true because Congress established a support program on corn, did it not, and it said what a man had to do to get the benefits.

It prescribed the conditions of eligibility for the congressional program.

The Secretary did not, of course, repeal that congressional action, he could not, but Mr. Benson certainly proved that the Secretary of Agriculture could move in even where the Congress had moved in, and could establish additional and other programs, and he did do it. He established a program for corn whereby he paid the people who did not meet those congressional conditions of eligibility, but only

his conditions of eligibility. He gave them a support price, did he not?

Mr. BRINKLEY. That is right.

Mr. POAGE. And he did it without any discussion with any farmer committees, and he did it without any action on the part of the Congress. I am not questioning his right to do it; unquestionably he had the right.

So that the Secretary today, this Secretary, has got all the power Mr. Benson had, hasn't he?

Mr. BRINKLEY. Yes.

Mr. POAGE. The Secretary today has the power to establish programs for almost every agricultural commodity, and support them including livestock, and I want that plainly on the record, that he has the right to establish programs for the support of practically every agricultural commodity, including cattle.

Mr. ABERNETHY. May I go back and ask my question again?

Mr. POAGE. Just a moment. You yielded to me.

Mr. ABERNETHY. I yielded.

Mr. POAGE. He has the right right now to establish those programs without consulting anybody. Consequently, when we prescribe these limitations, whatever they do, they do not confer dictatorial powers on the Secretary; they do not add to his powers but, on the contrary, we circumscribe his powers, maybe not as much as we should, but we certainly circumscribe his powers, and certainly this bill rather than adding to the powers of the Secretary, detracts from the powers of the Secretary and rather than taking away from the powers of the Congress it brings a great field of control back under the scrutiny of the Congress; and rather than abdicating, we are regaining a very substantial group of powers.

Mr. ABERNETHY. Just a minute.

Mr. POAGE. Yes.

Mr. ABERNETHY. Now, accepting for the sake of argument Mr. Poage's simple illustration or explanation of this being as it is intended to be, how do you feel, do you favor the legislation or not?

Mr. BRINKLEY. I think, Mr. Abernethy, I am as confused by his answer as you were by mine. I just did not follow it all the way through. But, frankly, I am inclined to be more concerned about what these committees do rather than how they do it, and how they are set up.

Mr. ABERNETHY. Let me put this simple question to you: Do you think the Congress ought to have the authority to amend these recommendations?

Mr. BRINKLEY. I think Congress should decide what authority it should have, and in the passage of this bill.

Mr. ABERNETHY. That is all I wanted to know.

Mr. HOEVEN. Will the gentleman yield to me?

Mr. ABERNETHY. I yield the floor to you.

Mr. HOEVEN. I want to ask one question.

You understand, Mr. Brinkley, that under the provisions of this bill when a commodity group comes up with a proposal or a program it is submitted to the Congress on a take-it-or-leave-it basis.

We can either vote it up or down.

Do you think that the Congress should have an opportunity to change or amend such a proposal before it goes to a referendum?

Mr. BRINKLEY. I have the feeling, Mr. Hoeven, that the Congress should have the authority to amend because this is a new program we might come up with recommendations of just one simple amendment that might make the difference between having a program or having nothing.

So I think that Congress should probably give considerable weight to taking that into account in its consideration of this situation.

I have a great deal of confidence in the screening process that these congressional committees do in the final action of Congress.

Mr. TEAGUE of California. Will the gentleman yield?

Mr. POAGE. I will recognize you.

Mr. TEAGUE of California. I am disturbed about this, Mr. Brinkley. You may not want to answer this but what I gather to be Mr. Abernethy's opinion of the danger of this legislation—

Mr. ABERNETHY. I did not express any danger.

Mr. TEAGUE of California. All right. Well, I will express my own. I think it is a very dangerous innovation in the field of writing agricultural legislation.

I asked Secretary Freeman this question the other morning and I do not believe he answered it very well. I said if this is a good idea in writing agricultural legislation, why shouldn't we let, for instance, Secretary Goldberg and Walter Reuther and George Meany and Jimmy Hoffa write legislation pertaining to trade unions or let the Secretary of Commerce and the presidents of some railroad companies write legislation pertaining to railroads, and send it up to Congress for us to take it or leave it?

I cannot see any distinction.

Mr. BRINKLEY. I would feel a lot happier if I thought they were not doing some of that right now. [Laughter.]

Mr. TEAGUE of California. That is a good answer.

Mr. JONES of Missouri. Mr. Chairman?

Mr. POAGE. Mr. Jones.

Mr. JONES of Missouri. One thing was brought out here this morning. I did not get a chance to amplify it. The gentleman from Iowa made the same statement, and several brought up this question of Congress having the authority or the privilege or the opportunity of amending these programs as they come up. Now, when the Secretary of Agriculture was here the other day, I asked him if he did not visualize this program or the operation, the procedures to be followed, that when a program was sent to Congress that if at any time during the interval he had reason to believe upon the advice of the Members of Congress that this program might be improved, that he envisioned the fact that as a practical matter, the program might be withdrawn even temporarily, while those corrections would be made, and this morning when Mr. Newsom was testifying he also said:

As we visualize the operation of this measure, if a proposed program is submitted to the Agriculture Committee which contained provisions which the committees believed to be unwise or unsound, the committee could refer the proposal back to the Secretary of Agriculture for further consideration and consultation with the advisory committees for such modification as would be necessary.

Now, Mr. Newsom got the same impression that I got, and which the Secretary said that he had. So I do not think that we are bound with just one alternative that we either vote this thing up or vote it down.

The measure does provide for a veto by Congress within 60 days, and if they do not veto it it is approved by Congress.

But there is nothing in this bill that says Congress shall not give an affirmative action during that time, and I think that would be perfectly possible.

I think during that same interval there would be an opportunity for this Committee or individual Members of Congress to go to the Secretary and suggest to him that, "now, look, the Congress is not going to accept a 90-percent support price"—if we want to use that as an example—"but we do think they might take 80 percent or they might take 85 percent," and I think if the Secretary was sufficiently impressed, and he could convince the members of the advisory committee, I think that the program could be amended.

If I would have no objection, I am sure from the statement of the Secretary the other day, that he would have no objection, to providing during that time for this program to be temporarily withdrawn, if necessary, to make those changes, and I would also think it might be helpful if we could write into the bill providing for an affirmative action, and I say that because there might be emergencies or times when we would want to get a law, a program, implemented quicker than the 60 days. I think that could happen.

Mr. POAGE. Would the gentleman yield?

Mr. JONES of Missouri. Yes.

Mr. POAGE. Would it not be perfectly possible under the terms of this bill, even as it is now written, and I have not the slightest objection to clarifying it to make it more amenable to Congress if you want to, but won't it be perfectly possible as it is now written to bring a program to the Congress and, if the Congress wanted to change that program, to let this committee simply bring out a resolution of disapproval and, at the same time, bring out a bill—

Mr. JONES of Missouri. Certainly.

Mr. POAGE (continuing). Bring out a bill including everything this committee wanted in it?

Mr. JONES of Missouri. I think that is true. I think a lot of people have the idea if we adopt this bill here we have removed from Congress an opportunity to legislate.

I think there is nothing further from the truth. We can still have every opportunity to legislate if this bill is passed or is not passed.

I want to say that this morning I was impressed with one of the statements of our chairman when he said, referring to this bill as a straitjacket, that the farmer would put himself in a straitjacket; but I got to thinking about that, and I looked at this thing as being more of a Mother Hubbard, if you please. It covers everything, and then the farmer can come in and he can select those parts of that garment that he might want to apply to his program, and we have made this gate wide. We have made it so wide open that everybody can go through. We have tried to anticipate every contingency.

But I think what I have been trying to get across to everybody is that there is nothing in this bill here that is going to be binding on

anybody until you develop a program, and you have plenty of safeguards in that program, whether it is a price support program, whether it is a marketing order or whatever it is; it is going to have to go through your advisory committee, it has to be approved by the Secretary, it has to be approved by the President, it has to be approved by Congress, and then go back for a referendum vote.

I do not see how anybody in the world can feel that this bill is going to tie up anybody without giving them due notice. They have every opportunity to relieve themselves of any and everything included in here. You have all of the safeguards that anyone could possible desire.

Do you agree with the analysis that I have given here?

Mr. BRINKLEY. I think that is a logical statement. I think that there are safeguards. It would seem to me that, perhaps, one of the problems that confront all of us is that the safeguards have not been specifically spelled out in as definitive manner as might be done.

One of the innovations, of course, is bringing in a group of people who are from a particular commodity to write a program, and there is fear on the part of many that they may write a program without taking into account the impact on some other programs.

I think that should be, it must be, taken into account. I think Congress should be in a position where they can take it into account.

Mr. JONES of Missouri. Don't you think they will have an opportunity to take it into account as these programs are developed?

Mr. BRINKLEY. I think there will be the opportunity.

Mr. QUIE. Will the gentleman yield?

Mr. JONES of Missouri. Yes.

Mr. QUIE. Do you think we would spend the time into the wee hours of the morning on the day that Congress adjourns if the Sugar Act was extended automatically, if the Congress did not act? Wouldn't we have the same difficulty here if the same influences are brought to bear for the passage of such an act, that it would be possible for people in this Congress to delay just as we delayed action on the sugar bill all the time until the very last days of the session? This is what most of us fear in this legislation, that with a 60-day limit we might come up to day No. 59, and it would really be a burden on the Members to try to work anything out in a compromise bill that you say could be offered because we would be under the gun?

Mr. JONES of Missouri. I do not agree with you for this reason. The sugar bill had an expiration date, and we were under the gun because we had to do something there.

Under this proposal here if we veto a program when it comes up here, your present law is in effect, so if you have been content for 8 years to live under the present program and so many people say they want nothing done, all you have to do is veto this law, and your present law remains in effect.

But I think that eventually the farmer is going to wake up and demand some action, and he is going to say during the 60 days that you have to take action, that he is going to let you know whether he wants that program approved, and then they are going to confirm that action through the referendum, so it is not analogous to the Sugar Act at all because the Sugar Act had an expiration date.

The reason we had to act was because if we did not act we did not have any law.

Mr. QUIE. Further, this act actually indicts the Congress because it will not allow us a positive action, but sets a time limit of 60 days in which we have to act just in refusing it, and not to take positive action.

Mr. JONES of Missouri. I will agree to a certain extent that is true and, as I said a minute ago, I think I would like to see in here provision for an opportunity for a positive action giving us the opportunity to act quicker than that.

But there is no innovation in the proposal which is before us. It is similar to the reorganization which is presented to Congress for veto and it has worked. There is nothing in this, I do not see anything new in this legislation at all that has not been presented before, and much of it has been put into effect before. But a lot of people are looking for the goblins in here to look at that and say, "I don't want that applied to my program."

If you do not want it applied to your program, it won't be applied to your program if the majority of the people do not want it, and if the Congress does not think it is good, and you will not get it. You still have all of the safeguards at the present time.

In fact, at the present time there are no limitations on what can be put into law except the Constitution, and sometimes it appears that even that is not taken into consideration, and we go on and pass bills.

So there are no limitations. Actually, this legislation we are talking about today does put some limitation, some restrictions, on it.

Mr. QUIE. Would you support having the Congress take positive action rather than negative action in order for a program to go into effect?

Mr. JONES of Missouri. I would take it both ways. I would say if they do not take affirmative action by a vote that it would become effective in 60 days unless it was vetoed. But in the meantime they could take affirmative action through the passage of legislation. I do not think it is necessary to put it in the bill because I think that with our legislative practices, these people we have been talking about, well, the Speaker is going to take this and he is not going to refer it, I think that is a reflection on the Speaker, and I do not think that the people who have made that statement have been very practical because what happens when these messages come down here—I think we have all seen it—the President's message is read, and it is referred to the committee. That is what would happen to this program. It would be referred to a committee. I have no doubt about it.

If you are afraid of it, put that in the bill that it will be immediately, when it is received, referred by the Speaker to the Agriculture Committee.

Mr. QUIE. If you will yield, why are you afraid for the Congress to have the same authority it has presently; that is, a bill doesn't become law until the Congress takes affirmative action?

Mr. JONES of Missouri. The thing about it, I do not have any fear of Congress acting, but I do have knowledge, and I have observed over 8 years, that Congress has been either unwilling or unable to reach an agreement.

Mr. QUIE. But at that time we had an administration under one party and a Congress under the other. We know you run into difficulties then.

But now both the administration and Congress are controlled by your party.

Mr. JONES of Missouri. Why try to kid me about that? That does not mean any more than it did before. I think that we have seen a pretty good indication of what is happening. I regret the fact that a lot of people have considered this just on a partisan basis.

I was disappointed when one of our large farm organizations and one of our political parties came out against this legislation before it was ever introduced, and the basis of that opposition was largely upon a presumption that certain policies were going to be included in the legislation, which never did materialize and which are not in the bill today.

Some of the people who have written me about why they opposed the bill have no basis for that opposition at all because it is not there. It was discussed, but it did not appear in the bill.

Mr. QUIE. The greatest objection to the bill is the subject we are talking about right now, and it has always been the objection to this type of legislation, is that not correct?

Mr. JONES of Missouri. What is that?

Mr. QUIE. Isn't the subject we are talking about right now, giving the 60-day limitation under which the bill, the law, will automatically go into effect unless the Congress takes negative action, the biggest bone of contention in this type of legislation? It was the biggest bone of contention with respect to this legislation last year.

Mr. JONES of Missouri. I do not know that it was.

Mr. ALBERT. How much time to do you want?

Mr. QUIE. How long are you going to put a time limit on possible action?

Mr. GATHINGS. As I understand the gentleman, you prefer the present system that this committee operates under?

Mr. QUIE. Yes.

Mr. GATHINGS. And that is a system where the Constitution of the United States delegates to the legislative branch the authority to write the laws, and that is our job to write them and not take it from downtown and have it prepared. That is what you are trying to say, regardless of 60 days or 65 days?

Mr. QUIE. Yes.

Mr. POAGE. Would the gentleman yield? I know that the gentleman from Arkansas was here—I know the gentleman from Minnesota was not here when we discussed, a while ago, the present law which the gentleman says he wants to keep. It was made right clear this morning—

Mr. GATHINGS. Not to my satisfaction.

Mr. POAGE. What is that?

Mr. GATHINGS. Not to my satisfaction.

Mr. POAGE. I am not talking about satisfaction; I am talking about what the law is. I agree the law is not to the satisfaction of a great many people.

I do not think there is anybody who is contending that the Secretary does not have under the present law the right to establish price-

support programs for almost every agricultural commodity in the United States, and to prescribe the conditions of eligibility therefor, which means to prescribe how much reduction is to be made in production.

Now, that can be done at the present time without referring it to the Congress or without referring it to the farmers. So while you may find fault with the present law and it may not be to your satisfaction, and it is not to mine either, while it is not to my satisfaction, I certainly cannot contend with very much grace that I am opposed to this legislation because of its taking power away from the Congress and giving it to the Secretary when, as a matter of fact, the Congress gets maybe not all the power it should have, but certainly a great deal more than it has at the present time.

It certainly restricts the power of the Secretary, and as long as it is moving in that direction I do not see it is very fair to criticize the bill because it confers so much power on the Secretary, when it limits the power that the Secretary has.

Mr. McINTIRE. Would you yield?

Mr. POAGE. No, I do not have the floor. Mr. Jones has the floor.

Mr. JONES of Missouri. I yield to the gentleman from Iowa.

Mr. HOEVEN. If I understood the gentleman correctly, he suggests that when a proposal is made to the Congress which has come through the regular channels, in accordance with the provisions of this bill, that if it is not acceptable to the Congress or this committee, that we can ask the Secretary to withdraw it and reconsider it; is that your premise?

Mr. JONES of Missouri. That was the understanding which the Secretary said that he envisioned would happen.

Mr. HOEVEN. Yes.

Now, that might cause a serious delay in many instances because if the Secretary was advised that we were not in accord with the program as presented he, no doubt, would want to reconvene his advisory committee to talk it over. There might be considerable delay in an emergency, and I cannot understand why in that kind of a case, where some simple amendment of some kind, or the change of only a sentence or a phrase, why the Congress of the United States should not be permitted to change or amend the proposal.

I do not think we should be deprived of that right. I cannot understand why the Congress should be deprived of its inherent and traditional right to amend legislation.

Mr. JONES of Missouri. I will agree with the gentleman, and I would say this—Mr. Poage brought it out a minute ago—that under this great emergency that you are speaking about, if we have that happen I think Congress could very well use the phraseology of the bill that was sent up here, the program that was sent up here for this advisory committee, and that we liked all except a little bit, and there was a great emergency, and then we would adopt this, and you would make the changes, you would introduce it as a bill, this committee could consider it, Congress could adopt it, and here we go.

Mr. HOEVEN. We could present our own bill. It will have to go through channels, such as a subcommittee and the full committee, and then the Rules Committee. There might be considerable delay, where-

as if the Congress had the right to change a sentence or a few words, we could get the job done.

Mr. JONES of Missouri. You are arguing against yourself now, Mr. Hoeven.

Mr. HOEVEN. No, I am not. I still prefer the present procedure.

Mr. JONES of Missouri. You are talking about delay. This is the system which we have in this legislation before us which would eliminate much of those delays. But I am telling you that if you do not like it then you can still go and introduce your bill.

Mr. HOEVEN. But you could avoid all controversy and any possible delay by permitting the Congress to amend the proposal and then submit it to a referendum. Under the provisions of this bill you have to take it or leave it.

Mr. JONES of Missouri. Don't you know you still have to go through your Rules Committee and House and Senate and all that? I think this thing here would at least expedite and give an opportunity, and I think this has the added advantage, and I want to say this: Congress has been criticized for its inability or unwillingness to write legislation, and we have been criticized very severely.

I want to see these farm organizations get down here and see if they can agree on a program. If they can bring a program up here I would be very much obliged to them, and if they write a good program I would like to accept it.

Mr. McINTIRE. Would the gentleman yield?

Mr. JONES of Missouri. Yes.

Mr. McINTIRE. Can you show me in this legislation where there is any authority which the Secretary now has that is reduced by this legislation?

Mr. JONES of Missouri. Yes.

Mr. McINTIRE. Where is it?

Mr. JONES of Missouri. Well, in the thing you are most acquainted with, Mr. McIntire, which is on your marketing orders, your marketing agreements.

Mr. McINTIRE. Where is there authority now existing in the marketing agreements that is withdrawn by this legislation?

Mr. JONES of Missouri. They would have to come up here for congressional approval, for one thing.

Mr. McINTIRE. This is new legislation. This does not repeal any existing legislation.

Mr. JONES of Missouri. You asked me where there was a change. I would say that would be one of the places where it was.

Mr. McINTIRE. I did not say there were changes; I was saying where was there a denial of existing authority on the part of the Secretary that he now has, where it is withdrawn by this bill, unless you are moving through procedures which are set forth by this bill? Where is it?

Mr. JONES of Missouri. First, counsel is giving me this information, but I still stand on the statement I made to you with relation to your marketing agreements, which is one thing that he would submit to us under the proposed procedure, a thing that he does not under the present law, that is if this bill were passed.

Counsel also points this out, and I want to get it here, on page 40 where it says:

A price or income stabilization operation is proposed for such commodity under title VI of the Agriculture Act of 1949, as amended.

Now, that would take into account there—

Mr. McINTIRE. What is taken into account?

Mr. JONES of Missouri. About it coming before the Congress.

Mr. McINTIRE. If I understand that correctly, if a program is invoked by virtue of the procedures set up in this bill, then the legislation on the books would not be subject to this as long as the commodity was operating under the provisions of this bill.

Mr. JONES of Missouri. Would you repeat that, please?

Mr. McINTIRE. What I am trying to say is, and Mr. Hoeven made the point, too, that this bill does not return to the Congress any degree of authority that it does not now have. Where, for instance, in this legislation, is there a provision to reduce the existing authority of the Secretary?

Mr. POAGE. Since the gentleman invoked my statement I wonder if you would yield to let me answer it?

Mr. JONES of Missouri. I would be pleased to have the gentleman from Texas repeat the answer he has given.

Mr. POAGE. I think it is quite plain where it does. In a legal sense it does not restrict the Secretary from carrying out the same kind of programs that he is authorized to carry out under the existing law, without consultation with anybody.

He still has that legal right, but he has no practical—

Mr. McINTIRE. Well, Mr. Poage—

Mr. POAGE. Let me answer it. The gentleman yielded to me; let me answer it, and I want to answer you.

Mr. McINTIRE. All right.

Mr. POAGE. He still has the legal right to impose a program just by fiat of the Secretary of Agriculture as at present.

But, as a practical matter, he is a politician; he has to be. He is hoping that he and the President will be reelected, isn't he, not only this Secretary but every Secretary, and any Secretary who wants to commit political suicide could do it right quickly by denying to both the Congress and the producers the rights which are set out under the terms of the new program.

If that new program is once invoked, I cannot imagine a Secretary who would have either the nerve or the ignorance enough to dare to try to reinvoke an old discarded program under which he ignored the Congress and ignored the producers.

Do you think it would improve the bill if we were to provide in the bill that all existing authority were hereby repealed and that the Secretary cannot exercise the powers that Mr. Benson exercised; would you be glad to write that in the bill—and I think it is a fair question—would you help me pass such an amendment?

Mr. McINTIRE. I am not interested in your questions. I am interested in the knowledge—

Mr. POAGE. No, I see.

Mr. McINTIRE (continuing). In the knowledge of the bill. I am not trying to get away from my question either. I am interested to know, because it has been said over and over that this bill is a transfer of

authority to the Congress, an authority which it does not now have.

Mr. JONES of Missouri. I never did say that. You are misquoting me.

Mr. McINTIRE. I am not quoting you.

Mr. POAGE. I said that.

Mr. McINTIRE. I say it has been said. I have a right to be interested in what is in this bill, whether I agree with the bill or not or whether I agree with amendments that somebody should propose or not.

We are in the process of trying to understand this bill, and I have just as much right as any member of the committee to inquire as to what the bill is and what is its intention; and on the basis of statements of what other people have an understanding it is, to inquire as to where in the bill this understanding is supported by the language of legislation.

Mr. JONES of Missouri. I do not think anybody would challenge your right to do that, Mr. McIntire.

Mr. McINTIRE. I am not challenging anybody on it. I am stating that my inquiry is in response to a constant statement that this bill restricts the Secretary from what law he has now, and transfer to the Congress authority that it does not now have. Where is it?

Mr. JONES of Missouri. Well, does the Congress now have to approve any of these marketing orders, for instance?

Mr. McINTIRE. Marketing orders, no.

Mr. JONES of Missouri. Marketing orders and agreements that the commodities enter into.

Mr. McINTIRE. No, not in this bill either, except as to this new section here which establishes it.

Mr. JONES of Missouri. Yes.

Mr. McINTIRE. But this does not return to the Congress the authority.

Mr. JONES of Missouri. I did not say that it does.

Mr. McINTIRE. But the statement is made over and over that it does return to the Congress authority.

Mr. JONES of Missouri. You are using some semantics, I guess you would call it there.

What I am saying is this: That the Secretary, if this bill is passed, and it is put into operation as it is written, I think that some of the power which the Secretary now has he would not have.

Mr. ALBERT. He would not use it.

Mr. JONES of Missouri. No, he would not have it. I do not think he would even have the power, if this goes into effect.

Mr. McINTIRE. Well, Paul, very kindly let me ask you where it is in the bill that it says that if this is enacted that—he has got a choice, Paul. The Secretary has got a choice, he has all the legislation he now needs. I cannot see where this limits any authority that he now has. He has got a choice and, as Bob says, surely he probably would choose to go through this committee setup. But this is a choice of the Secretary, in consultation with his commodity groups. It does not deny him any authority he has already, does it?

Mr. JONES of Missouri. Well, under this, if this bill were put into effect, and we set up a feed grains program, I do not think that the Secretary would have the authority that was exercised by Mr. Benson, as Mr. Poage pointed out a minute ago.

Mr. POAGE. Would the gentleman yield to me?

Mr. JONES of Missouri. Yes, I will yield. I think we must recognize that it is clear what Mr. McIntire says. He is, from a strictly legal standpoint, exactly correct.

Mr. MCINTIRE. I am concerned with the legal document.

Mr. POAGE. From a strictly legal standpoint you are exactly correct.

But what we are concerned with is what does this do to the Secretary's powers. The Secretary's powers are derived from the laws, derived from custom, derived from what he can politically do.

Now, certainly his powers are derived from all these sources and certainly they are limited by these sources, too.

The political limitation is just as powerful a limitation on the Secretary as any that I know of.

I tried to indicate a moment ago I have not the slightest objection to making it a legal limitation, but I do not think that is going to satisfy anybody's objections. I do not think anybody who was raising that objection is going to be satisfied by simply saying in here that, as a matter of law, you cannot follow the old policy. That is all right. I am willing to say it if it will satisfy the gentleman's objection.

But, as a practical matter, there is no Secretary on earth who can, after having these conditions spelled out, simply short-cut things and say, "I am going to do it on my own advice without any consultation with farmers and without any submission to the Congress and without submitting it to the voters."

Now, it has been done that way in the past, and there is legal authority to do it, and I am not criticizing what has been done, because there was authority to do it at the time.

But I do not believe Mr. Benson would for one moment have proceeded to change what the Congress had done on corn and give a payment that Congress had not authorized, had we had legislation here saying that "you must consult the farmers and must consult the Congress."

I think that that is the restriction, Mr. Jones, the restriction that is the practical one, not a legal one at all.

I think Mr. McIntire is right, there is nothing in this bill that says you cannot do it, but as a practical matter no Secretary can do it.

Mr. HAGEN. Will the gentleman yield?

Mr. POAGE. Mr. Jones has the floor.

Mr. JONES of Missouri. I yield.

Mr. HAGEN. The Secretary cannot maintain a mandatory quota situation; he can offer a gratuity with conditions to those who wish to accept the gratuity.

Mr. POAGE. The Secretary can create at the present time a mandatory acreage requirement, and make it a condition precedent to participate in the benefits of the payment program.

Mr. HAGEN. Purely as a condition precedent to getting benefits but not binding on those who do not wish to accept the purported benefits.

Mr. POAGE. That is correct. That is the existing law.

Mr. HAGEN. That is right. But he cannot lock somebody into that program who doesn't want to join.

Mr. POAGE. He cannot put a man in jail for violating it, but he sure can fix it so that he cannot get any payments.

Are you through, Mr. Jones?

Mr. JONES of Missouri. I yield to Mr. Quie.

Mr. QUIE. But if we pass this legislation, then the Secretary could write a program with marketing quotas which could put people in jail.

Mr. POAGE. Not without submitting it to the Congress.

Mr. QUIE. And the Congress could only refuse if they get a chance to in 60 days.

Mr. POAGE. Yes.

Mr. QUIE. But now he can submit a bill to us, and we must enact it before it goes into effect. That is quite a difference, as to whether we are governed by a time limit of 60 days, for things could happen to the Congress where a commodity bill would not come before us in 60 days. This is our big problem.

Mr. POAGE. If it does not submit a program until 60 days of adjournment and the Congress adjourns, why then the program is not in effect.

Mr. QUIE. Sometimes it does not adjourn, but we would be prevented from considering it.

Mr. GATHINGS. Sometimes we only proceed in sessions three times a week during certain parts of the year.

Mr. JONES of Missouri. I will yield to Mrs. May.

Mrs. MAY. Actually I am going back to the statement of Mr. Jones, and maybe we ought to bring the witness back.

Mr. POAGE. I think we might excuse the witness.

Mr. BRINKLEY. I have enjoyed the statements of the other witnesses.

Mr. POAGE. I wonder if Mrs. May won't make her statement to Mr. Jones and carry on, and after that let us come back to the witness.

Mrs. MAY. Going back, for your edification, Mr. Brinkley, in our discussion of this program earlier—Mr. Jones gave us a summation of how he thought the program would work. Mr. Jones, you spoke of the fact that once the Secretary, with the advisory committee, the farm committee on this commodity, had worked out a program, it would be submitted and, perhaps, there would be a procedure where we could study it in this committee and make recommendations and say, "Maybe you had better take it back and make some changes here."

But what we have not discussed in any detail, which bothers me, is on page 41 of the bill, and I would like to address this question to you or any other member, line 3.

The only thing that I can see that we would have before us in this committee or any part of the Congress is this. It says:

The President shall transmit to the Congress a statement describing the basic features of such program.

Now, this means, in other words, we are not going to have actual legislation before us, written as law. What are the basic features of a program? What might be the basic features of importance in a program of this kind? What might seem basic, in any program, might vary from even geographical area to geographical area. What might be basic in impact of a program on people in your district might differ with impact in my district I think this is a question that should be answered. In what form does the Secretary intend to submit his program?

Mr. JONES of Missouri. I am sorry I could not tell you what form; I can only tell you what I envision about this thing.

When I was talking with the Secretary or interrogating the Secretary the other day, I think that the basic features, of course, like, say, in a wheat program, would be that there would be acreage allotment, there might be marketing quotas, there could be the payments and all of the things that would enter into it.

Now, whether he would bring that down there in the form of legislation, I think it would have to be——

Mrs. MAY. It states here—all that he submits to us is a statement describing the basic features of such program which may be 1 page, 2 pages, or 10.

Mr. JONES of Missouri. I do not know what that would mean. The only thing I was bringing out was the fact that the Secretary said that it was his understanding or the practical operation was that if some Members of Congress felt that some of those basic features were, say, impractical from the standpoint that Congress would approve them, we could advise him in that way. I think that from a practical application—it does not set it forth in this bill that this could be done——

Mrs. MAY. I am just going behind even that because, Mr. Jones, that is what we would have before us to study—just a descriptive statement.

Mr. POAGE. Would the lady yield?

Mrs. MAY. Yes.

Mr. JONES of Missouri. I think you would have just the outline of a program, just as today in much of our legislation when we write the basic law for a program, we very frequently put in there that the Secretary may promulgate regulations under which this will be done.

We give him authority to set basic rates of payment. We give him authority to do many things.

For instance, as to what is a new farm, and as to trends, and things like that. I cannot recall any law that we have passed where we can so tie down every minute detail that we do not as a practical thing, have to give the Secretary some discretion and powers, in setting it up.

Mrs. MAY. Yes; but would not the gentleman agree that at least anything we study or pass here was written in this committee after days of study, with legal counsel and advise—we know what part of the law we may be changing or repealing or adding to.

When we bring a bill out on the floor of the House it comes out as legislation to be considered, not just as a statement describing the basic features.

Mr. POAGE. Would the lady yield to me?

Mrs. MAY. Certainly.

Mr. POAGE. I would like to comment first that this will not be legislation, that this will be merely the authority to issue an Executive order.

I realize that is somewhat of a distinction, like Mr. McIntire, of course, was making a while ago. I thought possibly there was not very much difference but it has a legal distinction and it is not legislation that is sent down to Congress.

But in the next place I would like to suggest that it might expedite things, I was just dictating a letter when I came down here, to one of my Farm Bureau friends at home who was complaining about the bill, and complaining about that particular section.

I pointed out that so far as I was concerned I would be glad to have that section amended so as to say that the President must send the proposed order—not simply a brief.

Mrs. MAY. I think that would improve it.

Mr. POAGE. I think the Congress is entitled to see the wording of the proposed order, and I see no way except to send it down, and I personally would like to see that added.

Mrs. MAY. I am not making a carping criticism here, Mr. Poage. I think this is a very important question that must be answered.

Mr. POAGE. I think so, too.

Mrs. MAY. If we are going to do the kind of study Mr. Jones said was necessary before we can decide whether to take action within those 60 days or not. We must know what we are acting upon. That is all, Mr. Poage.

Mr. POAGE. Mr. Hagen.

Mr. HAGEN. I would like to ask Mr. Brinkley a question.

Mr. POAGE. Good.

Mr. HAGEN. I would like to congratulate you on a very learned presentation as to this whole problem. I want to refer to page 3 of your statement and the resolution of your organization which says—

(1) The National council favors legislation for the continuation and liberalization of the marketing agreement and order type authority.

(2) To provide for inclusion of additional commodities to which marketing agreements and orders are adapted, provided that a majority of the producers by number and volume signify their desire to be included under the act.

Now, does this bill, as proposed, meet that test?

Mr. BRINKLEY. I think it would in principle, Mr. Hagen.

Mr. HAGEN. I am interested in this volume consideration particularly.

Mr. BRINKLEY. Yes.

I think that to that extent it certainly would.

Mr. HAGEN. Don't you think there should be a similar double requirement with respect to approval of the program in the referendum?

Mr. BRINKLEY. I say again that this, of course, is a resolution of rather long standing; as a matter of fact, it is a reenactment. Our resolutions are good for only 5 years and it is impossible to draft a resolution of that nature with all of the contingencies that might occur, so that we have to resort to the principles and the discussion, of the legislative history, so to speak, and that is what we try to interpret when we try to match policies to certain proposals, legislative or otherwise.

Mr. HAGEN. Personally, I would think if we had a provision in this bill whereby a program for a particular commodity could only be initiated by or at the request of a majority of the producers who produce a majority of the volume there would be a great safeguard and also if we had a similar proviso with respect to these referenda of requiring a volume test as well as a per capita test of approval.

Mr. BRINKLEY. Yes.

Mr. HAGEN. As I read this legislation, it is extremely complicated, it seems to me, and certain parts of it, at least, wed the concept of marketing orders to price support operation; is that a correct idea?

Mr. NADEN. I will try to answer it, if I understood it, in this way, that certain of the principles that have been used from quota and price

support programs are now introduced in the marketing order type thing for the first time, I think that is correct.

I read it only that the portion of this other program regarding quotas is brought in.

There is still no price support. There is still no compensatory payment type program tied to the marketing order program.

Mr. HAGEN. For example, even your milk marketing orders do not provide access to the Public Treasury. They do, as a price-fixing device, but it is not a price-support device.

Mr. NADEN. That is my understanding, yes.

Mr. HAGEN. There is no marketing order in existence which provides for price support—

Mr. NADEN. That is correct.

Mr. HAGEN (continuing). As a continuing matter.

Mr. NADEN. Right.

Mr. HAGEN. Of course, you have some access to section 32 funds from time to time.

Now, do you think this is a good wedding so to speak, the merging of the marketing-order principle and the price-support principle?

Mr. NADEN. There has been considerable discussion for a number of years about the advisability of including the quota program under marketing orders, and there has been some discussion of it among some of our members.

Some of the California people have felt that they had utilized this order to very fine advantage, and they are ready now, the next step might be, for some kind of production quotas.

Mr. HAGEN. Of course, in that area they have got some experience because, in effect, they do have something in the nature of quota operations, marketing quotas, and set-asides.

Mr. NADEN. Correct.

Mr. HAGEN. They have green drop in cling peaches which is a method of producing—

Mr. NADEN. Correct.

Mr. HAGEN (continuing). But price support, that aspect would be new, I would say.

One further observation with respect to this other problem. If you have a process of amendment you are going to have to bring in both Houses of the Congress acting in concert and agreement, which makes it a completely legislative process; and one thing that I am afraid of is that the Senate as a whole, or the House as a whole, may never see these programs.

In other words, this committee would have in its authority under the normal legislative procedure the opportunity of denying all Members of the House the right to disapprove of any proposal that might come up if we just sit on it.

So the general House membership would not have a word to say as to whether a program were disapproved or not, which is another aspect of this.

Mr. GATHINGS. Are you through?

Mr. HAGEN. I will yield.

Mr. GATHINGS. Mr. Brinkley, on page 37, is this language, beginning on line 14 of this bill:

Provided, That such payments shall be limited to an amount determined to be necessary to support the price on that part of the production on the farm necessary to maintain and strengthen the family farm system of agriculture.

What is your interpretation of that language as read?

Mr. BRINKLEY. I cannot even find the language, I am sorry.

We must have different—

Mr. GATHINGS. Page 37, starting with line 14 is the sentence that I read.

Mr. BRINKLEY. I would simply have to say Mr. Gathings, we have just not given any consideration, any thought to this particular provision.

I would not feel qualified to respond to your question.

Mr. GATHINGS. I do not want to take up more time, but the point I am trying to bring to your attention is that it sets out here that these payments would be limited to such a figure on that part of production of the farm necessary to maintain and strengthen the family farm system of agriculture.

What about a situation where a farmer had increased his holdings, which is the American way to do?

If you had one farm you might buy a farm adjoining and you would have a place for your son to live over there and operate, and the son might want to acquire an additional farm next to him and hire some tenants and put them to work to help him operate that farm.

Now, under this language here could he do that?

Under this language would he be so restricted as to just obtain only that part of the family farm that he would be entitled to although he had 3 operations, 3 farms, and 10 tenants or 20 tenants. Wouldn't those tenants also be entitled to consideration with respect to any Government action that may be provided under that section?

Mr. BRINKLEY. I would say this would be extremely difficult of interpretation.

I think that I would confine my remarks to that, that it seems to omit varying types of interpretations, first as to what is the family farm system, and how big an operation would be required, and what part of the production might be necessary to maintain it. There are a great many imponderables that I would not attempt to answer.

Mr. GATHINGS. The point is, as I see it, they are going to limit these benefits regardless of a man's size. Under our system that a man should be entitled, if his ability is such as to broaden his operation, and that he can pay for these additional holdings, he should be given consideration as to the size of his operation, if it is a larger, or a smaller, operation.

We are all interested in encouraging the family farm operation—

Mr. BRINKLEY. Yes.

Mr. GATHINGS. Brought in certain amounts of crops that does not exist. It might apply fine in the grain area, but in those crops where you have to have a lot of labor, you have to hire a lot of folks and, according to the Secretary, I think he changed his definition of a family farm after he had testified the other day; first, he had said that a family farm is a farm operated by a man and his family.

Well, now, what about an occasion when you have got to have hired help in the fall of the year to harvest your crop, then you would not be a family farmer, and would not come under the provisions as set out here.

Mr. BRINKLEY. Well, that was my point, that it seems to me to rest largely on the matter of definition and interpretation of several aspects of this provision. I have not given it enough thought to be able to respond.

Mr. JONES. Would the gentleman yield?

Mr. GATHINGS. Yes.

Mr. JONES. What you noted would only apply to compensatory payments.

Mr. GATHINGS. Yes. But compensatory payments would be a plan under the stabilization section of this bill that may be put into operation for a crop.

Mr. JONES. That would be one of the provisions in this, and it would be part of compensatory payment.

Mr. GATHINGS. It is written in there.

Mr. POAGE. The gentleman does not have the floor. If you want to proceed, you may do so.

Mr. GATHINGS. No. Mr. Brinkley stated he had answered the question.

Mr. POAGE. That is fine. Let us proceed.

Mr. Dole?

Mr. DOLE. Are you familiar with the 1960 wheat crop provisions of the bill?

Mr. BRINKLEY. No; I am not, sir; I am not.

Mr. DOLE. Do you know it provides an exception to the advisory committee procedure and that the wheat committee would be appointed by the Secretary, and a plan for 1962 would be adopted by the committee, and this would be the 1962 wheat crop program? Have you read that in the bill?

Mr. BRINKLEY. It is the only exception to the procedure.

Mr. DOLE. I just wondered in reference to your statement a while ago that you felt there should be some congressional review or at least the right to amend or change, would you say this was true also with reference to the 1962 wheat crop program?

Mr. BRINKLEY. Again I must say that we have been concerned basically with these elements in this legislation, this proposed legislation, that relate to marketing and strengthening this marketing system that has been so seriously neglected and seriously needs attention, that I just have not been able to give attention or the staff has not been able to give attention to these more collateral aspects. I am sorry not to be more responsive to your inquiry.

Mr. DOLE. I know there are wheat cooperatives in northwest Kansas, and I know they are interested in this 1962 wheat program.

Mr. BRINKLEY. Very much so.

Mr. DOLE. Also, do you also classify yourself as coming—apparently you do not—as coming under the designation of appropriate farm organizations as set forth on page 6, line 3, of the bill?

Mr. BRINKLEY. We dealt with that rather specifically, I thought, when we stated that we thought one or more members of a farmer cooperative organization rather than consumer representatives should be

members of this committee because of this particular knowledge that these people would have with respect to marketing problems and consumer needs and other aspects that would relate to more emphasis on the marketing approach in this entire program.

Mr. DOLE. I am just wondering from a personal standpoint will you formulate some policy later on for the wheat program, for example, for your own representatives, so that I could contact you?

Mr. BRINKLEY. I would be very happy to study it and give you whatever observations we might develop in respect to it.

Mr. DOLE. To some people it has been referred to as back-door legislation. I have heard so much about back-door spending and calling this 1962 wheat program back-door legislation, and therefore I would like to confer with you.

Mr. BRINKLEY. I would be happy to do that.

Mr. POAGE. Mr. Beermann?

Mr. BEERMANN. Mr. Brinkley, on page 16, lines 3 and 4, it mentions hogs and cattle. The earlier part says, "This part covers any agricultural commodity including but not limited to the following," and there are several commodities, and then hogs and cattle.

On what basis would you envision hogs and cattle coming under this program?

Mr. BRINKLEY. We have held the opinion for some time that there should be paid more attention, and we have tried to stimulate this to do it, to attempt to segregate or rather to identify the certain principles that are contained in the former part of the marketing agreement orders program with the thought that some of these principles might well be applied to commodities which would not be susceptible of adequate operation under this straight marketing agreement order approach.

I have in mind, for example, on hogs and cattle, certain things that would be related to marketing, such as nutrition research that might be undertaken under a program of this sort and market research, market promotion, more development of markets in foreign countries, perhaps more attention to development of the kind of livestock that consumers are more and more saying that they want.

They do not want this excess fat on lambs and hogs, for example, and these are some of the principles that we think are involved basically in the general concept of marketing orders and agreements, and that more study, if it were directed toward these things and an attempt made to try to fit them into certain deficiencies or certain needs in these other commodities, that we might have some real results springing from that sort of an application.

Mr. BEERMANN. Then you would like to see utilization research and marketing research as a part of the agricultural program?

Mr. BRINKLEY. I certainly would. We are just being researched out of business in some agricultural commodities; the miracle fibers are ruining the cotton textiles and wool.

Mr. BEERMANN. I have another question.

I am wondering—in our area at the present time there is a lot of grain being released, and the prices have been depressed about the last week in March and the first 2 weeks in April.

Do you feel that this cheap feed might call for additional livestock feeding; namely, hogs and cattle, so that we will have a surplus of these commodities next year? Then these industries will come to the

Secretary of Agriculture and ask him to help them solve their surplus problem?

Mr. BRINKLEY. Some of the livestock members of our organization, I might say, are quite concerned over that possibility. And I would say that as a basic principle our organization subscribes to the philosophy of stability in markets.

We would hope that as we develop better techniques and better knowledge of marketing and marketing processes, that we can find ways of smoothing out these peaks and valleys and develop, not a controlled stability by fiat, but a stability that comes as a result of more adequate knowledge of markets and marketing, and a stability that comes about as a result of self-restraint on the part of the producers, and comes about as a result of more precise matching of products to market requirements, and meeting consumer needs.

Pending that time, I would hope that due safeguards should be developed to see that in this legislation or some other way, perhaps, we could move toward stability—not price fixing, but stability of markets—because we have observed in our own experience and own operations that these peaks and valleys in price, in supply—I mean peaks and valleys in price and peaks and valleys in absorption by consumers, and so on—it makes a very shaky thing. You do not do anybody any good. Whereas if you have stability across the board—again I say, not by fiat, but by operation of the market, shrewd, calculated market operations—then you do a much better job of meeting consumer requirements and meeting the needs of farmers themselves.

Mr. POAGE. Would the gentleman yield?

Mr. BEERMANN. When you say price fixing, are you intimating that the Government might be fixing prices?

Mr. BRINKLEY. Not at all.

Mr. POAGE. Would the gentleman yield?

The gentleman mentioned that the selling of a large quantity of feed grains on the market in recent weeks, and frankly, I do not know all the facts in the matter. I have talked to a lot of people. Does the gentleman have any figure as to how much grain has been sold on the market in any recent week?

Mr. BEERMANN. I know that from several locations I have had telephone calls that there were 22, 30 cars of grain being shipped out.

Mr. POAGE. Yes; but I am talking about nationwide, there must be 22 or 30 cars of grain sold every week, many times that.

Mr. BEERMANN. I am talking about one shipping point that previously had not had very much shipping at all.

Mr. POAGE. I am saying that there must be many places over the United States where that happens every week, must there not?

Mr. BEERMANN. What I mean to infer, of course, is that the price, then, in that area has gone down 13 to 15 cents a bushel.

Mr. POAGE. Obviously. But is it not equally true that you cannot rely simply on sales from my hometown? Is there a concentrated effort over the United States, is there more grain being sold this year by the Government than there was at the same time last year and the year before?

I do not have the figures. Do you?

Mr. BEERMANN. Mr. Poage, I would like to point out in principle—and that is c-i-p-l-e—that the marketing of this grain at this time has seriously injured the income of people who have a normal marketing year of October 1960 to October of 1961, and in the middle of this marketing year, this marketing of grain is affecting their incomes, and they were not in the program, so they have taken the free market.

Mr. POAGE. That is not the point.

I am just trying to get the facts.

Can you tell us whether there has been more grain sold this year or last year or the year before?

Mr. BEERMANN. We will have those facts, I think, from the Secretary's records.

Mr. POAGE. Do you have them?

Mr. BEERMANN. He was going to furnish them.

Mr. POAGE. I hope that we will get them.

Now, then, as to—

Mr. BEERMANN. My specific point with Mr. Brinkley was, is this marketing—

Mr. POAGE. I understand your specific point with Mr. Brinkley, but I am asking you about a specific point, and how much you know about it. I am not trying to suggest that my knowledge is greater than yours, I do not know, but as to your questions of principle, it has always been my idea that the time for the U.S. Government to stay out of the market was during the times farmers were harvesting their crops.

Now, whenever we have a program in which the Government places commodities in storage excess to the immediate needs, there must be a time in which the Government will sell on the market, else we just continue to accumulate everything in storage. There must be some period during the year in which the Government could sell.

Do you know of a better period during the year to sell feed grains than right now, as far as the farmer is concerned?

Mr. BEERMANN. I am sure glad you asked that, because there is no better period for the Government to sell corn than now, because we are going to start planting corn around May 10 in our area, and if the corn price gets low enough farmers are going to have to sign up with this feed grain program, because those farmers are not going to know what the Government is going to do next year so they are getting scared to death.

Mr. POAGE. I think that is true; I say this is a good time, and I think it is to—

Mr. BEERMANN. To cause the farmers to go to a government program?

Mr. POAGE. I do not know of any farmers entirely apart from any program; I do not know of any farmers who are producing corn right now—that is, who are harvesting. I do know—and I do not claim to know much about corn—but I think I do know this, that when the Government sells a lot of cotton into the market in September and October that it hurts a lot of farmers a whole lot worse than when the Government sells that cotton along in April and May, because there is not a farmer in the United States picking cotton during the month of April.

And I would lots rather have the Government sell cotton in the market when I am not putting my cotton on the market than to have

the Government sell in competition with me on the day I am selling. I would assume the same thing was true with corn.

Now, do you sell your corn normally in the month of May, or do you normally sell it in the fall?

Mr. BEERMANN. We normally feed most of our corn. But we buy corn when we do not raise enough to feed, and we sell corn when we have a little surplus.

Mr. POAGE. But now from the standpoint of the man who has corn to sell—I am not asking specifically about your own operation; but in your area are most producers of corn so well off that they can carry it over?

My people know that cotton goes up in the spring, but there is not 1 in 300 who can carry it, we have to sell it. Maybe your people are in a better position and maybe they do carry their corn over.

Mr. BEERMANN. Was not the Agricultural Act of 1933 established to help the farmer do that, an orderly market?

Mr. POAGE. It has helped. But we are still a long way from being in a position to do that, because most of our people have to go to the banks, and we have to go to the first day of January, because the banks in our country do not carry over from one year to the next.

Mr. BEERMANN. Mr. Chairman, you have established a point for me that I think is wonderful—

Mr. POAGE. I am not arguing with you, I am not trying to establish a point, I am trying to get information.

Mr. BEERMANN. That you cannot write a farm program for the United States any more than you can a minimum wage program.

Mr. POAGE. We cannot write one for either Nebraska or Texas unless we can get the facts, and I thought you knew the facts for Nebraska. I think I know something about the sale of cotton. I feel sure you must know something about the best time for the Government to sell corn.

I am asking you what do you think is the best time for the Government to release corn?

Would you rather have corn released in October, or would you rather have it released in May?

Mr. BEERMANN. I do not think that the time for release of corn should be set arbitrarily at any particular time.

Mr. POAGE. I do not either. But I am asking you, as a general proposition is it wise for the Government to release the biggest part of its feed grains in September, October, and November?

Mr. BEERMANN. I ask you, is it wise for them to release corn now, just before planting time so farmers will have to sign up in a program, because they do not know what the Government is going to do next time?

Mr. POAGE. Regardless of whether there is a new program or not, it is wise in my opinion to release corn or feed grain or other commodities when the fewest number of farmers have it to sell on the market. I think that is sound, I think it has been done. If this Secretary did not follow that policy and dumped this corn on the market next fall, we would hear a terrible howl.

Would you sit silently by if this administration kept all this corn in the bins now and the stuff went out of condition through the summer, and the next fall we offered it simply as garbage?

Mr. BEERMANN. I would not call No. 3 corn out of condition, Mr. Poage.

Mr. HAGEN. Would the gentleman yield for a moment?

This matter of equity, for example, in barley, the Government had a lot of barley, and they sold that barley at the very time they were harvesting barley in California.

Why did they sell it? Because Minnesota, for example, would rather have barley sold at that time than at the time when Minnesota was harvesting barley several months later.

Mr. POAGE. Who sold that barley?

Mr. HAGEN. The Government did.

Mr. POAGE. When?

Mr. HAGEN. A couple of years ago. They kicked down the price of newly harvested California barley by their sales timing and I guess the reason was that the Minnesota representative perhaps had more political muscle than somebody else on this issue. They may have helped the price of Minnesota barley, but they kicked the devil out of the price of California barley.

Mr. POAGE. It was not due to the fact that we then had a Secretary of Agriculture from Minnesota, was it?

Mr. HAGEN. No; I suggest that the cause was that Minnesota barley growers were more numerous if less productive than California barley growers.

That is just an example of the kind of inequity that you can get in some Government operation.

Mr. BEERMANN. I would still like to clarify this question of hogs and cattle.

If you put an additional amount of feed to hogs and cattle because of cheaper grain prices, and in turn next year the hog people and the cattle people may have to group together and come to the Secretary and say, "We have a problem, and we need to go over it."

Mr. BRINKLEY. I do not envision that at all.

It would seem to me—I come back to my thesis of the desirability, indeed the necessity, for a degree of stability in this thing, I think any Secretary of Agriculture, any commodities committee or any Government agency that resorted or indulged in practices that upset the stability of operations would be in for some very severe criticism, they might have to undo a lot of things very quickly. And I think this is a matter of judgment, it is a matter of foresight, and a matter of careful planning.

I cannot see any reason why that per se such an operation should result in the situation that is described, not at all.

Mrs. MAY. Would the gentleman yield?

Mr. BEERMANN. Mrs. May.

Mrs. MAY. I would like to make just one statement. And this goes back to your statement on another matter, Mr. Brinkley.

On page 2 where you have recommended some additional wording for this bill concerning agricultural credit, laws relating to agricultural credit, in your statement at the top of page 2 there under new wording, you say:

This wording recognizes that present credit agencies are doing constructive service for farmers but can be improved and strengthened.

Then your statement goes on to say—

We doubt the wisdom or the need of new agencies in this field.

A question has occurred to me here.

Do you see anything in the bill that would set up or indicate there was an intention to set up new agencies in the credit field, or what might be the apprehensions of your organization in this respect?

Mr. BRINKLEY. We had no apprehension, Mrs. May.

I think perhaps an excess of caution would describe our feeling as much as anything else. We have worked long years to establish the Farm Credit Administration, and it is independent, whether it would be farmer owned or farmer controlled. We have the REA facilities. We have the FHA facilities. And we think we have got enough facilities. But what we now need to do is perfect the operation of these facilities without resorting to anything new that might upset these established operations.

Mrs. MAY. Thank you.

Mr. BEERMANN. I have one more question, Mr. Chairman.

Mr. POAGE. Would you yield for just two questions, I think only two?

Of course, you are the only man left here that is from a corn-producing area.

In your opinion, would it be safe to try to carry all of the corn that we now have in storage over until next fall through the summer?

Mr. BEERMANN. I do not know the condition of that corn.

Mr. POAGE. I do not either. But you know it better than I do.

Mr. BEERMANN. And I am going to say here that the Secretary of Agriculture and the people in the counties where this corn is stored should have the best knowledge of what should be done. And I would hope that the Secretary of Agriculture would not arbitrarily order marketing of No. 3 corn unless it were going out of condition.

Mr. POAGE. Well, you would not object to him ordering it to market where the storage facility is asking him to remove it so that they can take care of next year's crop, would you?

That happens in the grain sorghum business. I do not know that it happens in the corn business, but I do know that it happens—I know that in the Southwest that many of those people who have their bins full of grain sorghum are right now asking the Government to move it out in order that they may be ready to take care of next year's crop.

Mr. BEERMANN. We have some grain sorghums in our area, too. But in December many of the elevators were requested to give the information on the amount of grain that they wanted to move. And some of this was moved in January and February, and then they tell me they came along with a heavy marketing movement the last week in March and the first two weeks in April. And I was there right in the middle of that, the first week in April. And this concerns me not politically, but it seems like they feel that it was a device to get the people in that area to sign up, because they did not know what the Government was going to do.

Mr. POAGE. But I want to get your opinion as a grain man and one who represents a great grain-growing area, do you think that it is advisable to keep all of the grain, both grain sorghum and corn, that we now have in storage, and if so, for how long?

Mr. BEERMANN. Well, if you wanted to clear up the farm program, it might be best just to take care of all the grain and keep it under Government wraps and ask the farmers this year to grow what they can use and sell, and there would not be any Government program for new production, only for what they can use and sell, and say that if they wanted to borrow money to finance their operations, the only way they could borrow money was that they were going to market this crop themselves instead of to the Government. This would put us in the position of growing what we can use and sell for this year and again establish free enterprise and free marketing in agriculture.

Mr. POAGE. Maybe you could establish some other policy, but the Secretary must meet the conditions that are presently available to him, and he has not any tools except those that are now available.

Would you, if you were Secretary of Agriculture today, would you stop the movement of all corn and grain sorghum out of Government bins?

Mr. BEERMANN. That would be—I would determine that on the basis of what my overall agricultural program was going to be.

Mr. POAGE. All right. You know what the overall agricultural program is going to be now, you know it as well as everybody else, you know what the law is.

Mr. BEERMANN. No, I do not know what it is going to be.

Mrs. MAY. Mr. Chairman, I would like to add something to the record at this point. I got phone calls and letters yesterday from some very disturbed farmers. As you know, my district is a feed deficit area. They had a meeting in Benton County in the town of Prosser, where the ASC man called together a group of farmers to explain the new feed grain programs. And this connects very closely with what Mr. Beermann has said.

At that meeting the ASC manager from Benton County stated to these farmers, "I assure you farmers"—he put it a little more strongly than that—"I warn you farmers"—and I am quoting him, and I called him by phone to be sure he would back up this quote—"I warn you farmers that you must sign up for this new feed grain program, because otherwise the Government can break you, and what is more, they have the feed grains in storage to do it."

Well, naturally this made a lot of mad farmers. Most of them in this county have never wanted to sign up for price support at any time.

At that meeting, the gentleman who wrote me went on to say, they spoke of the situation that had just occurred in Mr. Beermann's district and how this price was breaking.

In other words, this may be—we may be members of little faith here, but it is a suspicious juxtaposition of circumstances going on. And my farmers do not think it smells very good.

Mr. POAGE. Well, would you, from a feed grain deficit area, want the Government to hold all the grain that it now has?

Mrs. MAY. No.

Mr. POAGE. Then you would want some sales now?

Mrs. MAY. That is right.

Mr. POAGE. And if these sales do not exceed the sales that were made last year or the year before would you feel that there was any ground to criticize?

Mrs. MAY. No, depending, of course, on where they are, as you say, and how much they broke the price.

I am merely saying that the reasons we are asking questions now on this grain price break is because our people at home are asking these questions. They are concerned with what I think are very unwise and unjudicious statements by USDA representatives, coupled with price break and the drive to sign up compliers.

Mr. POAGE. It is going to break wherever the sales take place.

Mrs. MAY. To a certain extent, and it always does and always has, it is true.

But the timing on this seems rather fortuitous, or unfortuitous, depending on where you sit.

Mr. POAGE. What I am trying to get at is, are we merely kicking about where the sales were made?

None of us like to have them made in our area. I heard they sold a lot of grain sorghum in Corpus Christi, and I got a lot of calls on it, but I could not verify it.

None of us like to have it made in our area.

What I want to know is, are any of the critics of this program willing to say, "I do not want the sales made in my area"?

There is some grain stored down in central Texas. Now, do you object to them selling grain in central Texas?

I know you object to them selling in your district, but would you object to them selling it down there?

Mr. BEERMANN. If they are going to sell it down there and export it, it is a lot closer to the export market than ours.

Mr. POAGE. But some of this grain has got to be sold to feed Mrs. May's livestock. It cannot all be sold in export, and you do not want it all sold in export, and neither do I.

Mr. BEERMANN. Let's take it from the area closest to there.

Mr. POAGE. I think it should be.

Mr. BEERMANN. I appreciate your patience, Mr. Brinkley.

It also says on line 3, page 16 of the bill, "vegetables including potatoes."

I wonder if this gets to be such a turmoil and such a problem that we may abandon the farm program through legislation because we cannot settle anything.

This is a real fear to me, because I feel that we should gradually adjust things. And I would like to see us gradually work to a free market and a free enterprise in agriculture, the Government playing the part of helping guarantee loans on a sensible percent of the cost market price of products for the individual grower to market his crop through the proper marketing year.

And I am just a little apprehensive of this type of a program, if it should go through, that maybe the consuming public and the Congress and the voters would want us to completely abandon an agricultural program.

Do you think that there is any possibility that this program could get serious enough or burdensome enough that this might happen?

Mr. BRINKLEY. I do not think so, Mr. Beermann.

The point we have made in our testimony—and I think it is probably one of the basic keys to the chronically depressed economic condition of farmers—is this marked imbalance of economic power as between agriculture and agricultural producers and everybody else, the people to whom they sell and the people from whom they purchase farm production supplies.

Now, we have reached the conviction, in our own thinking at any rate, that the use of devices by which we can stimulate and develop the farmers' own bargaining power has been underrated and undervalued in all the approaches that have been made over the years to try to remedy and improve the economic situation of agriculture.

We think that the situation is serious enough and has been serious and will be serious enough so that we do not want to leave any stone unturned that offers a fair promise of moving in that direction.

We think that this helps to move in that direction. And we think that we can improve the terms of trade as between agriculture, agricultural producers, and other segments of the economy. I think this is vital, I think it is essential to the future of prosperity of agriculture on a free basis.

Mr. BEERMANN. I thank you very much, Mr. Brinkley.

Thank you, Mr. Chairman.

Mr. POAGE. Thank you, Mr. Brinkley.

Mr. BEERMANN. I would like to say before we break up that I appreciate the fairness of the chairman for prolonging the hearing long enough for the new members to ask questions.

Mr. POAGE. We want to thank you, Mr. Brinkley, for listening to our executive session.

Mr. BRINKLEY. I enjoyed it very much.

Mr. POAGE. We will recess until 10 o'clock tomorrow morning.

(Whereupon, at 5:15 p.m., the committee recessed, to reconvene at 10 a.m., Friday, April 28, 1961.)

AGRICULTURAL ACT OF 1961

FRIDAY, APRIL 28, 1961

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

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

Present: Representatives Cooley, Poage, Grant, Gathings, Albert, Thompson, Jones of Missouri, Hagen of California, Johnson of Wisconsin, Matthews, Breeding, Stubblefield, McSween, Inouye, Harding, Hoeven, Belcher, McIntire, Teague of California, Quie, Short, Mrs. May, Harvey, Findley, Dole, and Beermann.

Also present: Hyde H. Murray, assistant clerk; John Heimburger, counsel; Francis M. LeMay, consultant; and Betty Prezioso, staff assistant.

The CHAIRMAN. The committee will please be in order.

We have with us this morning Mr. Charles B. Shuman, president of the American Farm Bureau Federation. We will be very glad to hear from you, Mr. Shuman, at this time.

STATEMENT OF CHARLES B. SHUMAN, PRESIDENT, THE AMERICAN FARM BUREAU FEDERATION; ACCOMPANIED BY JOHN C. LYNN, LEGISLATIVE DIRECTOR; AND MARVIN L. McLAIN, ASSISTANT LEGISLATIVE DIRECTOR, THE AMERICAN FARM BUREAU FEDERATION

Mr. SHUMAN. Thank you, Mr. Chairman. I would like to ask to have Mr. McLain and Mr. Lynn help me with some of the supplemental information.

I appreciate this opportunity to present Farm Bureau's views on general farm program legislation. We understand that this particular hearing is to be confined primarily to title I of H.R. 6400 and related matters; however, we also shall discuss our recommendations for constructive legislative action.

Farm Bureau is an organization of 1,600,792 farm families with member units in 2,674 counties in 49 States and Puerto Rico. Our policies are developed through an extensive policy development program which involves study, discussion, and action by the members, and their elected representatives, at thousands of meetings each year. Every member has the opportunity to participate, and all are encouraged to do so. We do not claim this process to be perfect; we are constantly seeking to improve it. However, we are proud that

our policies reflect the active participation of hundreds of thousands of members.

As a general farm organization representing members who live in all important farming areas and produce all types of farm products, we are also proud that our policies reflect a reconciliation of regional and commodity differences.

General considerations: Our philosophy with respect to Government programs for agriculture is summarized in the following extracts from the policy resolutions adopted by the elected voting delegates from member State organizations at our most recent annual meeting—December 1960.

The fundamental basis for farm prosperity includes factors outside agriculture which affect the farmer's cost of operation; availability of competitive markets for his products; his freedom and opportunity to make the best possible use of his individual resources; and the real value of his income dollar.

In order for farmers to prosper and keep pace with other groups in a changing world, we must have national policies that will contribute to—

(1) High employment and rising productivity throughout the economy to provide the basis for rising living standards and a high-level domestic demand for farm products.

(2) A relatively stable general price level in order to avoid the painful economic and social disruptions that inevitably result from inflation and depression.

(3) Effective and widespread competition as a means of promoting individual incentive and the efficient use of scarce resources. This means that no group—whether it be business, labor, agriculture, or the Government itself—should be permitted to exercise monopolistic powers.

(4) The expansion of trade with other nations on the basis of mutual advantage. This is essential to our continued economic growth.

Recognizing the need to determine the appropriate role of the National Government in agriculture, we should establish a yardstick by which proposed Government policies for agriculture can be measured.

Government programs for agriculture should: Aid farmers in solving their own problems; promote efficiency in farming; be consistent with the law of supply and demand; provide economic opportunity for farm people; preserve the competitive principle; insure ample research; stimulate market expansion; and insure our ability to feed an increasing population.

Government programs should not: Stimulate excessive production; permit development of monopolies; freeze historical production patterns; open the way to price fixing; erode individual freedom; impede orderly marketing; and shift adjustment burdens from one group of producers to another.

On the basis of these considerations we are forced to conclude that the Cochrane-Freeman omnibus proposal relative to price supports, production controls, marketing agreements and orders, compensatory payments, etc.—which comprise title I of H.R. 6400—are unsound and unwise.

Unprecedented administration power:

Title I is a bid to concentrate unprecedented power over the destiny of American agriculture in the hands of the Secretary of Agriculture and the executive branch of Government. It is incredible to us that the Congress would abdicate to any official of the executive branch your constitutional prerogative to develop legislative policy.

This bill would give the Secretary discretionary authority to undertake—subject to congressional veto and Government-managed producer referendums—any and all types of programs for fixing farm prices and controlling farm production.

This discretionary authority includes the power to: Develop control programs for every agricultural commodity produced in this country; select base periods; set quotas in terms of acres, production units—cows, sows, and hens—or commodity units—pounds, bushels, and bales; establish minimum allotments; restrict voting eligibility by granting exemptions and establishing noncommercial areas; support prices through loans, purchases, and direct payments at any level from 0 to 90 percent of parity; limit the amount of payments that may be made to any individual producer; provide for the transfer of marketing quotas by sale or other means; and establish conditions of eligibility for price support.

It is proposed that these sweeping powers be given to the Secretary without any limits on the costs that may be incurred; and without any assurance that resources forced out of the production of controlled commodities will not be diverted to the production of other commodities.

Let us look at some of the implications of these broad powers.

A high percentage of American agriculture always has been free of Government control and price support programs. These products, on the average, have fared the best. We should copy success instead of failure.

Historical base periods always discriminate against the producers and areas that have been increasing production of a particular product in response to changing conditions. The power to select base periods is the power to select the producers and areas that are to be discriminated against.

The power to establish minimum allotments is the power to level producers downward toward the minimum. In 1944, Congress established a minimum allotment of 1 acre for burley tobacco. In that year approximately 41 percent of all burley allotments were 1 acre or less. By 1957—the latest year for which we have figures—74 percent of all burley allotments were 1 acre or less.

The power to grant exemptions is the power to bring in new producers at the expense of the producers who historically have produced a product. The 15-acre wheat exemption is an example. In 1959, 62 percent of all farmers producing wheat had 15 acres or less. If each of the 1,839,773 farms which had a wheat history or grew wheat in 1959 had produced the national average yield of 25.9 bushels per acre on 15 harvested acres in 1960, the resulting production would have been 715 million bushels, which is more than the total amount of wheat that we currently are able to market at home and abroad on an unsubsidized basis.

The power to make direct payments is the power to destroy the market system by encouraging excessive production and driving prices far below the level that would prevail in the absence of a program. The payment approach also would convert support prices into ceiling prices and spread controls to new areas.

The power to limit payments to individuals is the power to set ceilings on farm size and income opportunities in agriculture. This follows from the fact that a payment program would encourage excessive production; drive market prices below the level that would prevail in the absence of a program; increase the cost to taxpayers; and result in rationing of the limited funds available.

The power to provide for the transfer of marketing allotments and quotas is the power to set a cash value on the right to produce farm products and to shift production from area to area and State to State. Instead of protecting the family farm type of agriculture, this authority for the sale of allotments would be the highroad to corporate farming.

The controls proposed in title I will not contribute to the preservation of the family farm. On the contrary such controls would limit the opportunity of farm families to make the changes that will be needed to maintain efficiency and increase per farm net income in the years ahead.

There is no evidence that efficient family farms are in any danger of losing out to corporate-type farms. But family farms are adjusting to the size of business that is needed for efficient commercial operations with modern technology and mechanized equipment.

The number of "census farms" dropped 22.6 percent between 1954 and 1959, but the entire reduction in total farms took place in the farms with gross sales of less than \$10,000.

Farms with a gross of \$10,000 or more increased 36.2 percent—from 582,948 in 1954 to 794,001 in 1959. Most of these farms are family-operated units. There are very few real corporate enterprises in agriculture.

Detailed statistics are attached in appendix A.

The power to establish conditions of eligibility for price support apparently includes the power to regulate wages, hours, housing and other working conditions for farm labor.

The power to ignore the effects of commodity programs on other commodities includes the power to bring every section of agriculture under complete Government control on a step-by-step basis. For example, a payment program for hogs could make pork so plentiful and cheap that beef producers would be forced to seek supports and controls in self-defense.

The idea that controls on some commodities might be used purposely to force producers of other commodities to seek similar controls is not a figment of our imagination. It has been spelled out in detail by the advocates of comprehensive supply controls.

For example, consider the following excerpts from published statements by Dr. Willard Cochrane, the chief economic adviser to the Secretary of Agriculture.

In the *Journal of Farm Economics* for November 1959, he wrote:

It is possible that the long-run price elasticity of beef at retail is greater than one, and some remote possibility that this price elasticity at the farm price level is greater than one. For these reasons, beef producers probably

would not want to initiate supply control, and they would be justified in sitting out any early moves toward supply control.

It is probably the case, however, that beef producers would be forced to accept supply control if producers in the above aggregate of animal products adopted supply control.

(Willard W. Cochrane, *Journal of Farm Economics*, November 1959, pp. 714 and 715.)

In an interview with the managing editor of *Farm Quarterly*, published in 1960, he said:

Q. After a few commodities adopted supply control do you think others would be encouraged to follow suit?—A. It would not be a matter of encouragement; some of them would be forced in. If you had a control on hogs, for example, and none on eggs, growers would transfer their corn into the production of more poultry and more eggs. It would be this old transfer-of-resources devil all over again. The feed resources released from hogs would be put through chickens to produce eggs; and eggs happen to be inelastic in demand and in just a little bit they'd be in real trouble.

The feed grain would also be transferred to beef and beef producers would feel some pressure.

(Excerpts from an interview between Managing Editor Charles R. Kock and Dr. Willard W. Cochrane, entitled "Will You Need a Franchise to Farm?" *Farm Quarterly*, summer 1960.)

The great powers specifically proposed for the Secretary of Agriculture in title I are increased by the use of undefined terms.

For example, compensatory payments would be limited "to an amount determined to be necessary to support the price on the part of the production on the farm necessary to maintain and strengthen the family farm system of agriculture," but the term "family farm" is not defined. The Secretary could decide that a "family farm" is any farm operated by a family, or that it is a farm that does not exceed a certain size.

The Secretary is to make adjustments in national marketing quotas "to prevent undue restrictions on marketings" and "to permit a gradual reduction of excessive carryover." In the absence of precise definitions, "undue," "gradual," and "excessive" are words that can be given a wide variety of meanings.

Hand-picked advisory committees.—It is said that the administration's recommendations would permit farmers to "write their own programs on a commodity-by-commodity basis," and that this is necessary to take account of commodity differences. We agree that commodity differences are important. Such differences should be, and have been, considered in the development of farm programs, but there are also conflicts of interest among and between commodity producers that must be resolved if the overall interests of farmers are to be advanced.

Our opposition to this type of commodity-by-commodity approach does not reflect any desire to bring all commodities under the same program. We are opposed to the idea that every problem requires a Government program, the method proposed for the development of individual programs, and the associated idea that individual commodity programs can be developed without regard to the fact that all farm commodities are interrelated to varying degrees. The commodity-by-commodity approach would divide agriculture into warring groups when greater unity is needed.

Actually, H.R. 6400 would not give farmers the opportunity to "write their own programs." On the contrary, the authority of the Secretary of Agriculture would be absolute.

The national farmer advisory committees proposed in this legislation are mere window-dressing. Committee members would not be elected by farmers. Two-thirds of them would be appointed by the Secretary of Agriculture, from nominees chosen by per diem employees of the Department of Agriculture who have a vested interest in the perpetuation and expansion of the programs they administer.

It is noteworthy that the role of the federally appointed State ASC committees and federally directed field personnel is not mentioned in the proposed legislation. Anyone at all acquainted with our experience with Government farm programs knows the extent to which these people would become involved in influencing this whole operation.

The Secretary is also to appoint one-third of the committee members from "appropriate" farm organizations, but the term "appropriate" is not defined. Nonfarm consumers are to have a single representative on each committee, but farmers who buy and use products such as feed, seed, and livestock, apparently are to have no representation on the advisory committees appointed for such commodities. For example, it is difficult to understand why large numbers of livestock, dairy, and poultry farmers should have no representation on a committee determining a supply management program for feed grains, or why the numerous producers of feed grains should have no representation on a committee developing a program for wheat, including feed wheat.

The Secretary of Agriculture not only would be able to handpick the national farmer advisory committees, he also would be completely free to disregard their advice, amend their recommendations, and terminate their services.

The provision for congressional review and veto of proposed supply control programs would reverse the constitutional and historic roles of Congress and the executive branch of Government. Furthermore, there is nothing in the present bill which gives any assurance that the question of approving or disapproving these programs would ever come to the floor of either House for a vote. The devices that can be used to keep legislation from coming to the floor are well known.

In the case of wheat—the commodity which is in the greatest difficulty as a result of past Government programs—title I would authorize the Secretary of Agriculture to set the pattern for the future by writing a 1962 program without consultation with the Congress. The Secretary could use this authority to dump surplus wheat into the feed grain market to depress market prices in an attempt to force producers of feed grains and all livestock products into control programs. The possibility that this would be done is supported by provisions of the bill which refer to feed wheat and by the fact that a handpicked advisory group has already recommended adoption of the three-price, certificate plan for wheat.

A Government-managed procedure for developing farm programs on a commodity-by-commodity basis is not, and cannot be, a satis-

factory substitute for the development of recommendations by voluntary private organizations and the reconciliation of conflicting views in the Congress where all of the affected people are represented and are given the opportunity of being heard.

While the bill provides that no program would go into effect until approved by a two-thirds vote of eligible producers, the Secretary of Agriculture would have great power to determine the outcome of any referendum. As already noted, he would have broad powers to grant exemptions and thereby limit eligibility to vote in referendums. He also would have broad powers (1) to make the alternative to a proposed program completely unacceptable to producers, and (2) to design individual commodity programs in such a way as to force on a step-by-step basis the adoption of Government controls by producers of competing or related commodities.

The potential cost of the programs that would be authorized by title I is far greater than the cost of existing farm programs, since title I would authorize higher support prices, the extension of supports to all commodities, and the use of compensatory payments.

Since the demand for most farm commodities is such that an increase in supply will result in a greater than proportionate decrease in price, a compensatory payment program would cost far more in most instances than a loan or purchase program designed to support the same level of income to producers.

Futhermore, requests for funds to cover costs of these programs would not be presented to the Appropriations Committee of Congress before the money would be spent. Instead, these funds would be taken from the account of the Commodity Credit Corporation, an operation which would open wide the back door of the Treasury.

Marketing orders.—In recent years marketing agreements and orders have been useful tools in the orderly marketing of agricultural commodities. The keys to their success have been their application on a local or regional basis and the fact that they have not been used to fix prices or control production.

The amendments proposed by subtitle B of H.R. 6400 would extend the Agricultural Marketing Agreement Act to all agricultural commodities, and completely change the character of the marketing agreement and order program by authorizing nationwide orders, compulsory checkoffs for advertising, individual producer allotments, and acreage controls.

We believe the use of marketing orders on a nationwide basis covering all areas to be unsound and unworkable—particularly when the objective is to fix prices and control production. The inclusion of control features in the Marketing Agreement Act could lead to the destruction of a number of programs that have worked very well. If the Secretary should decide to include marketing quotas in an order program, producers would be confronted with the alternative of voting for controls, or of losing the helpful programs that have been developed under the present Agricultural Marketing Agreement Act. Existing programs in such fields as milk, fruits, and vegetables would be destroyed by the adoption of nationwide marketing orders.

Recommendations.—The basic thing that is wrong with the proposals in title I is their emphasis on Government planning, price-fixing, controls, and penalties. The philosophy reflected in these

proposals is contrary to the expressed desire of the great majority of the organized farm families of the United States for less—rather than more—Government intervention in the operation of individual farms. It should be rejected by the Congress.

There is no need for sweeping legislation to authorize new programs for all farm commodities.

No Government price-support or production-adjustment programs are in effect—or needed—for poultry, hogs, beef cattle, or fruits and vegetables. Producers of those commodities have demonstrated that they can and will adjust production in response to market prices. As we have pointed out previously, it would be helpful to extend the present Marketing Agreement Act to some of the commodities—such as fruits and vegetables for processing—which are now excluded; but it would be a serious mistake to change the basic character of the marketing agreement and order approach as proposed in title I.

The extension of production controls to the dairy industry is impractical and unwise. Dairy quotas would reduce efficiency, increase costs, limit opportunity, impose undue hardships on young farmers, lower farm incomes, and prevent desirable changes in production and marketing.

Although imperfect in some ways, the Agricultural Act of 1958 has resulted in substantial improvements in the cotton and rice situations by facilitating sharp reductions in the burdensome carryovers of a few years ago. In the case of cotton, markets have also been increased; the upward trend in foreign production has leveled off; domestic consumption of rayon has declined; the export subsidy rate was reduced; and the national acreage allotment has been increased. The increased support level announced for 1961 will reverse at least some of these favorable developments, but this is a matter of administration rather than legislation.

Compromise legislation was enacted for tobacco last year and we know of no urgent need for further changes in this program at this time. Farm Bureau has supported and continues to support the tobacco program; however, we regard this program as a special case rather than a model for other commodities. Tobacco is heavily taxed. It is not a food. The producer's market is dominated by large domestic companies and foreign monopolies. The acreage involved is small; so the "diverted acres problem" has not been serious. Also, up to now, there is no acceptable substitute.

Additional legislation is urgently needed to help producers correct the unsatisfactory conditions that have developed in wheat and feed grains. Secretary of Agriculture Freeman's statements to this committee that "the CCC investment in price supports at the end of this fiscal year will be about \$8.5 billion" and "wheat and feed grains will account for 87 percent of this" underline the need for development of sound legislation in this area.

The wheat program is a classic example of the difficulties involved in any attempt to fix prices and control production legislatively. The feed situation has been seriously aggravated by programs that have diverted millions of acres from controlled crops to feed grains, oilseeds, and forage.

The feed-grain problem did not result from elimination of the ineffective and discredited acreage allotment program. All the allotment program did was to shift land from corn to other feed crops. The increase in corn production which occurred after the allotments were dropped, was largely a result of other factors, including the termination of the acreage reserve program and extremely favorable growing conditions of the last 2 years.

One of the most significant things in the corn situation is the increase in disappearance that has occurred in response to the lower support levels of recent years. Disappearance has averaged 4,083 million bushels in the last 2 years (1959 and 1960 marketing years) in comparison with an average of 3,099 million bushels for the 5 marketing years, 1948-52, inclusive. This is an increase of 984 million bushels, or 32 percent, and a clear indication that markets can be expanded.

To assist growers of feed grains, wheat, 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 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. 4711, H.R. 4818, H.R. 5295, H.R. 5390, H.R. 4790.

The cropland adjustment 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, we recommend a temporary program which 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 these requirements. Producers of other commodities may also participate. (While 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 emphasize 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 levels 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.

Table I shows the output-size picture of wheat and feed grains in recent years and current carryovers.

TABLE I.—Average output, disappearance, and carryover of wheat and feed grains, 5 crop years, 1956–60

[In millions]

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.....bushels..	1,181	1,099	107	1,485	124
Corn.....do.....	3,862	3,697	104	2,000	48
Sorghum grain.....do.....	521	397	131	700	135
4 feed grains ²tons..	152.5	145	105	84.4	53

¹ Including exports.

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

Assuming that market growth over the next few years will be at least proportional to output growth due to improving yields per acre, a reduction in output of 5 to 8 percent would just about balance current production with current market needs. Any output reduction in excess of this amount would provide opportunity to start liquidation of Government stocks; however, experience with past land retirement efforts, indicates that the percentage cut in acreage would have to be substantially larger than the indicated percentage reduction in output in order to balance supplies with demand.

Table II 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 proposed adjustment program.

(The table referred to is as follows:)

TABLE II.—U.S. cropland acreage by principal uses—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:		Planted acreage (thousands)
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	-----	⁴ 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.

Under Farm Bureau's proposal all land listed in table II 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 the 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.

Conclusion.—A major objective of Farm Bureau policy is to create conditions which will make it possible for farmers to earn and get high per family real incomes in a manner which will preserve freedom. You will note that we stress per family real income.

Programs that would drastically limit the amount to be sold, put a ceiling on the prices to be received, and at the same time cause continued increases in the costs farmers must pay are the road to low per-family real income.

The basic issue raised by these proposals in title I of H.R. 6400 and the alternative approach we have recommended is simply this: Are we going to have a Government planned, licensed and regimented agriculture run from Washington, or are we going to solve farm problems in a way that will preserve freedom and increase opportunity for farmers to earn and get high per-family net income?

A change in the direction of agricultural policy is long overdue but the changes proposed in H.R. 6400 go in the wrong direction. The quotas, penalties, payments and limitations outlined by title I would lead to complete Government control of individual farming operations, reduced efficiency, smaller markets, the continuation of high Treasury costs, the capitalization of program benefits and low per-family net income for farmers. Farm Bureau's cropland adjustment program moves in the opposite direction. It is a voluntary program. It moves away from the detailed regulation of individual farming operations. It seeks to reduce total production—not just to shift the problem from commodity to commodity. It will reduce export program costs immediately, and total program costs as production is brought into a better balance with effective market demand.

The adoption of Farm Bureau's cropland adjustment program would be a real step forward in agricultural policy. We strongly recommend that this approach be substituted for the controls, payments, permits, and penalties provided in title I of H.R. 6400.

The CHAIRMAN. We certainly thank you very much for this statement. It indicates that you have given careful thought to the measure now under consideration by the committee. The appendix and the

accompanying tables attached to your statement, will be made a part of the record at this point, as I believe you desire.

Mr. SHUMAN. Yes, sir.

(The text of Appendix A and two tables follow:)

CHANGES IN THE NUMBER AND SIZE OF FARMS

This is a summary of the preliminary census reports on the number of farms in 48 States, excluding Alaska and Hawaii, in 1959.

On a national basis the following significant shifts took place between 1954 and 1959—

(1) The total number of farms dropped 22.6 percent.

A little more than one-fifth of this decline resulted from a change in definition which eliminated units of less than 10 acres unless they had gross annual sales of at least \$250. The remaining four-fifths of the decline represents an actual change in the number of farm units.

(2) The number of farms with gross sales of \$10,000 or more increased 36.2 percent.

(3) The number of farms with gross sales of less than \$10,000 dropped 30.8 percent with most of the decline taking place at the lower end of the scale.

The drop was 39 percent for farms with gross sales of less than \$2,500; 24 percent for those with sales of \$2,500 to \$4,999, and 7.6 percent for those with sales of \$5,000 to \$9,999.

Stated another way—

Farms with gross sales of \$10,000 or more increased from 12.2 to 21.5 percent of all farms.

Farms with gross sales of \$5,000 to \$9,999 increased from 14.8 to 17.6 percent of the total.

Farms with a gross of \$2,500 to \$4,999 decreased slightly from 16.9 percent of the total in 1954 to 16.7 percent in 1959.

Farms with gross sales of less than \$2,500 decreased from 56 percent of the total in 1954 to 44.1 percent in 1959.

A new breakdown presented for the first time in the 1959 Census indicates that 56 percent of the farms with gross sales of less than \$2,500 are part-time units with operators who worked off the farm 100 days or more, or with other family income exceeding farm sales. Another 24.7 percent are part-retirement units with operators 65 years of age or over. Only 21.3 percent of the farms with a gross of less than \$2,500 failed to classify as part-time or part-retirement.

In summary, the new census figures make it clear that family farms are adjusting to the size of business needed for commercial operations and that the great majority of really low production farms are primarily residences.

Number of farms in United States, by economic class, 1954, in comparison with preliminary 1959 data, 48 States¹

Economic class	1954 census		Economic class	1959 census, preliminary		Change, 1954 to 1959
	Gross value of products sold per farm, 1954	Number of farms, 1954		Gross value of products sold per farm, 1959	Number of farms, 1959	
Commercial farms:			Commercial farms:			(Percent)
Class I.....	\$25,000 or more.....	134,003	Class I.....	\$40,000 or more.....	102,142	-----
Class II.....	\$10,000 to \$24,999.....	448,945	Class II.....	\$20,000 to \$39,999.....	209,975	-----
Subtotal, classes I-II.....	\$10,000 or more.....	582,948	Class III.....	\$10,000 to \$19,999.....	481,884	-----
Class III.....	\$5,000 to \$9,999.....	706,929	Subtotal, classes I-III.....	\$10,000 or more.....	794,001	-----
Class IV.....	\$2,500 to \$4,999.....	811,965	Class IV.....	\$5,000 to \$9,999.....	652,938	-----
Subtotal, classes I-IV.....	\$2,500 or more.....	2,101,842	Class V.....	\$2,500 to \$4,999.....	616,839	-----
Class V.....	\$1,200 to \$2,499.....	763,348	Subtotal, classes I-V.....	\$2,500 or more.....	2,063,778	-----
Class VI.....	\$250 to \$1,199 ²	462,427	Class VI.....	\$50 to \$2,499 ⁴	348,382	-----
Other farms:			Other farms:			-----
Part-time.....	\$250 to \$1,199 ³	574,575	Part-time.....	\$50 to \$2,499 ⁵	882,371	-----
Residential.....	Under \$250.....	878,136	Part-retirement.....	\$50 to \$2,499 ⁶	403,696	-----
Subtotal.....	Less than \$2,500.....	2,678,486	Subtotal.....	Less than \$2,500.....	1,634,449	-----
Abnormal.....		2,693	Abnormal.....		3,669	-----
Total, all farms.....		4,783,021	Total, all farms.....		3,701,326	-----
			Reduction from 1954.....		71,078,774	-----
			Reduction from 1954 due to new definition.....		7,231,862	-----

¹ Excludes Hawaii and Alaska.

² With the operator working off the farm less than 100 days, and farm sales greater than other family income.

³ With the operator working off the farm 100 days or more, or other family income exceeding farm sales.

⁴ With the operator under 65 years of age, working off the farm less than 100 days and farm sales greater than other family income.

⁵ With the operator under 65 years of age, working off the farm 100 days or more, or other family income exceeding farm sales.

⁶ With the operator 65 years of age or over.

⁷ Based on actual count; other figures are based on a sample enumeration.

Changes in number of farms, by economic groups and States, 1954 to 1959

	Less than \$2,500	\$2,500 to \$4,999	\$5,000 to \$9,999	\$10,000 and over
Alabama.....	-67,287	-1,124	2,754	4,322
Arizona.....	-1,797	-201	-254	137
Arkansas.....	-47,608	-5,891	-1,866	5,042
California.....	-14,574	-5,357	-5,497	1,610
Colorado.....	-7,994	-2,545	-1,678	4,751
Connecticut.....	-3,081	-615	-644	-149
Delaware.....	-784	-360	-137	189
Florida.....	-11,305	-2,041	-755	1,522
Georgia.....	-57,853	-8,910	393	7,162
Idaho.....	-4,259	-2,108	-1,567	2,705
Illinois.....	-18,162	-5,897	-7,284	10,252
Indiana.....	-18,910	-4,180	-4,543	2,137
Iowa.....	-10,799	-10,281	-12,480	15,273
Kansas.....	-16,127	-6,836	-3,417	10,232
Kentucky.....	-49,184	-2,005	3,600	5,118
Louisiana.....	-32,608	-4,757	-944	1,452
Maine.....	-5,508	-1,245	-1,074	1,802
Maryland.....	-6,131	-1,494	-1,028	1,277
Massachusetts.....	-4,504	-712	-935	9
Michigan.....	-23,487	-5,826	-3,184	5,330
Minnesota.....	-16,675	-12,355	-2,465	11,809
Mississippi.....	-74,802	-8,251	1,163	4,090
Missouri.....	-44,260	-2,589	2,071	11,771
Montana.....	-3,200	-1,976	-1,200	2,227
Nebraska.....	-8,342	-9,189	-5,543	12,560
Nevada.....	-564	-49	-73	174
New Hampshire.....	-3,252	-637	-318	331
New Jersey.....	-4,239	-843	-1,533	-633
New Mexico.....	-5,329	-234	-409	838
New York.....	-16,671	-7,833	-5,695	6,905
North Carolina.....	-73,944	-18,810	5,952	9,500
North Dakota.....	-5,848	-7,896	453	6,244
Ohio.....	-27,110	-6,196	-5,723	2,251
Oklahoma.....	-29,775	-2,151	811	6,509
Oregon.....	-9,467	-1,734	-1,345	652
Pennsylvania.....	-24,751	-6,916	-3,470	6,276
Rhode Island.....	-706	-44	-36	231
South Carolina.....	-44,374	-7,612	2,690	3,287
South Dakota.....	-2,853	-5,060	-2,933	3,988
Tennessee.....	-60,026	4,172	5,426	4,735
Texas.....	-76,903	-5,403	-202	15,869
Utah.....	-4,996	-1,190	-282	1,115
Vermont.....	-2,880	-1,264	-1,093	1,521
Virginia.....	-42,985	-451	1,655	3,046
Washington.....	-12,911	-961	-632	922
West Virginia.....	-25,333	369	-201	581
Wisconsin.....	-18,365	-16,819	46	12,769
Wyoming.....	-1,604	-789	-565	1,312
United States.....	-1,044,037	-195,126	-53,991	211,053

The CHAIRMAN. If this bill were amended so as to require approval by the Congress of such programs as might be proposed before the programs are submitted to referendum of the farmers, would you then accept the provisions of the remaining provisions of the bill?

Mr. SHUMAN. No, sir.

Mr. Chairman, we have carefully considered this title I section.

We started in to say: "How can this be amended—how can it be changed?"

We came to the conclusion that the philosophy, the direction in which this is intended to go, is completely opposite to the policies that our members say we should follow, which is a very, very serious objection.

Even if this one were corrected, it would still leave the device to put Congress on the spot of the so-called farmer committee which would really be controlled by the administration, which would be out here building up the pressure and, I can just see the arguments being made, "Would you, a Member of Congress, go against a million corn-

growers, and 500,000 something else?" No, we cannot see any possibility of agreeing to this.

The CHAIRMAN. Do you believe that the ASC committees have been controlled by the Secretary of Agriculture in the past 8 years?

Mr. SHUMAN. The ASC committees are official representatives of the Department of Agriculture and are charged with the responsibility of the administration; and, therefore, they are, to that extent controlled by the Department of Agriculture.

The CHAIRMAN. Do you mean all of the ASC county committees that were appointed by Mr. Benson, for example?

Mr. SHUMAN. To the extent that they are administrators of the program, they are; yes, sir. I do not mean to say—

The CHAIRMAN. You say that all of these referendums we have had have been completely dominated by the Secretary of Agriculture—by Mr. Benson for 8 years?

Mr. SHUMAN. We were not talking, Mr. Chairman, about the referendums in this instance. We are talking about the ASC committees.

The CHAIRMAN. I understood you to contend that any referendum would be controlled by the employees of the Federal Government working under the direction of the Secretary.

Mr. SHUMAN. Well, as to the selection of the committees, I made this point and emphasized it—that the selection of the committees would be under the control of the Secretary and the nominees for the committees would be made from per diem employees of the Department of Agriculture folks who are in charge of the administration.

The CHAIRMAN. I do not follow you on that. We have precedent for this I think, in the Farm Credit Board. The members of that Board are selected from nominees submitted to the Secretary, are they not?

Mr. SHUMAN. I am not completely—I do not recall completely how the Farm Credit Board is composed.

The CHAIRMAN. I have not looked at the law for many years, but my recollection is that the Secretary makes the selection from a list.

Mr. SHUMAN. I think that is true.

The CHAIRMAN. Do you say that the county ASC committeemen are dominated from Washington? I may be wrong, but I thought they were selected by the farmers themselves, and they are representatives of the farmers, and not by the Secretary of Agriculture. Of course, I assume that they are responsible for the program.

Mr. SHUMAN. The point on the referendum is somewhat different. I was making the point—and I would still insist—that the control to the extent that they are administrators of the programs and are paid by the Government, the controlled influence is very strong from the Department of Agriculture to the ASC committeemen.

The referendum is a different proposition. I am not making the statement that the ASC committeemen will control the referendum. The nominations of advisory committees could be controlled and wiggle.

The CHAIRMAN. Where are they controlled?

Mr. SHUMAN. They would control the nominations of two-thirds of the appointees to this advisory committee.

The CHAIRMAN. How?

Mr. SHUMAN. Because they are in charge—they make two-thirds of the nominations.

The CHAIRMAN. The Secretary would make two-thirds of the nominations from a list of nominees provided, after the farmers have made their selection.

Mr. SHUMAN. No. I think that the bill provides, Mr. Chairman, that the Secretary shall make the appointment of all members of the committee. Two-thirds of the nominees to come from the ASC committees are to be made by the ASC committees—two-thirds of the nominees that he will appoint will be made by the ASC committees. I did not say it right yet. Two-thirds of the members of the committee appointed by the Secretary will be appointed by him from nominees made by the ASC committees.

Maybe the best way is to read this right here:

The Secretary shall provide for the election of nominees, from which he shall appoint at least two-thirds of the members and alternate members of any such committee.

And then in another part of the same section it provides that these nominees will be elected by, or selected—and nominated it is, by the ASC committeemen.

The CHAIRMAN. But the ASC committeemen are elected by the farmers.

Mr. SHUMAN. The county committeemen are, the State committeemen, are not. That is pretty well evidenced by what is going on over the United States right now.

The CHAIRMAN. I agree with you as to the State committees, that they are appointed by the Secretary. I see some reason for your opposition to the wheat section in this bill, because the wheat section does provide that the Secretary shall select his own committee—set up his own program, and not submit it to use for review. Many members of this committee have pointed that out. But suppose that we can change that and provide to put other machinery in here that the farmers should work together, and with the Department of Agriculture, and then bring us that program for approval or disapproval, with the right to amend or to change or modify—would that not be all right?

Mr. SHUMAN. No; I think that the approach of a semi-Government authorized committee, a so-called farmers committee of a separate commodity operating entirely without reference to any influence from any other commodity committees, and the buildup of this tremendous pressure on the Congress of the United States and the requirement that the Congress has to veto it in a certain period of time is a completely wrong and dangerous principle.

The CHAIRMAN. You did not understand. I did not use the word "veto." I said formulate a program and to present it to us, and let us work on it here in the committee room. I realize that you agree with the present methods provided whereby your organization and all other farm organizations and all consumers and all of the distributors, can come into this room and be heard.

I can see how anyone would hesitate to give up that right, because if you would give it up fully we might as well fold up and go out that door and go out of business.

I do not think that Congress will do that. I cannot see any objection to providing machinery that would enable the farmers to accept some responsibility and to have some authority in the drafting of programs which they will themselves initiate and submit to us.

Let me point out that under the present procedure we hear your views, we hear the views of the Grange, we hear the view of the co-ops, we hear reviews of the Farmers Union, we hear the views of individuals—we hear the views of everybody—and then we have to initiate the program. On the other hand some programs are now initiated in the Department of Agriculture as you know, and are transferred by communication to the Speaker of the House and to the Vice President of the Senate and, finally, they come to us, and to the Senate Agriculture Committee.

But, from your statement, we would not even give the farmer statutory status so that he could have something to do with this, because of your fear of the Federal influence—this pressure business that you talk about.

I have been on this committee for more than a quarter of a century, and I can truly say that no ASC committeeman has ever attempted to put any pressure on me at all in connection with any legislation.

I do not even recall that they have brought me any recommendations. They go about it in a way that the folks want it, and there is no pressure.

Right today, on my desk, I have a stack of letters that high [indicating]. And you know that I know that every one of them was inspired by somebody. I am not going to say who inspired them, because I do not know the names but they are all against H.R. 6400. That does not frighten me, and it does not frighten Members of Congress. We have been here long enough to evaluate things of that kind.

I dislike to see you condemn this whole bill. I thought that maybe we could amend the wheat section, that the Secretary would work with the committees and bring the proposition to the Congress—that you would accept that. That is exactly what you have done in the past.

The only thing is that there is nothing in the law that requires that.

Mr. Benson had more commissions and committees, I assume, than any other Secretary of Agriculture and nobody ever fussed about that. None of us knew who the members of the committees were. I am asking now for a list of the number of commissions and committees that he had.

He brought us programs. They came through the Speaker. You criticized this, however, because Dr. Cochrane had something to do with it and said something back in 1959. I do not care what Dr. Cochrane said in 1949 or 1959 or at any other time. You call it the Cochrane-Freeman omnibus bill.

Mr. SHORT. Omnibus?

The CHAIRMAN. The omnibus bill.

Mr. SHUMAN. I am sorry if I mispronounced the word "omnibus."

The CHAIRMAN. I do not think that the bill contemplates a control program of all the agricultural commodities of the country. I do not think that Congress did a lot of things that you seem to stand in fear of.

You mentioned the fact that certain commodities have prospered—some programs have worked well. You know that some of the programs have worked well. Some of the controlled programs have worked well. Some of the American orders have worked well.

You mentioned cotton. My recollection is that the subsidy on cotton, rather than lowering the price, increased the rate to 6 cents a pound.

Mr. SHUMAN. I beg your pardon?

The CHAIRMAN. You said the export subsidy rate has been reduced. It increased, did it not—the subsidy rate has been increased and acreage allotments have been increased. The subsidy now amounts to about \$42.50 a bale.

Mr. SHUMAN. I think that administrative action by the Secretary did decrease the exports subsidy lately. I have not the dates in mind exactly, but they have increased it lately—since Secretary Freeman came in. Before that it had been reduced under the 1958 act.

The CHAIRMAN. They increased it, did they not?

Mr. GATHINGS. Yes.

Mr. SHUMAN. When they raised the support rate—at that time?

Mr. GATHINGS. That increased it.

Mr. SHUMAN. These are administrative actions.

Mr. CHAIRMAN. You mentioned corn. You know why corn has disappeared, because of the exports that have been subsidized. Our losses on corn, for the corn program, have been gigantic. That is not a normal disappearance. That is because we have been using the taxpayers' dollars to subsidize the export of corn.

You speak of the freedom of agriculture. You know that we could not have complete freedom of agriculture, do you not?

Mr. SHUMAN. We are not advocating complete freedom. Our program would not be complete freedom.

The CHAIRMAN. Well, take fruit and vegetables—the producers of fruits and vegetables would, probably, be in trouble but for this legislative machinery that the Congress provided.

Mr. SHUMAN. We are for the marketing order and agreement program. One of our concerns with this proposal is that it could, and probably would, destroy the present fairly successful marketing orders and agreements program.

The CHAIRMAN. Briefly, are you in favor of extending the Wool Act?

Mr. SHUMAN. For 2 years—we favor a 2-year extension.

The CHAIRMAN. How about Public Law 480?

Mr. SHUMAN. We are for extension.

The CHAIRMAN. How about the milk purchasing program?

Mr. SHUMAN. We have already testified in favor of that.

The CHAIRMAN. You are in favor of that?

Mr. SHUMAN. Yes.

The CHAIRMAN. The main thing that you object to is title I?

Mr. SHUMAN. Title I is what all of this discussion and presentation here is about. We will be glad to make any comments that we have on other titles at the appropriate time, but title I is what concerns us the most.

The CHAIRMAN. That is the one that concerns the committee. I do not suppose that you approve of it?

Mr. SHUMAN. No, sir; might I answer some of the other points that you made, Mr. Chairman.

There is the matter of corn disappearance. Only a very small part of this increase in the disappearance is due to the exports subsidies. It is due to increased feeding in this country.

On this matter of the establishment of committees and commissions by this or previous administrations, we have consistently opposed this approach, because we see nothing wrong with the procedure that is now existing of our and other organizations having the right to come to the Congress, and to this committee, to make recommendations, and to ask for action. We see no reason whatsoever to set up another fifth wheel which would be contrary to and overlapping with and in conflict with the existing channels that we have for individuals and organizations to come to this committee.

Insofar as the matter of some amendment taking care of this, I do not see how you can amend it in a way to meet the objections we have and to leave anything in title I—there is just nothing left.

The CHAIRMAN. Let me say this before I yield. I think that a great deal could be accomplished if we provided the machinery which authorized the farmers to participate in the dropping of their programs.

Right now, here in Washington, representatives of the sugar industry of America are en route to San Juan, and will be meeting there day after day, trying to reconcile their differences and to present a united front to this committee. They did that on the last extension bill—the bill extending the sugar program. I think that it would be a constructive thing for you to do, and then to come here, after you have all conferred and try to reconcile your differences.

I tried my best to say to you and all of the farm organizations to do that. If you can, agree on everything and nail it down, and to bring us the few disagreements—as few as possible—and with that we would make headway.

Mr. SHUMAN. I beg your pardon, we do just that with the other farm organizations. We do reconcile many differences before we come here. In fact, the whole process of farm organization procedure is reconciliation of differences between commodities and areas. It still leaves some differences. I do not think that the purpose of freedom of organization and freedom of individuals to come to this committee and the Congress is the whole purpose of organization.

Why do we need a Government agency to supplant what we already have that is working well?

The CHAIRMAN. We have not passed a tobacco bill on the floor of the House in 15 years which was not passed by unanimous consent, because all of the people in the business got together and agreed on a program before they ever came into this room.

Mr. SHUMAN. And we have been a party to it and we have come right in here. There have been times when we could not get together on some details.

The CHAIRMAN. I wish that you could do that on wheat and feed grains, and I would be very happy. I do not know what we are going to do there.

Mr. Hoeven?

Mr. HOEVEN. I want to compliment you on a very fine statement. It is most comprehensive. I think it is one of the best statements you have ever made before this committee.

Mr. SHUMAN. Thank you, sir.

Mr. HOEVEN. You have called attention to the many objections to title I of the bill. I have tried to express the same sentiments at these hearings but you have said the same thing in language much better than I have been able to do.

Mr. SHUMAN. Thank you.

Mr. HOEVEN. You have pointed out what should basically be the American viewpoint on this type of legislation, regardless of party affiliation and regardless of membership in farm organizations. This is a matter that concerns me, and all people who believe in the Constitution and the separation of powers.

I have been deeply concerned about the delegation of legislative authority to the executive branch of Government in this bill. This is completely out of tune with what our Founding Fathers intended it to be.

Under the provisions of the Constitution, the executive branch of the Government, through the President, has the right to veto or approve legislation.

Under title I of the bill we are completely reversing this process. The executive branch of the Government, through the Secretary of Agriculture—and he cannot do anything without the approval of the President—submits the legislative program to the Congress on a take-it-or-leave-it basis without the Congress being given the right to amend or to change the particular proposal before it is submitted to a referendum.

Mr. SHUMAN. That is our interpretation.

Mr. HOEVEN. In my judgment such procedure is unconstitutional. And I think every American, whether he is a farmer or not, should fully understand what is contemplated. There are some features of the bill which are not too controversial, but title I is most objectionable.

It is quite apparent that the primary purpose of this omnibus bill is to sweeten it up so as to get the most votes they can for the bill.

The basic objection is the delegation of the legislative authority to the executive branch of the Government. In my judgment the advisory committees would be completely controlled by the Secretary of Agriculture who would not be bound by any recommendations made by the advisory committees.

If we could work out a democratic—spelled with a small “D”—method whereby the farmers at the grassroots, regardless of political affiliation, regardless of whether or not they belonged to any particular farm organization, could get together and talk over their problems and formulate a program affecting their particular commodity and then have it submitted to the Committee on Agriculture for study and review we might be getting somewhere.

I am thinking of a procedure similar to the political setup at the precinct and township levels where farmers, for instance, concerned with the feed grains problem, could get together. The meeting need not necessarily be called by an official of the Government, but by the farmers themselves. They could try to iron out their differences and then come up with some agreement. Thereafter, the proposal could be submitted to a county meeting of some kind, on the plan of a county convention. There, delegates could be chosen to a State meet-

ing, and the recommendations then relayed to the Committee on Agriculture.

Mr. SHUMAN. Mr. Hoeven, that is exactly the way we do it now. I do not think that there is any legislation needed and if there was, and the approach was made to establish by law some such process, I would raise the question as to whether any other segment of the economy would stand still for that to be done in conflict with existing organizations. Labor would not stand for it, neither would business. I do not think that we in agriculture want the Government to set up any such a fifth wheel.

Mr. HOEVEN. I am not suggesting that for 1 minute. I simply want the expressions of farmers themselves concerned with a particular commodity problem. Some of them may be members of the Farm Bureau Federation, some may be members of the Farmer's Union or other organizations.

This may be an idealistic proposal but it strikes me that if we are going to have advisory committees maybe something along this line could be worked out.

My experience with advisory committees in general is that much too often they are called to Washington and told what has already been agreed upon by the Department.

Mr. SHUMAN. We agree, because we have been opposed to the advisory committee type of set up, both in Democratic and Republican administrations alike.

Mr. HOEVEN. If we are going to work through advisory committees in agriculture why cannot it also apply to every other segment of our economy? Why cannot labor groups then also, writes their own legislation? And let the business people get together and submit their program for business. Or let the railroads get together and submit their program for the railroads.

My point is that if such procedure is good for one segment of our economy it is good for another. If such procedure is carried out to its logical conclusion the Congress might as well button up and go home.

I yield to the gentleman from Oklahoma.

Mr. ALBERT. Do you think it is the function of the Congress to let farmers or laborers or anybody else through that means or any other means write legislation? We represent the whole country, not one commodity or one group or any one segment.

Mr. HOEVEN. What I am saying—

Mr. ALBERT. You are going much farther if you try to set up some system under which meetings would be held all over the United States and come here with a program, than this bill goes.

Mr. HOEVEN. What I am saying may be an idealistic approach, and it may be undesirable but it is at least worth mentioning.

Mr. BELCHER. Will you yield?

Mr. HOEVEN. Yes.

Mr. BELCHER. Apparently, the greatest incentive for this type of bill would be to give every farmer an opportunity to be heard in the formulation of a farm program by representatives selected from the farm groups. Every farmer in America is represented in the Congress of the United States. But not every farmer would have an opportunity to vote against that advisory committee.

There is not a farmer in America today who does not have a Representative in the U.S. Congress to whom he can make his voice heard.

Every farmer in America—every section of the country—is represented right here on this committee. He and every organization—every farm organization of America—every individual farmer, large or small—can write a letter or telephone to the members of this committee and make his voice heard.

Why could he do any better by trying to have an advisory committee selected by one man in the U.S. Government where he would not have the opportunity to vote against that particular advisory committee or a member of the advisory committee?

Today if I do not represent the farmers in my district, I will, probably, not be around here very long. And the advisory committee will be here as long as the Secretary of Agriculture is willing to pay the \$50-a-day expenses.

Mr. SHUMAN. I think, as a representative of a farm organization, I have to make the point that we are against governmental process in this area as outlined in H.R. 6400. What we think is already being done through our existing organizations. We think there is a pretty good opportunity for this committee and Congress to test and know the will of the people. And the Congress is the place to resolve these differences between farmers and the different kinds of farmers, and between farmers and other groups in the economy.

Mr. HOEVEN. Mr. Shuman, I agree with what you say wholeheartedly, and what Mr. Belcher has also said. I approve of the present system, and only offer my suggestion if we are going to follow the advisory committee route.

Mr. SHUMAN. We are just against this type of change.

Mr. HOEVEN. Mr. Shuman, do you see any necessity of including crops that are not in surplus at the present time?

Mr. SHUMAN. No, we are opposed to moving toward greater governmental controls for more crops, because there is no evidence that the ones that have had the price-fixing controls schemes applied to them are any better in situation than the ones that have not. In fact, the evidence is on the other side.

Approximately 80 percent of the farm production that is not under the Government control schemes is in better shape, so far as the surplus situation and so far as the income to the farmer is concerned than 22 to 24 percent under Government control programs. Therefore, on the basis of the evidence we are opposed to further extension of controls.

Mr. HOEVEN. We are struggling with the problem of agricultural surpluses at the present time, let alone including crops which are not in surplus.

The way this bill is written, we would give the Secretary of Agriculture almost complete control of all phases of agricultural legislation.

Mr. SHUMAN. This legislation, in my judgment would make the Secretary of Agriculture of the United States the most powerful agricultural man outside of the Iron Curtain, in respect to the ability to control and dictate to the farmers.

Mr. HOEVEN. I agree with you completely. The bill would apply to some 256 agricultural commodities.

So far as the expenditures are concerned, Mr. Shuman, can you even guess or suggest how much such a program might cost?

Mr. SHUMAN. Well, it would be only a guess, and I can explain how I would arrive at the conclusion. The present program, which covers about 22 to 24 percent of agricultural production costs somewhere between \$3 billion and \$4 billion. You can argue about the exact amount. That is annually. If you are going to include 100 percent of all commodities you could take four or five times that much. And so my estimate is that this program, if applied as indicated here, would cost from \$15 to \$20 billion each year.

Mr. HOEVEN. I am glad that we have the benefit of your views. I did not dare to even suggest a cost figure. I said the cost would be astronomical.

Mr. SHUMAN. I think that this estimate is conservative. That is, if there are no further limitations put on than there are at the present time. If much of this expenditure could be made without referring back to Congress for appropriations.

Mr. HOEVEN. That is right. Of course, I regret there is nothing in this bill, which would extend the present soil bank or land retirement program. I think that the present retirement of acres or the soil bank program is not continued at all and there is no reference to the present payment and kind program. This is now left discretionary with the Secretary if a formal plan is presented.

Just one more question. Those of us from the corn belt, are vitally concerned about the provision in this bill as it relates to the 1962 wheat program. From the information I have received the wheat program for 1962 has already been determined and that we will be confronted with a so-called two price system for wheat. You know as well as I do that such a program would be very detrimental to the corn producing area of the country.

Do you care to comment on that?

Mr. SHUMAN. Yes, Mr. Hoeven. The proposal that is being considered most seriously is not a two price system, but a three price system, really.

It is a certificate plant whereby the proportion of the wheat crop that was used for human consumption would receive one price and a higher price, of course, in effect taxing the consumers to subsidize the dumping of the remainder of the wheat crop. It would certainly be a big remainder—with the incentive of increased price supports. The remainder of the crop would be dumped on the feed markets at one price and into the export market at a third price.

We are very strongly opposed to this method of destroying one group of farmers' markets with a program designed to help another.

As far as this whole approach of letting the Secretary determine the program for wheat for 1962, we do not think it is necessary.

In reference to your comment on the soil bank, our alternate bill that we suggest, the Farm Bureau cropland adjustment bill does provide for sizable acreage retirements, and it attacks the major problem in agriculture which is feed grains and wheat directly, and requires that these folks who are going to get price supports contribute to the reduction by retiring acres. None of that is in this bill. And it could be adopted by this Congress and put into effect for the crop of 1962 without any question.

Mr. JONES of Missouri. Will you yield to me to make a comment on one statement that you made that there was no provision here for soil bank?

Mr. HOEVEN. Yes.

Mr. JONES of Missouri. I would just like to direct your attention to the bottom of page 37 of the bill, section 603(a), where it says that:

The Secretary is authorized to support prices through commodity loans, commodity purchases, compensatory payments, diversion payments, incentive payments, and any other operation which he deems appropriate.

And then there is a specific statement that the Secretary can authorize payments in kind.

Mr. HOEVEN. Perhaps, I should have been more specific. I was referring to the specific soil bank proposal presented by the Farm Bureau and the land retirement program of the feed grain bill recently passed by the Congress.

You know my interest in payment-in-kind provisions. I was referring to the soil bank and payments in kind in a general way. I regret we cannot carry on the present soil bank program. The bill only permits the Secretary the authority to inaugurate a soil bank and payment-in-kind program and it does away with the present programs.

Mr. JONES of Missouri. He has all of the authority to continue it, in other words, or even to adopt it if the advisory committee suggests it, the thing that you have in mind, or the thing that the Farm Bureau has in mind.

Mr. HOEVEN. I am not sure that the Secretary of Agriculture would be in favor of such programs if they were left entirely to his discretion.

Mr. JONES of Missouri. I mean that this bill would not restrict him in approving such a program.

Mr. HOEVEN. That is right, but I doubt that he would approve such a program.

Mr. HARVEY. Will you yield, to correct a misapprehension that might have been left in the discussion awhile ago concerning the disappearance of corn?

Mr. HOEVEN. Yes.

Mr. HARVEY. The statement was made that the increase in production of corn which has now been running about 4 billion bushels a year, and is an increase of almost a billion bushels over 10 years ago. The statement was made that this increase had disappeared and that the disappearance was due to a very expensive subsidy-export program. The record shows that that is not true. For 1959 and 1960 the total net export was 228 million bushels, which is about 100 million bushels increase over what we did 10 years ago. So in essence we are exporting about 100 million bushels more than we did 10 years ago. And that would only account for about one-tenth or 10 percent of the disappearance that is now in process.

I wanted to get that on the record.

Mr. SHUMAN. Thank you. I did not have the exact figures.

Mr. POAGE. If you will yield, I would like to discuss one more item which I think we should have before us.

I notice Mr. Shuman, on page 5, that you stated:

The power to make direct payments is the power to destroy the market system by encouraging excessive production and driving prices far below the level that would prevail in the absence of a program.

The payment approach also would convert support prices into ceilings prices and spread controls to new areas.

We do not have many examples about this, of course, but we do have one with which I am somewhat familiar. That is in regard to mohair which for some years has sold well above the support prices. There have not been any payments on mohair, because the price of it has gone right up above the direct-payments support price. This seems to me to refute specifically the argument which you are replying on. I am right, am I not, about mohair?

Mr. SHUMAN. Yes. There is no question but what that is true about some commodities that we produce in deficit.

Mr. POAGE. This is not a deficit.

Mr. SHUMAN. Wool is.

Mr. POAGE. Wool is, but have we not been exporting mohair?

Mr. SHUMAN. I do not know what the export situation is in mohair.

Mr. POAGE. The price of wool has gone down, while the price of mohair has gone up.

There isn't any question about that. That I know. The two hairs are not interchangeable. The price of mohair went up, up, up, while the price of wool went down, down, down. Both were and are supported by direct payments.

I do not know what we have been exporting the last 2 or 3 years but I know that in times past we have exported substantial amounts of mohair. We have sought exports. I do not know the exact amount of exports and the imports for the last 2 or 3 years. If you do, I will be glad to have it. I just do not know.

It seems to me that the fact that mohair has sold well above the payment level refutes the statement that the power to make direct payments would be the power to destroy the market system by encouraging excessive production and driving prices far below the level that would prevail in the absence of a program. It just did not happen that way. It happens in some commodities that the price may well go below the payment. But, obviously, there would not be any necessity of payment where it goes above.

Mr. SHUMAN. Mr. Poage, it is the exception that always proves the rule, there is no question. There is no question but what a deficit-produced commodity or a specialized-use commodity is an exception, but for the commodities that are produced in surplus—exportable surplus—in large quantities, there can be no question but what the power to make these payments will result in and can result, let us say, could result in the destruction of the marketing system.

Mr. POAGE. From the standpoint of direct payments, by and large this bill provides no direct payments, except where the program has been approved by two-thirds of the group.

Mr. SHUMAN. That is the whole character of this deal—to set up a rigged committee and a rigged referendum approach to put Congress on the spot where they have to veto it.

Mr. POAGE. Of course, I think that statement as to a "rigged" referendum was prepared by your publicity department some weeks ago, because, obviously, the provisions for a referendum, "rigged" or otherwise, before congressional action is not and never has been in this bill.

It is true that your publicity department unquestionably got the report from somebody to that effect, because Mr. Cooley and I got reports to that effect.

Mr. Cooley introduced this bill, not Mr. Cochrane. The chairman of this committee introduced this bill. It does not provide for either rigging or referendums or anything else to take place before the Congress acts.

It provides that the Congress should act before we can have any referendum. It provides for the same kind of referendum we have been using in the past.

I really do not believe that Mr. Benson or any of his predecessors rigged any of these referendums and I am very sorry that you believe that just because we have a Secretary who is new that there is going to be any rigging.

I do not believe or think we have ever had any rigged referendums.

Mr. SHUMAN. I am sure that I did not make the "rigged" reference to the Secretary of Agriculture.

Mr. POAGE. You made it to the referendum.

Mr. SHUMAN. To a rigged referendum. That is exactly what the wheat referendum is today. It is rigged so that there are two alternatives, and there is no possibility of a farmer who studies these alternatives of voting any other way except for the wheat program. They are rigged.

They are not rigged by the Secretary of Agriculture. They have been that way ever since the act was adopted.

Mr. POAGE. You mean they are not fair?

Mr. SHUMAN. That is right.

Mr. POAGE. And that they do not give a fair opportunity to express differing views?

Mr. SHUMAN. There are two alternatives, both of which are bad.

Mr. POAGE. Then you really do not think any Secretary has rigged them? You do know how long I worked over the years to try to get a referendum that would give the farmers an opportunity to express a choice between the viewpoint that I held and the viewpoint that you held. You recall that, do you not?

Mr. SHUMAN. I remember that there was some discussion about that.

Mr. POAGE. You know that I for a long time tried to get a clear statement of your views. Mr. Lynn will remember that I tried to find out what your views were on wheat. We tried to have you give us an accurate expression of what the Farm Bureau's viewpoint was that we might submit it to the people exactly as you proposed them.

I am stating the truth, am I not?

Mr. LYNN. We finally gave it to you, did we not?

Mr. POAGE. You finally gave it to us after several weeks of effort and we tried hard to submit your plan verbatim to the producers and let them accept these Farm Bureau proposals or to accept the other viewpoint, which I grant is completely contrary to your viewpoint. I wanted a clear contrast to be submitted to the farmers. My recollection may be bad, but my recollection is quite distinct that you came in and bitterly opposed such a clear-cut choice on the part of farmers, you actively opposed any opportunity for the farmer to vote for your

program as against the program which this committee favored. You did not want the farmers to have that choice.

Mr. SHUMAN. We do not believe that the Congress of the United States should abdicate its responsibilities to adopt legislation. And when you submit to a referendum of farmers or of laboring people or of business people or of anybody else, you abdicate a very essential responsibility on legislation. We are opposed to it in principle, whether it is under this bill or any other bill.

Mr. POAGE. But we have referendums. Your organization did support legislation that involved the referendum which you say, I think correctly, does not give an opportunity to show the extreme views on either side. But when we sought to cure that defect of the referendum and to make our referendums really expressive of contrasting viewpoints you opposed.

Mr. SHUMAN. As I recall, we testified against the use of referendums several times. I recall different proposals being made. We did support the use of the corn referendums despite the fact that we recognized in principle it is wrong, but it is used as a device to give corn farmers an opportunity to get rid of the program which they did not want any more. And so this history, of course, is one of various proposals.

The CHAIRMAN. Do I understand you to say that you and your organization are opposed to farmer referendums?

Mr. SHUMAN. We are not specifically opposed to farmer referendums. You have to have a term as to reference to say whether or not we were going to be for a certain referendum. No, we are not opposed to referendums of farmers, but we are opposed to the kind of referendums which, in effect, transfer responsibility of legislation to groups.

The CHAIRMAN. I thought that you indicated to Mr. Poage that you think that Congress should not permit any referendum to be conducted.

Mr. SHUMAN. No, I do not think—I certainly did not intend to say that we were opposed to any referendum. We have supported the tobacco legislation which has a referendum in it.

The CHAIRMAN. And peanut legislation and cotton legislation?

Mr. SHUMAN. We have supported that.

The CHAIRMAN. And the rice legislation?

Mr. SHUMAN. We have supported many bills that had that.

The CHAIRMAN. I thought that the selection and the determination had been appropriately made and that they had not been rigged. I have never heard anybody suggest anything wrong with the way they had been conducted.

Mr. SHUMAN. I made the reference to the rigged in this bill and, also, to the wheat referendum—that is all. I did not refer to the others.

The CHAIRMAN. All right.

Mr. POAGE. Mr. Freeman—Mr. Shuman—

Mr. SHUMAN. Thank you, I consider it a compliment. He is a very fine gentleman and I am glad to have the opportunity to say that at this time.

Mr. POAGE. I am sure that I may be pardoned for confusing two great leaders.

Mr. SHUMAN. Thank you.

Mr. POAGE. Mr. Shuman, I understood you to say that you did not approve a referendum of the type conducted for the wheatgrowers which is to either accept this present limitation on supports or to get no program at all. That is exactly the same kind of referendum that we have in cotton, is it not—almost in identical words?

Mr. SHUMAN. I'm not sure—I am not exactly familiar with the cotton referendum, because we have not had this one under discussion. We have had the wheat referendum under discussion.

Mr. POAGE. You supported the referendum for tobacco. What is the difference between that and the wheat referendum?

Mr. SHUMAN. We supported the tobacco legislation. We have never had it under discussion.

Mr. POAGE. You supported the referendum for tobacco—you said so to Mr. Cooley.

Mr. SHUMAN. It is in the legislation. It is one and the same thing. We supported legislation which included the referendum.

Mr. POAGE. And are not the tobacco referendum and the peanut referendum and the cotton referendum all basically the same type of referendum as the wheat referendum is?

Mr. SHUMAN. The major issue is not whether or not there is a referendum included. The major issue is whether or not this legislation is a trap that folks cannot get out of if they want to.

Mr. POAGE. That was not the point I was making. I was discussing your statement that referendums were rigged. I thought you meant that somebody was going to try to control the results. You said that was not your meaning.

Mr. SHUMAN. It was rigged by the legislation.

Mr. POAGE. I accepted your explanation. And you then said that you did not feel that it was responsive—that it did not give the producer an adequate opportunity to express himself. I accepted your viewpoint there. I think that there may be some merit to it.

I would like to broaden these referendums. However, when you said that the wheat referendum was rigged by legislative enactment, and then you said that you favored the tobacco, cotton, and peanut referendums, what I do not understand is what the difference is between them—between the tobacco and the wheat referendums.

Mr. SHUMAN. There is one very significant difference—the 15-acre exemption in wheat prevents literally hundreds of thousands of wheatgrowers from voting in the referendum at all.

Mr. POAGE. That is not due to the referendum.

Mr. SHUMAN. It prevents them from voting—they are not eligible for voting.

Mr. POAGE. They are not subject to the limitations either.

Mr. SHUMAN. This is the whole point—it keeps them out of the election—out of the referendum.

Mr. POAGE. They are not affected by the election—they are not limited by it. It cannot cut their production.

Mr. SHUMAN. Well, this is our point on these referendums. In here one of the major points is that the Secretary has the right to establish minimums and to exempt certain producers who are not eligible to vote.

Mr. POAGE. You move me along a little faster than I want to go. [Laughter.]

I think Mr. Shuman is trying to get me off on another road, not one that I was talking about at all.

The CHAIRMAN. Maybe it is "rigged." [Laughter.]

Mr. SHUMAN. I think they were "rigged" when they were passed.

Mr. POAGE. I just want to ask Mr. McLain, is there anything wrong with the administration of the referendum idea—he administered it honestly, I think. If there was anything wrong with the referendum, it was the basic idea and not the administration of it; was it not?

Mr. McLAIN. Yes.

Mr. ALBERT. I think that we have got to keep straight here what we are talking about. I do not think that anybody was dishonest in any referendum, but I do think that you can have difficulty in this matter of the referendum if the Secretary has too much authority in determining who is eligible to vote.

Mr. SHUMAN. That is it.

Mr. ALBERT. I brought out yesterday that I am not sure our guidelines are tight enough in this bill. If I could pick out who is to vote in my district in Oklahoma, I could always be reelected.

We should address ourselves to this subject. Can we improve this bill?

Can Congress tighten the guidelines so that the Secretary will not be able to say, "Well, I will step eligibility up to 20-acre growers, hoping that when I get it there it will cause them to vote one way or cut them down to 3 acres, et cetera, which might cause them to act another way"?

Can we tighten these guidelines to the point where there cannot be any opportunity to rig a referendum?

It seems to me that is the question—not whether anybody has been dishonest or not.

Mr. SHUMAN. Exactly.

Mr. POAGE. Do you think we can or do you think we cannot; the things Mr. Albert suggests?

Mr. SHUMAN. Mr. Poage, I do not think we can. I do not think it is possible to provide this kind of a tool that somebody will not figure a way to influence it.

And we, in supporting the corn referendum, coming out with a voting choice, the wheat referendum, certainly with a choice, and it may be likewise in cotton and tobacco—we have not made any study of these—therefore, I am not going to pass judgment on whether they are or not.

Mr. POAGE. Does that not come back to what the chairman asked a minute ago—does it not give the contrary answer, that you do not favor any of these referendums—you do not like the idea of holding these referendums?

Mr. SHUMAN. I am not going to say that in principle a referendum is wrong. I am just saying that the referendums proposed here, in the wheat program, are loaded choices. And it is very probable—I do not believe there is any possibility of developing a choice of this kind that would not be loaded, but to say that we are against referendums—

Mr. POAGE. How about the proposition that I proposed 4 years ago, on feed grains, whereby it would be submitted to the farmers,

as you remember we wrote that out, using the exact words the Farm Bureau supplied—what was loaded about that?

Mr. SHUMAN. I am not saying that it was. I do not recall the details of that discussion, but I would say this, that on a legislative matter that this is—

Mr. POAGE. You do recall that the basic issue was simply one of the level of support; do you not? We wanted high support with strict controls—and you were for low support with no controls—that was the issue; was it not?

Mr. SHUMAN. I believe so. I do not recall the details. You remember them better than I do I am sure, and I am sure that you are right.

Mr. POAGE. What was loaded about giving the farmers a choice between high supports and strict controls on one hand and low supports and no controls on the other hand? We have talked about these things for a good many years. You come in and say that the farmers all want the low supports and no controls.

And I make statements that I think the farmers want exactly the contrary. And I think we both believe in what we say. Neither one of us have ever had a chance to see the farmers vote on it, Mr. Shuman. What is wrong about letting these farmers vote?

Mr. SHUMAN. Well, Mr. Poage, there is nothing rigged or wrong, particularly, in this question as you stated. However, these things that are faulty in this kind of a choice referendum is that there are more than two alternatives. There are many alternatives. It is not right to submit two alternatives. There are many alternatives. It is not right to submit two alternatives to farmers when many of them say, "I do not like either one of them."

The only way to solve this problem is through the free operation of individuals and their voluntary organizations that have access to this Congress, and then the Congress debating it. They are the ones, they decide. We are for the Congress of the United States having continued to have this authority with not being unduly coerced or influenced or pressured by any kind of a referendum device which can be, let us say not necessarily always is—can be rigged or loaded.

Mr. GATHINGS. Will you yield so I may ask a question?

Mr. POAGE. I yield.

Mr. GATHINGS. I just want to make a comment about this question whether you want high supports, that is, whether high supports and controls are desired, or low price supports and no controls. I asked that very question of my constituents, several thousand of my constituents in Arkansas. About 25 percent of those who received the questionnaire replied. Fifty percent said that they favored the approach of Secretary Freeman. I asked the question, "Would you favor Secretary Freeman's philosophy of high supports and keeping supply in line with demand or not?" And 50 percent favored the Freeman approach. And 44 to 45 percent of them opposed it, as I recall.

Mr. POAGE. That proves the point of letting farmers decide for themselves.

Mr. SHUMAN. That proves the very fact that only 25 percent replied, is that not right?

Mr. GATHINGS. Twenty five percent of the total replied, yes.

Mr. SHUMAN. What did the 75 percent say—why did they not reply? Some of them did not reply because of carelessness, but, probably, a great many in the 75 percent did not agree with either proposal.

Mr. GATHINGS. There was a fair sample of opinion?

Mr. SHUMAN. It is only a sample between two proposals.

Mr. POAGE. We do not submit to the people all of the names of those who might wish to contest for an office. I think in a democracy you have to limit it, so that there can be a choice between basic ideas.

What we have tried to do was to give the farmers a choice between basic ideas, and unhappily, you were against giving the farmers a choice of basic ideas. I know that Mr. McLain, when in the Department, could not submit to farmers any basic ideas other than those that Congress authorized. We tried to give a choice between basic ideas but we were met by the uncompromising opposition of the American Farm Bureau.

If farmers could come out and vote like you think they would, and I do not question you believe that, if they could come out and vote like you think they believe, then Congress would have a mandate to follow your policy.

I said at the time we were trying to get your support of a meaningful choice by farmers that if such a referendum showed that the farmers favored your policy, I would support it, but you did not agree to do so—you were not willing to let the farmers vote on a clear-cut choice. That is the thing that I cannot understand, your plea for democracy, and at the same time your unwillingness to let the farmers have a meaningful choice.

I agree with you that we have restricted the choices often times, so that they have not been very meaningful. Why do we not open it up and have a meaningful choice?

Mr. SHUMAN. Simply because, Mr. Poage, there is no conceivable way that you can. For instance, on the feed grains proposal, would you let all of the livestock and poultry producers vote in the referendum on feed grains? Would you let them vote in the wheat proposal?

Mr. POAGE. Yes, we would let them all vote. That is what we proposed at that time, to let any man who is growing corn or feed grains. I believe that is what you refer to?

Mr. SHUMAN. I am talking about the feeders—would you let the feeders vote who do not raise corn?

Mr. POAGE. No.

Mr. SHUMAN. Why not? They are affected by the decision.

Mr. POAGE. I know they are. Of course, the people in Canada are affected by what we do here in the United States, but we do not let them vote.

Mr. SHUMAN. Feeders are American citizens.

Mr. POAGE. But they are not feed producers.

Mr. SHUMAN. It is just as important to the people who are feed producers what the price of feed is as to the fellow who raises it.

Mr. JONES of Missouri. Will you yield?

Mr. POAGE. Yes.

Mr. JONES of Missouri. In other words, would you say that everybody who eats bread should be entitled to vote in the wheat referendum?

Mr. SHUMAN. If it is decided by the Congress, he has his opportunity to make his wishes known to the Congress. We do not believe that this referendum procedure is a proper procedure, because it does exempt all of these thousands of people.

Mr. POAGE. I have just one more question. In view of that statement, do you want to stand by your statement, Mr. Shuman, that you gave Mr. Cooley that it was desirable to have referendums on tobacco, peanuts, cotton, and whatever other commodities you mentioned?

Mr. SHUMAN. Rice is another one. We supported these bills. We did not have an issue, either in our organization or in the Congress, and to the referendums. I have no idea what our decision would be on the referendums involved.

Mr. POAGE. Your statement just now was that there was no way of having a meaningful referendum, and that the Congress has no right to give the producers the right to make decisions as to what program they would have.

Mr. SHUMAN. I think, in general, this is a fair appraisal of the referendum route, in general, but that does not mean to say that because we do not think very much of the referendum route that we are going to oppose its inclusion in any bill.

Mr. POAGE. But you do not think that the referendum idea is a sound idea.

Mr. SHUMAN. Referendum idea is a sound idea, the general idea of referendum is sound. We use them in bond issues. We use them in many things. I am not going to condemn the use of the referendums because they have many uses, but for some of these devices, where there are not many choices, it is impossible to get that. Each one has to be decided on its own merits.

Mr. POAGE. Do you think of any example where we should use a referendum in connection with agriculture programs?

Mr. SHUMAN. I think, probably, there are, but I do not think of any now.

Mr. POAGE (presiding). I will yield to Mr. McIntire.

Mr. MCINTIRE. Mr. Shuman, I do not know what the schedule of this committee is, as to how long we are going on, but there is an area that I do not think has been brought up for any consideration in the discussion of this bill.

I am interested in this bill in the context of what I consider to be the balance of power—the balances that are set up between the executive and the judiciary and the legislative, and what I conceive to be the basic principles of a representative government. I am not accepting the premise at all of the Department of Agriculture's statement as to the severity of the situation—recognizing there are many areas of economic stress. I am not accepting the premise, which I think is generally accepted by some, that it is of a degree which justifies any breakdown of the system of representative government. This bill goes beyond the point that I am willing to go and is contrary to my elementary way of thinking of what constitutes representative government. It seems to me that the process which has traditionally been used in the legislative branch is being changed. Bills, presented to the legislative branch, are considered by the committees. The committees are made up of elected representatives. Legislative hearings in connection with the bill—the discussions on the floor and action

by the House and similar consideration by the Senate, the conference reports, and then the consummating of the legislation by the signature of the President—each and every one of those are real important aspects of the legislative function.

Next is the executive branch for administration. It seems to me that in the context of a balance of authority that the executive must look to these legislative documents as the expression of the intent of Congress which, in turn, is the composite intent of the representatives of the people. No Executive authority arises in the administration of a particular act except that which is interpreted out of the legislative history by which it came into being. This is a guideline upon which all of the legal people within the executive must look to an interpretation of the intent of the Congress.

Once these regulations have been laid out for implementation of the law, every individual citizen is subject to the law.

The judicial branch is the next great important branch. Under the Constitution every individual citizen has his right to take his grievance to the court and there he is entitled to his fair day in court and before a jury, if it is a jury trial. The question may go to the Supreme Court for an ultimate decision as to what the law is and what the right of the individual is.

All of the legislative history which was made in the development of the law—all of the Executive regulations set forth under an interpretation of the legislative record and the intent of Congress—all of this is vitally important in making the judicial decision to be.

Where in the bill, which is proposed to us, do we build a legislative history which will constitute the administrative vehicle to interpret the intent of Congress and which will constitute the judicial area of study to interpret the constitutionality of the right of the individual in the context of this law, where do we build the legislative history in connection with a proposal which is an act of law when not approved by the Congress, authorizing the regulation to be imposed by the administration—authorizing the drawing from the Treasury of the funds to finance it—where is the legislative vehicle under this proposal which preserves the framework of our traditional pattern as I have outlined it.

Mr. SHUMAN. The answer is that it is not there. You stated it much better than I could, our concern. This is the background of our concern as to this provision, this proposal which would, in effect, destroy the Government of checks and balances of the legislative, executive, and judicial. It, in effect, neutralizes Congress by transferring legislative authority to the Secretary. It transfers, then, the veto bill from the President over to the Congress and, actually, as far as we can determine, with the possible exception of the Department of Defense in terms of war, hot or cold war, we have never in this country permitted this kind of transfer of power from Congress to legislate.

Mr. McINTIRE. Let me make one point as to that comment, Mr. Shuman. I am not so sure that we have it in the Reciprocal Trade Act. Some of us in the House of Representatives had a part in discussing it the other day, the very fact that there is no legislative history—this was not the specific point, but the fact remains that under the reciprocal trade agreement there is no legislative history in connection with trade

agreements. It seems to me that this is a weakness, not only in this bill—and I have never supported the Reciprocal Trade Agreement Act, although I appreciate your organization does in the context of international trade—but I think it has moved over into the very field that this legislation proposes to move into except that the Congress does not even have veto power on the setting of the tariffs or the quotas. But, nevertheless, we do not have an opportunity to know anything about the negotiations. We can make our appeal to a Committee on Reciprocity Information which goes into a conference called the General Agreements on Tariffs and Trade, a conference which was never authorized by the Congress, but still has the authority and power, at least, to impose their decision upon the total economy of the United States. Sure, the President used, in his message, this very thing as a precedent to this legislation. I do not buy that one either.

I feel as though the same principles are involved in this bill here.

Mr. SHUMAN. We have all seen recent attempts by, with some degree of success, the courts and by the executive branch to take over and use the congressional authority to legislate, but this one takes the prize for being the greatest attempt to get that done, at least, in the area of agriculture.

Mr. McINTIRE. Thank you. That is all.

The CHAIRMAN. Are there any further questions?

Mr. ALBERT. Mr. Shuman, would you oppose this legislation if Congress was given the authority, the affirmative authority, to approve programs; also, the power to amend?

Mr. SHUMAN. No, Mr. Albert. We think that there is far more at stake than the exemption of the right to amend it. The very process of setting up this semigovernment, authorized or fully authorized Government fifth wheel, to separate out and step by step put commodity producers of one commodity in conflict with another by making proposals which have or would have tremendous coercive effect on Congress.

Mr. ALBERT. You do not object to having the executive branch submit legislative recommendations to the Congress, do you—you do not object to that?

Mr. SHUMAN. We have objected several times and made it plain we do not believe that the Secretary of Agriculture ought to be considered the initiator of legislation. We think this is congressional authority. Recommendations of the President, of course—by the submission of bills, no. We criticized in the previous administration that very thing. And we continue to criticize it here.

The CHAIRMAN. This bill came directly from the White House—

Mr. SHUMAN. We think—

The CHAIRMAN (continuing). Through channels.

Mr. SHUMAN. Yes. I did not get it from the White House the first time I received a copy of it.

The CHAIRMAN. You saw the President's message, did you not?

Mr. SHUMAN. Yes.

The CHAIRMAN. That was sent up?

Mr. SHUMAN. Yes, that is right.

Mr. ALBERT. So far as that is concerned there would not be anything to prevent them submitting anything they wanted to submit. And the chairman or any other member could introduce one of these programs, and would be doing it on his own responsibility.

Mr. SHUMAN. Yes.

Mr. ALBERT. In trying to cooperate with the administration in power, I just wondered whether there was any ground upon which we could effect a compromise and to maintain the absolute certainty that Congress does not lose control of the legislative process. Do you think that there is anything that could be done, guidelines that could be written or legislative definitions set down, that would remove the objection to the referendum? You object to it because the Secretary can set the base periods and minimum allotments, and that sort of thing, which gives him an opportunity, at least theoretically, to rig the elections—do you think that we might set down guidelines that would make it impossible to rig an election by the Secretary; in other words, have Congress decide in advance just exactly as to who should vote and who could not vote on the different commodities?

Mr. SHUMAN. I think the system we have now provides every opportunity for the producers to be heard. We do not believe there can be any improvement on this by semigovernmental procedure. Of course, nothing is impossible presumably, but I do not believe it is very likely that there could be a procedure set up that would not be subjected to manipulation and the kind of semigovernment fifth wheel pressure tactics that would result in an administration having the coercive and pressure tactics which ought to be reserved to the citizens and their free organizations.

Mr. ALBERT. One objection that I have heard to this bill—and I think it is an objection by some members—is that many of these commodities are not in the present or in the foreseeable future to be in trouble, and that we should concentrate on those that are. Would you object if this bill was limited to certain commodities?

Mr. SHUMAN. Mr. Albert, by past experience we know that you cannot develop a specific commodity program that does not affect other commodities. And so the same tactics as outlined by Professor Cochrane in his statements—and there is no reason to believe that he has changed his mind—the same tactics to force others to come in would result in pressure on the Congress to include them. So if you want to start this route of nationwide marketing orders and quotas on producers, then you cannot stop and there would be another bill following.

Mr. ALBERT. Are you in favor of the provisions of title III of the Agriculture Act of 1949, and of the provisions of the so-called section 32 provisions?

Mr. SHUMAN. That is the marketing agreements provision—order provision?

Mr. ALBERT. No, that is the provision that gives the Secretary broader authority without reference to the Congress, the farmers or anybody else, if I recall it correctly, to support almost any commodity in the field of agriculture.

Mr. SHUMAN. We will join and we will submit, if the Congress is of the mind to limit the authority of the Secretary further—we are ready to start putting limitations on, rather than opening it up and increasing the powers.

Mr. ALBERT. You will recall that during the drought the Secretary made good the use of those authorities.

Beef cattle are in pretty good shape now, but we never know when there will be a drought. There might be circumstances that might make it necessary for the Government to step in and help out. It has happened before. There is no question about that, is there?

Mr. SHUMAN. No. We support section 32 and we support the emergency powers of the Secretary, the President, whatever it is.

Mr. ALBERT. They are price support operations. And they are done without reference to the Congress. Under this proposal he could do the same thing, except Congress would have the chance to look at it.

Mr. SHUMAN. We think that he has enough authority already. We think that the Secretary has tremendous powers already.

Mr. ALBERT. Do you now think that Congress should have a look at those proposals?

Mr. SHUMAN. Yes, I think that they should be reviewed. I am not saying that some of these ought to be open-end authorities. It may be that there is a need for some further limitation on these, but we are in support of giving some emergency powers.

The CHAIRMAN. Will you yield?

Mr. ALBERT. Yes.

The CHAIRMAN. One observation—you talk about the definition of the executive branch of the Government—you are aware that under the broad delegation of powers that the Executive under Public Law 480, the President, concluded in one transaction with India a transaction that involved \$2,200 million worth of our commodities and we had no look at that. We knew nothing about it until it was all over. You do not object to the President having that power under Public Law 480?

Mr. SHUMAN. We have supported legislation, of course, as have most Members of the Congress, to delegate such powers, but many of them are limited. Here are some of the specifics where these powers are expanded tremendously. The authority to impose marketing quotas on farmers, which under the law he does not have, and he could have.

The CHAIRMAN. No. He cannot impose quotas on farmers until it is by two-thirds vote.

Mr. SHUMAN. This is weighted and a loaded choice again. There are two alternatives. It may be two bad alternatives. These are additional authorities that he could impose. He could propose them unless the Congress vetoed it. He could enter into the nationwide marketing quota system that would be applying quotas to every farmer. On the cotton price at present it is 65 to 90 percent and under this it would be from zero to 90 percent. On minimum acreage allotments at the present time there is a 16-million-acreage minimum allotment on cotton. Under this legislation there would be no minimum.

So far as this whole area of maximum payment is concerned at the present time, there are no maximum payments and under the new legislation he could have maximum payments.

He could do the same thing with cotton that is happening with corn.

Corn has gone down after passage of the feed grain bill quite a bit. It went down about 10 or 11 cents and it has come up some. The explanation is in what the Commodity Credit Corporation has been

doing in the last 2 weeks, after they got some heat applied. They have cut down the releases of Commodity Credit Corporation stocks from 9,991,000 in the week of March 28 to April 1, to 1,825,000 next week.

Mr. POAGE. Would you yield to me?

Mr. ALBERT. For just a minute.

Mr. POAGE. Would you tell us what time is the best time to release feed grain?

Mr. SHUMAN. There is no time of the year that is the best time to sell surplus stocks in Government hands.

Mr. POAGE. Is not the worst time when the farmers are selling their stocks on the market?

Mr. SHUMAN. In the case of corn and feed grains, the farmers are selling these the year around, so that anytime the Government unloads, they, obviously, have been unloading up until about 2 weeks, it is a tremendous damage to the farmers.

Mr. POAGE. But, do we not have to move soft corn at this time of year.

Mr. SHUMAN. This corn, the big bulk of it, was No. 2 corn. That's 57 carloads delivered in Chicago in 1 week's period; of that only 2 were below No. 2 corn.

Mr. ALBERT. On that point, the Department of Agriculture had denied that any of this corn was corn that would not go out of condition in a short period of time. It was not released except after thorough inspection and grading. I personally took the matter up with Department officials and they are prepared to stand on that statement, they say. So far as that is concerned there was quite an amount of corn released year before last.

Mr. SHUMAN. No, the comparison where the previous year is—

Mr. ALBERT. The year before the last I am talking about.

Mr. SHUMAN. I have got that, too. In the year before last the release was—I do not have the figures here, I am sorry.

Mr. ALBERT. I think it was as big, if not bigger, than the release made recently.

The CHAIRMAN. The Secretary stated that before the full committee.

Mr. SHUMAN. At this time, 47 million more bushels had been released in a comparable period than there was last year.

Mr. ALBERT. That is right.

Mr. SHUMAN. 47 million more.

Mr. ALBERT. I would like to pursue this further. You have stated that the power to make direct payments is the power to destroy the market system by encouraging excess production and driving prices far below the level that would prevail in the absence of a program. On page 38 of the bill, as I understand it, it specifically says, "Compensatory payments shall not be made to producers as a means of price support unless there is in effect for the crop or production of the commodity with respect to which payments are made a supply adjustment program under the Agricultural Adjustment Act, as reenacted and amended, or a farm marketing quota under the Agricultural Adjustment Act of 1938, as amended." The Secretary, in other words, has no authority promiscuously to require a compensatory payment program and can only do so when controls are in effect.

Mr. SHUMAN. Yes, that is true. Of course, he has also the power to name the committee that will recommend controls and to decide the choice to be submitted to the farmers which would make it sure that they would be. So it is practically unlimited.

Mr. ALBERT. You are reading into this something that is not there.

Mr. SHUMAN. It is not prohibited—it is not prohibited.

Mr. ALBERT. No, but there is one further thing.

In 1938 the Secretary of Agriculture changed the method of selling cotton for export and set the export subsidy at 6.5 cents a pound, which cotton producers and members of Congress protested was not sufficient to meet world market competition, as required by law.

In spite of these protests, the Secretary reclaimed the export subsidy at this figure throughout the marketing year, with the result that cotton exports, which had been 7.6 million bales in 1956 and 1957 had dropped to 2.8 million bales in the 1958–59 marketing year.

Both the House Appropriations Committee and the General Accounting Office termed this action illegal, but the Secretary did it anyway, without any reference to Congress.

Under this proposed bill, any such substantial change in a commodity program would have to be submitted to Congress for its approval and this arbitrary action on the part of the Secretary of Agriculture would not be possible.

Mr. SHUMAN. No, I do not think that this bill removes any of the authority that the Secretary now has, unless there be a proposal which specifically changes or limits those proposals except that by the Congress. So he continues with the same authorities, unless there have been some proposals.

Mr. ALBERT. Would you favor this bill if we spelled out specifically that Congress should review this line of proposal also?

Mr. SHUMAN. No, we would not favor this bill under any circumstances, but we would favor a review of existing authorities. We will be glad to participate in such a review.

Mr. ALBERT. Thank you.

The CHAIRMAN. Are there any further questions?

Mr. SHORT. Is this going to conclude Mr. Shuman's testimony—are we going to go on further?

The CHAIRMAN. Let us go ahead now.

Mr. SHORT. I just want to state that I think that you have made an excellent statement this morning. It is kind of like a voice in the wilderness to have a leader of the Farm Bureau come up and make such a forthright statement as you have—sometimes being against something that somebody proposes that in his opinion, at least, is for the welfare of the farmer is a little bit like being against motherhood. I am sure that your philosophy and my philosophy somewhat agree. Basically and very sincerely what we believe we feel is in the best all-round interest of the farmers. I have been a farmer all of my life and speak from some experience.

There are many things that I would like to discuss with you, but the hour is getting late.

We have had quite a bit of conversation about referendums. How do you insure the referendum device being a means of getting an expression from the people? I think we have a long-established history of a well-known referendum that was used last fall on November

8 that indicated to a very considerable degree, in some of the major agriculture States, that there was no great support for the proposals that I think are included in H.R. 4600 which we are considering here today. I think we had a better expression from the farmers in the major farm areas than was indicated by the final outcome of the last election. I, certainly, have to admit that it was not completely conclusive, but in some areas, it was rather conclusive. I think you will agree with that.

Mr. SHUMAN. Yes, we have seen several studies made which indicate that that is true.

Mr. SHORT. I think some people have, perhaps, implied that the vote was not representative of the thinking of the farmers in some of the sections, with that of the townspeople in many of the agricultural States, but I do not think that the facts bear that out when you analyze the vote, which completely refutes that.

The CHAIRMAN. Let us get back to the bill before us. We do not want to have the election brought up again.

Mr. SHORT. We had a long discussion here about various aspects of this bill which is the referendum procedures.

The CHAIRMAN. We are not going into the election again.

Mr. SHORT. I do not know why, but every time I start expressing some of my views to some one appearing before the committee, you and I get into a discussion.

The CHAIRMAN. You have not asked him a question—ask him a question—do not repeat the last election.

Mr. SHORT. I will ask this question then, Mr. Shuman. The details of this bill, it seems to me, embrace the implementation of plans for agriculture to raise the question of basic philosophical differences and beliefs among farmers. Do you think there is any possibility of securing from the farmers an agreement—from the farm organizations—do you think that they will ever come to any complete agreement on any farm program, because of the philosophical differences in beliefs?

Mr. SHUMAN. The answer would be "No" on the philosophical differences. I would also say that I do not think it is desirable even if there should be complete agreement of the farm organizations or labor organizations or any other organizations on philosophical differences, because there is no complete agreement among farmers, or other people, on these philosophical issues. And if you did succeed in bringing all of the organizations together and whipping them in line so that they agreed on the philosophy of a government for a free agriculture or government-controlled, before they got out of the session there would be another organization formed to reflect the viewpoint of the minority. And so this is rather ridiculous to say that they have all got to get together. So long as people differ there will be different political parties and different organizations.

Mr. SHORT. That is right. Recognizing that basic principle I think that our Congress was devised by the Founding Fathers of this country as a pretty good vehicle, and it has been throughout the years, to express what was, at least, in the best opinion of the Members of the Congress, of what was best for the people in spite of their differences about specifics within the area of legislation.

Mr. SHUMAN. Furthermore, this matter of whether or not they can get together—whenever you see a farm leader who comes in and sits down where I am sitting here, or on any other public stage, and he can immediately say, “We will change and we will compromise,” or something else, then you find an organization where the direction of policies is from the top down. When the members of that organization establish policy, then the leaders have no authority to change that policy until time comes around for the members to change the policy.

Mr. SHORT. Now then, I have one more question. It has been stated quite often by some of those people who have sincerely the belief that we must have some devices on the part of Government in the way of Government regulations to stabilize farm income or farm prices. It has been stated that without some of the farm programs and the farm programs that we have had over the past 25 years that agriculture would be bankrupt. Do you agree with that?

Mr. SHUMAN. No; I am completely convinced that the advantages, whatever advantages there have been—and there have been some—of the farm programs and support prices and controls and subsidies—there have been advantages to some groups, but I am completely convinced they have been more than offset by the disadvantages.

I am absolutely certain in my mind that farm prices and farm income would have been better in the last 5, 6 years, if we had not had this price fixing and control program. I am not saying that we did not need supports. We are for price supports, but there is a vast difference between price supports at such levels that establish a price, and establishing a price providing an insurance policy to the producer, so that they can go out and produce the tremendous surpluses. And I am convinced that this kind of a program of establishing fixed prices and then attempting to control the ways in which they have been used has resulted in a lower return to agriculture and to many thousands of farmers than would have been the case if we had had a different kind of a program that did not fix it.

Mr. SHORT. I can well remember selling wheat for 20 cents a bushel and cows for \$20. I have never recommended a complete abandonment of the price-support principle, but I do think that we make a mistake when we attempt to establish a price by law that becomes the market price.

Mr. SHUMAN. That is the major point.

Mr. SHORT. Thank you. That is all.

The CHAIRMAN. Any other questions?

Mr. GATHINGS. Mr. Shuman, last night I read in the evening newspaper a very fine article that depicts just what can be done in America. A man named Al Cranson came to Washington in 1954 with \$10 in his pocket. He liked automobiles. He got a job on a used car lot here in Washington. He was a very good used car salesman. He later acquired his own used car business. He was so successful that American Motors came to him and said, “Why not take this agency in Bethesda, Md., that we would like to have you operate. Your quota will be 150 cars per year.”

The first year he was in Bethesda he sold 800 cars. Al Cranson today is the largest Rambler dealer in the world. Al Cranson did that job in 7 years’ time.

I approve wholeheartedly of the testimony you have given us here today with respect to the matter of the limitation of payments. There is no question that when it comes to subsidy payments to airlines, or shiplines there are no limitations on these payments. They do not say that such and such tonnage per ship would be the determining factor in any subsidy that the Government of the United States may pay. The farmer is required to reduce his acreage, and comply with marketing quotas. Payments are limited and initiative snuffed out under this bill; is that not correct?

Mr. SHUMAN. I read the same article, and it impressed me the same way. We are very strongly opposed to limitations on payments, on opportunities.

I want to point out to you another very serious place where there is a limitation on opportunities for farmers, particularly in some sections of the country where they are changing from one kind of agriculture to another. This whole proposal is based on the history of production. This handicaps a part of the country which is changing to livestock or to dairy or to poultry. Suppose you apply a 10-year average, as the Secretary would be authorized to do under this legislation to the poultry production in Georgia, or the livestock and dairy production in Arkansas, or the livestock and dairy production in almost any other Southern State where it has been increasing and see what that would do to opportunity. There would not be any chance for the farmer to do the same kind of thing that this fellow did, when these quotas were imposed and he demonstrated that he could do better when the company raised his ceiling. The Secretary would not do that.

Mr. GATHINGS. There should not be any discrimination against a man because he saves his money and increases his holdings.

Mr. SHUMAN. That is right. In this kind of an approach there is discrimination against those parts of the country that are increasing their poultry, livestock, and food and vegetable production, such as the West, the South, and the East.

Mr. GATHINGS. Your testimony and tables presented indicate that many of our farms are having to increase in size—that is what is happening. Your testimony reflects that in the last 5 years there has been an increase of 36.2 percent in farms that have sold in excess of \$10,000 in produce.

Mr. SHUMAN. Of course, the history of the maximum limitation is that you start up here and you just keep moving it down.

Mr. GATHINGS. Thank you. That is all.

The CHAIRMAN. Are there any further questions?

Mrs. MAY. Just one followup comment.

I think we have seen this type of limitation in operation in the way the Sugar Act limits opportunity for beetgrowers in my district and in all other parts of the West on sugarbeets. There we really can see how these limitations penalize areas of potential growth.

Mr. SHUMAN. Absolutely.

Mrs. MAY. In your statement on page 6 you say, and I quote:

The power to establish conditions of eligibility for price support apparently includes the power to regulate wages, hours, housing, and working conditions of the farm labor.

Would you just expound a little further on that particular point which you have in your statement, and what your concern is?

Mr. SHUMAN. There is no limit in the bill, as we read it, on the powers of the Secretary to establish conditions for eligibility for price supports, once they are instituted. And this would include, we are sure, or could include—we are not saying that it would, but it could include the right to establish minimum wages for farmworkers, the right to prescribe the 40-hour week for agriculture, the right to establish minimum housing standards that you could have for your hired men—the right to establish transportation requirements, the right to require the adoption of pension plans, a whole host of other things, with that broad authority which is established.

Mrs. MAY. That is all. Thank you very much.

The CHAIRMAN. Mr. Jones.

Mr. JONES of Missouri. Mr. Shuman, did the American Farm Bureau know in advance, or did you know at the time that this new administration came into power, that you would be opposing any farm legislation to be entered into by the Kennedy administration?

Mr. SHUMAN. No, sir. Absolutely not. We have well-established policies that are reviewed and revised.

Mr. JONES of Missouri. I am not satisfied with that answer. I do not want to take a lot of time. I want to ask you this: Did any of the recommendations of the American Farm Bureau Federation, which went out to the State farm bureaus proposing opposition to this legislation, go out prior to the introduction of this bill, based on the presumption of the inclusion of procedures which were not included in the final draft?

Mr. SHUMAN. We have the statement that we issued after the President's message, which was commenting on the message, but I do not know—well, the answer is, "No."

So far as anything on the bill is concerned, because we did not know what was in it until such a time—well, I will say this, that the Secretary, Mr. Freeman, did extend me the courtesy of having a copy of the first draft.

Mr. JONES of Missouri. The first draft?

Mr. SHUMAN. That they had.

Mr. JONES of Missouri. And this went out opposed to that?

Mr. SHUMAN. No; we did not release any publicity of any kind based on the first draft until the bill was introduced so far as I can remember.

Mr. JONES of Missouri. I have been getting some word from some that it was before that time.

Mr. SHUMAN. This was based on our statement issued on the President's message. There was a statement issued on the President's message, but not on the bill.

Mr. JONES of Missouri. Let me ask you this: What was the purpose in referring to this bill as the Cochrane-Freeman plan—was that made for the purpose of engendering some prejudice against it, rather than referring to this as the Kennedy farm program?

Mr. SHUMAN. No; the purpose of referring to it as the Cochrane-Freeman plan is to identify it for purposes of reference, the major proposals which are quite easily discerned in Dr. Cochrane's statement of the last several years.

Mr. JONES of Missouri. Is it not customary, when you refer to bills, to include the names of the authors of the bill, such as the Cooley-Ellender bill, or the Taft-Hartley bill, as in the past? Do you recall any time when you have given a title to a bill to identify it by picking out someone whose philosophy you believe is contrary to that of many people, and to use that as a basis of prejudice? Can you recall any time when you have picked out a name such as Dr. Cochrane to identify a bill?

Mr. SHUMAN. We have been accused of labeling the Brannan plan the "Brannan plan."

Mr. JONES of Missouri. He was the Secretary of Agriculture?

Mr. SHUMAN. And Mr. Freeman is the Secretary of Agriculture.

Mr. JONES of Missouri. Mr. Cochrane is not.

Mr. SHUMAN. I think that we have used designations—I will have to check back and see—I think we have identified legislation by the names of people who have proposed such, as with some of the proposed legislation in recent years on the certificate plan, which we called the wheatgrowers certificate plan. We have used all kinds of designations for purposes of identification.

You make a very good point that you folks who introduce a bill should be identified that way. And you can use a number.

Mr. JONES of Missouri. You said you did not have a number.

In other words the publicity started before the bill had a number?

Mr. SHUMAN. No; it did not—no; it did not.

Mr. JONES of Missouri. One other question and then I will stop. Did any of these recommendations to your farm organizations, the farm bureaus in the States, suggest that instead of a minimum price support that this bill places a ceiling of 90 percent on the prices to be received by farmers?

Mr. SHUMAN. Yes, it does. It authorizes the Secretary to make it from zero to 90 percent. So, in effect, it would, if applied to milk, reduce the price that is available to the farmers, because many of the eastern milk orders provide for prices which are above 90 percent.

Mr. JONES of Missouri. I take it then that you are now recommending that if we pass this bill that we place that ceiling up at 100 percent rather than 90 percent?

Mr. SHUMAN. No, sir; we are not in favor of price fixing whether 80 or 90 or 100 percent. We are in favor of the farmers having the opportunity in the market price system to get a better price.

One of our major objections to this bill is that it places a ceiling of 90 percent. And our cropland adjustment proposal raises the point at which the Secretary can release commodity credit stocks to 125 percent of the support price. We are in favor of farmers having an opportunity to get more.

Mr. JONES of Missouri. It seems that in my area, at least, the impression has been created that the plan envisions a ceiling, rather than a support price for the farmer.

Nothing could be further from the truth, I wanted to say. I think this plan is, well—what the Congress feels is trying to put a support price—to keep the farmers' price from going down, and we have no intention—and I am sure that no one on this committee has any intention—of trying to place a ceiling on what the American farmer can obtain for his products. I want to be identified with that philosophy. Thank you.

Mr. SHUMAN. I am sure that is the intention, but the effect of this bill, if applied, would be to place a ceiling of 90 percent.

Mr. FINDLEY. I would like to call the attention of the committee to the fact that in the last 2 days I have 213 telegrams and 352 letters, or a total of 565 communications, all of them opposing this bill. I did not bring quite all of them. I thought it was unique, because I have not had one single one urging support for the bill.

Mr. JONES of Missouri. Will you yield for a question?

Mr. FINDLEY. Yes.

Mr. JONES of Missouri. Did they all refer to it as the Cochrane-Freeman plan?

Mr. FINDLEY. I have most of them right here. There might be some similarity of designation. There are several which refer to the Cochrane-Freeman plan, that is correct, but there is a variety of designation and phrasing.

I think there is one aspect of this legislation which has not been considered thus far. Suppose we enact this bill and suppose as a result of this a commodity program is carried out which is a dismal failure—where is the blame for this failure going to be placed? Do you have any idea?

Mr. SHUMAN. I think that the Congress, in the original authorization for this kind of power, will, of course, be held responsible.

I, also, believe that the Secretary of Agriculture, whoever he might be, would, also, have some of this responsibility tagged to him. But, finally, what you find is that both the Congress and the Secretary would have a unique scapegoat which was the committee out there. I think we are in this mess in agriculture very largely because of legislation adopted by the Congress. And it is, therefore, up to the Congress to help get us out, instead of—as it is in my opinion—the administration trying to not only build a potent political machine out here, but to be able to point the finger and say, "There is where the culprit is, out there." I do not think the Congress is ready to take this kind of a switcheroo.

Mr. FINDLEY. A kind of "buck passing" system whereby the public would have difficulty fixing the responsibility on anyone—it is that sort of thing. So far as the public is concerned the Congress could shift the responsibility, and so in turn could the President and the Secretary and the advisory committee.

Mr. SHUMAN. I think this is the intent of it. Perhaps, if there is any intent that is one that stands out.

Mr. FINDLEY. Thank you very much. That is all.

Mr. HARDING. Mr. Chairman, I would like to ask the witness a question. The other day we had a person testifying on behalf of your organization, concerning the Wool Act and apparently there is a discrepancy. There has been a dozen different bills introduced for a simple extension of the Wool Act. Your representative came in with two amendments and said that if the committee did not see fit to adopt the amendments your organization would oppose the extension of the Wool Act. He was asked the question if the two amendments were not adopted would he oppose it, and he said, that the Farm Bureau would oppose the extension of the Wool Act as such. Now today you say that you support it. What is the position of the American Farm Bureau Federation?

Mr. SHUMAN. We are not in conflict. We do support the extension if as amended.

Mr. HARDING. Not as amended—just the extension of the Wool Act per se?

Mr. SHUMAN. No, we would be opposed to the extension of the Wool Act, if not amended unless our board reconsiders.

Mr. HARDING. OK, now for one other question. The Secretary of Agriculture, Mr. Freeman, in testifying before us, said that in many areas this bill would reduce the power of the Secretary of Agriculture. He can presently institute different types of measures by himself as Secretary right now through various marketing orders. But in the future he would have to bring to the Congress those measures for congressional review, each program, each time, and then it would be referred to the producers in a producers' referendum. Do you agree with his statement—do you think that this bill will limit his authority at all?

Mr. SHUMAN. No, I certainly do not. I think his analysis and the analysis of his advisers as to the relative power is faulty. And based on facts which can be readily ascertained that none of the present authority of the Secretary is removed. In addition, this bill would grant him the authority—well, first, to find that there was a need for a committee and, second, to appoint the committee and, third, to discontinue the committee and, fourth, to make proposals on specific commodities and all commodities in the United States which would be, in effect, if not vetoed by the Congress and gives him on every one of these that is approved in that way, it gives him authority which has never been granted to a Secretary of Agriculture, the imposition of marketing quotas on farmers, the establishment of national marketing quotas, marketing quotas on all crops, price-support authority under this act is broadened from 65 to 90 percent on cotton and other crops from 0 to 90 percent—it gives him authority to establish minimum acreage allotments on all crops. It, also, gives him the authority to release Commodity Credit Corporation held supplies, that is, if these proposals are put into effect, as well as these other authorities—a step-by-step procedure to force all crops under the program. This is an authority he does not now have.

Mr. HARDING. Mr. Shuman, do you believe that the Secretary of Agriculture presently possesses too much power—too much authority, under the law?

Mr. SHUMAN. I think there are several areas where the Secretary has too much authority.

Mr. HARDING. Can you tell me of one instance where you think he has abused this authority?

Mr. SHUMAN. I am sure that there are cases where the authority has been abused, But I am not going to try to name a single one when there are, probably, others that are worse. I think these abuses have—

Mr. HARDING. Do you think that this authority has been abused in the last 8 years?

Mr. SHUMAN. Yes.

Mr. HARDING. Can you tell the committee of one instance where you think the Secretary of Agriculture has abused his authority within the last 8 years.

Mr. SHUMAN. I would prefer not to designate. I will not designate a single instance.

Mr. HARDING. That is all.

Mr. DOLE. I might identify myself as a freshman Congressman from northwest Kansas. I also might say I voted for the feed grains bill and I am interested in the wheat producer in my area.

I wonder if we might have those figures concerning release of corn you were to place in the record, if there is no objection?

The CHAIRMAN. What was that?

Mr. DOLE. He had certain figures relative to corn.

Mr. SHUMAN. I will be glad to do this. This is the comparison week by week of the release.

The CHAIRMAN. Without objection you may place that in the record. (The document referred to follows:)

Corn: Total sales and dispositions by CSS commodity offices and ASC county offices (export and domestic)

1960	1961	1960	1961	Difference (1961 over 1960)
		<i>Bushels</i>	<i>Bushels</i>	
Jan. 4-8	Jan. 2-6	1,246,499	1,930,363	+683,864
Jan. 11-15	Jan. 9-13	1,442,167	3,758,234	+2,316,067
Jan. 18-22	Jan. 16-20	2,697,178	3,679,373	+982,195
Jan. 25-29	Jan. 23-27	2,623,418	5,123,273	+2,499,855
Feb. 1-5	Jan. 30-Feb. 3	1,308,296	5,675,530	+4,367,234
Feb. 8-12	Feb. 6-10	1,909,067	6,813,176	+4,904,109
Feb. 15-19	Feb. 13-17	2,562,395	7,188,525	+4,626,130
Feb. 22-26	Feb. 20-24	2,546,036	7,863,198	+5,317,162
Feb. 29-Mar. 4	Feb. 27-Mar. 3	3,791,913	7,529,155	+3,737,242
Mar. 7-11	Mar. 6-10	2,443,371	8,259,236	+5,815,865
Mar. 14-18	Mar. 13-17	3,053,299	6,192,438	+3,139,139
Mar. 21-25	Mar. 20-24	3,468,037	6,829,515	+3,361,478
Mar. 28-Apr. 1	Mar. 27-31	2,271,203	9,991,049	+7,719,846
Apr. 4-8	Apr. 3-7	2,158,632	1,625,724	-532,908
Apr. 11-15	Apr. 10-14	3,031,511	1,981,324	-1,050,187
Total		36,553,022	84,440,113	+47,887,091

Mr. SHUMAN. I also have here, and I would like to place it in the record, the disappearance figures by years.

The CHAIRMAN. Without objection that will be placed in the record at this point.

(The table follows:)

CORN

[In millions of bushels]

Crop year beginning Oct. 1	Production	Total disappearance	Addition to carryover
1947	2,354.7	2,515.2	-160.5
1948	3,605.1	2,916.3	688.8
1949	3,237.7	3,207.0	30.7
1950	3,074.9	3,180.6	-105.7
1951	2,925.8	3,179.0	-253.2
1952	3,292.0	3,010.9	281.1
1953	3,209.9	3,060.5	149.4
1954	3,057.9	2,943.9	114.0
1955	3,229.7	3,100.2	129.5
1956	3,455.3	3,202.0	253.3
1957	3,422.3	3,373.4	48.9
1958	3,800.9	3,742.0	58.9
1959	4,281.3	4,023.0	258.3
1960 (estimated)	4,352.7	4,143.0	209.7

Mr. DOLE. As to the 1962 wheat provision—I take it you are familiar with that—I take it that you are opposed to this proposition?

Mr. SHUMAN. That is right.

Mr. DOLE. Of course, the 1962 wheat program would be without congressional review if the bill passes?

Mr. SHUMAN. This proposal here would be to authorize the Secretary to impose a wheat program without congressional review. And we would make the point that our cropland adjustment bill would give Congress the opportunity to put into effect for the 1962 crop a very effective program to reduce surpluses and make it possible for wheat to remove gradually so as to return to the market price system.

Mr. DOLE. There has been some discussion by the Secretary and other witnesses concerning the selection of the advisory committees. I want to make a very brief statement here and, perhaps, you will comment in either opposition or otherwise how you feel about it.

In your opinion, would it be feasible and practicable to elect representatives in commodity areas, such as wheat, by a vote of all farmers who produce that commodity, and at the same time have these farmers vote on the different programs for that commodity as proposed and limited by this committee? This would be a purely democratic approach. The members elected to the advisory committee would not be bound by the vote on any commodity program, but, certainly, it would be a guideline not only to the members of the advisory committee, but to members of the Congress. And, of course, it would then be subject to the normal constitutional review by Congress and depending on the relative votes for each program, it might be possible for Congress to coordinate various programs in accordance with the interests indicated by the farmers by the votes cast. It occurs to me that the farm organizations, the farmers, the market and consumers, industry and labor, and the Secretary of Agriculture and others interested could carefully consider these programs and arrive at one in the best interests of not only agriculture, but of our entire economy.

We have been talking about referendums. Might this or might this not be a good plan to follow? I believe that this is something that we could consider. Do you have any comment on that at all?

Mr. SHUMAN. I think that all kinds of polls have a certain amount of merit. We are not against polls or opinions, reflection devices, except that we must remember the limitations of them. It is all determined in the area of reference in which they are conducted. I think, as the device to bring to bear the thinking of Congress upon the subject, that you cannot improve upon the existing farm organizations and commodity organizations and their process of developing policy. I do not think that these other devices are any better. I think they are worse, because, after all, we put years into developing the devices to find out what the folks want. We find out what a majority want. And other organizations do the same thing. I do not think there is any area of agricultural opinion that is overlooked.

This other device also has the difficulty, which any kind of a referendum has, but including the wishes or the ideas, the opinions of all the people affected by the Government programs, the feeders that

feed wheat, and also the problem of including the wishes of the small producers, and others.

Mr. DOLE. That is all I have. Thank you.

Mr. ALBERT (presiding). Are there any more questions?

Mr. BEERMANN. I would like to associate myself with the remarks of Mr. Findley and Mr. Dole.

Mr. Findley stated that he had received many letters. I have received letters this morning, too. I have one letter from Illinois which I would like to read from, in which the gentleman states: "I am the person that met you at the Dixon County Fair in Concord, Nebr.

"I am writing you this letter because you are on the Committee on Agriculture. I am strongly opposed to the Freeman farm bill H.R. 6400. I have relatives here and in Dixon County, Nebr., that fought for freedom of man. Now do not desert these men and sell their rights down the river."

Mr. SHUMAN. On this matter of identification, Mr. Chairman, we have no desire to make a scapegoat out of anybody, but I think on a proposal as dangerous as this, I do not think it is right to tag the onus of it onto the chairman of this committee or the chairman of the Senate committee. I think that some of the responsibility ought to be on the brain that concocted this scheme to begin with—the public utility approach to control in agriculture—and that is well documented in Professor Cochrane's book, and anybody can get the book and read it that wants to.

Mr. BEERMANN. A further remark along that line, Mr. Cochrane outlined these principles and he suggested to us that the dairy and poultry people might associate themselves with other people to carry out the program.

There has been quite a movement of corn in my district in Nebraska. And the price of corn went down 13 to 15 cents a bushel. Do you feel that that action by the Government was designed to get people to get into this feed grain program?

Mr. SHUMAN. I am sure that this was consciously done, but, of course, no one can prove it because under the authority granted in the legislation for the release of out-of-condition grain or out-of-condition storage facilities, there is ample opportunity for the Commodity Credit Corporation to dump huge quantities of grain on the market to depress the price. I am sure that this was being done in this period and I am sure that they consciously tightened up on it the last 2 weeks. I cannot prove it and I will not say it has not been done before. It has been done in the Republican administration, I am sure, just as well.

Mr. ALBERT. If there are no further questions, we appreciate your patience.

Mr. SHUMAN. Thank you. I appreciate your patience, too.

Mr. ALBERT. You have been very forceful, as usual, in presenting the view of your organization, Mr. Shuman. The committee thanks you.

The committee will stand in recess until 10 o'clock Monday morning.

(Whereupon, at 1 p.m. the committee recessed to reconvene at 10 a.m. on Monday, May 1, 1961.)

AGRICULTURAL ACT OF 1961

MONDAY, MAY 1, 1961

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

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

Present: Representatives Cooley, Poage, Grant, Gathings, Abernethy, Albert, Abbitt, Thompson, Jones of Missouri, Johnson of Wisconsin, Matthews, Breeding, Stubblefield, Inouye, Harding, Belcher, McIntire, Teague of California, Quie, Short, Harvey, Findley, Dole, Beermann, and Reifel.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John Heimburger, counsel; and Francis M. LeMay, consultant.

The CHAIRMAN. The committee will please be in order.

Our first witness is Mr. Christianson, of the Minnesota Farmers Union and vice chairman of the executive committee of the National Farmers Union, who is accompanied by Mr. Rohde, president of the Wisconsin Farmers Union, and Mr. Reuben Johnson, legislative representative of the National Farmers Union. We will be glad to hear from you now, Mr. Christianson.

STATEMENT OF EDWIN CHRISTIANSON, PRESIDENT, MINNESOTA FARMERS UNION AND VICE CHAIRMAN, EXECUTIVE COMMITTEE, NATIONAL FARMERS UNION, ACCOMPANIED BY GILBERT C. ROHDE, PRESIDENT, WISCONSIN FARMERS UNION, MEMBER, EXECUTIVE COMMITTEE, NATIONAL FARMERS UNION, AND REUBEN JOHNSON, LEGISLATIVE REPRESENTATIVE, NATIONAL FARMERS UNION

Mr. CHRISTIANSON. Thank you very much, Mr. Chairman, and members of the committee. We appreciate the opportunity of appearing in support of H.R. 6400. We regret that our president, James G. Patton, is unable to be a witness, but as Mr. Patton is, also, president of the International Federation of Agriculture Producers, and as they are meeting now—he is not in the country—he has asked Mr. Rohde, a member of our executive committee of the National Farmers Union and president of the Wisconsin Farmers Union, and Reuben Johnson, our legislative representative, and myself, as vice chairman of the executive committee of the National Farmers Union, to testify in behalf of the National Farmers Union. Mr. Patton asked that I

bring his personal greetings, and to express his thanks to the chairman and the members of the committee for the many courtesies you have shown him and our organization through the years.

With your permission, Mr. Chairman, we would like to proceed with Mr. Rohde first, and myself, second, each of us making a short statement, and then to follow with the discussion and the questions that may develop.

The CHAIRMAN. All right.

Mr. ROHDE. At the outset, may I say that we support the Cooley-Ellender bill, H.R. 6400. I was tremendously impressed with the statement made by the chairman of this committee when he introduced H.R. 6400, on April 18. The chairman's keen insight into the problems that affect the agricultural industry were well documented in his statement, and we heartily agree with his closing remark that the farm problem is everybody's problem.

During the course of these hearings, Secretary Freeman and experts from the Department of Agriculture have testified concerning the mechanics of the proposed Agricultural Act of 1961. I will not presume to enlarge upon the excellent analysis already submitted by the Secretary, except to applaud and endorse his eloquent declaration in behalf of family farming.

The declaration of policy in the Agricultural Act of 1961 sums up the present-day dilemma of agriculture and shows just cause as to the need for the development of a comprehensive, procedural bill under which farmers can devise programs for a wide range of the commodities they produce.

The declaration of policy, for the first time in the history of our Nation, also attempts to summarize the overall aims, aspirations and goals of farm families as related to the development of an overall farm program to meet their needs in this era of abundance.

National Farmers Union is an organization of family farmers. We believe in the family farm pattern of agriculture. The keystone of a free progressive democratic national society, as well as of a strong rural America, is the efficient, economically adequate and prosperous owner-operated family farm.

Delegates to our national convention, meeting in Washington in March of this year defined the family farm as "an agricultural production unit using land and other capital investment that can be efficiently operated by one or more typical farm operator families who provide the management, take the economic risk, and do most of the work required to operate the unit."

The basic aims of our organization are closely related to the policies of government at Federal, State, and local levels that contribute to the economic betterment of farm families on the land. Well-known to this committee, Farmers Union vigorously support those programs and policies which are consistent with our objectives and we just as vigorously oppose those programs and policies which detract from our goal.

One reason we are supporting H.R. 6400 is that we believe it is based on family farming and would help achieve our goals for family farmers.

I believe and hope that what this committee desires most of all from farm organization representatives like myself is a sounding of

grassroots reaction to the provisions of this farm bill. It is to this area that this formal statement will be directed.

Two years ago, the National Planning Association issued an excellent pamphlet entitled "Myths About Farming" in which the association's agriculture committee attempted to set the record straight on many misconceptions held by both city people and farmers about farming. Secretary Freeman has likewise concentrated much of his early efforts on getting the real facts of American agriculture before the public.

The matter of mythmaking, unfortunately, extends even into the legislative process, at times influencing the character, direction and acceptance of farm legislation. More specifically, let us consider some of the myths that have been manufactured concerning the provisions contained under the five subtitles including under title I.

In respect to the establishment of farm advisory committees, some newspapers, magazines, and even farm groups have attempted to question the competence that bonafide farmers can bring to the realm of farm policy formulation. Their effectiveness has been discounted, and the myth has been created that the Secretary of Agriculture will be the sole policymaker. We believe this to be an unwarranted and unsupported criticism of the proposed legislation.

First of all, illustrations of the effectiveness of farm committees at the policy level are easy to find. Producer committees have worked effectively in marketing order programs and in bargaining associations. Farmer-elected ASC committees have demonstrated the practicality of placing more responsibility on farmers themselves in the administration of their farm programs. Any decisions on farm policy must be closely identified with the thinking of the people most vitally concerned.

Incidentally, we do not fear these various committees as competitors—we welcome them as useful parts of the democratic process in America.

Secondly, in many respects the Secretary would have less power under this bill than he has under existing legislation. Without intending to advocate less power in that important office, let me point out that the Secretary can now set any support level up to 90 percent of parity—or no support level—for all but a few of the commodities grown in the United States. This power was possessed constantly by the preceding Secretary, and the new Secretary exercised it just recently when he increased the supports under soybeans.

But under the proposal being criticized he would establish an advisory committee, submit the recommended program to Congress for 60 days of review and then submit it to a referendum in which two-thirds of the producers would have to approve the proposal.

It seems to us that this procedure recommended by the administration is accepting less authority in the executive branch, rather than seizing the awful powers attributed to it by some critics.

The amendments to the Agricultural Marketing Act of 1937: (1) expand the coverage of this act to additional commodities; (2) remove present limitations on area coverage of a marketing order; (3) authorize individual producer allotments and national orders subject to consultation with national farmer advisory committees, approval by the President and Congress, and subsequent to congressional action,

producer approval in a referendum; and (4) other provisions for wider latitude in the application of marketing orders.

Marketing orders are a means to the establishing of a do-it-yourself approach for producers in managing supply and in strengthening bargaining power as it relates to price and income. These orders have made it possible for thousands of independent operators in milk and in a number of fruit and vegetable commodities to organize and regulate themselves to bring stability and orderly marketing conditions to their farm operations.

In respect to the establishment of marketing orders (subtitle B), the myth has been circulated that marketing order programs would regiment farmers under brutal government controls. This was the case in Wisconsin a year ago when 11 farm organizations supported enabling legislation to permit farmers to establish State marketing order programs. The scare words of the opposing minority narrowly defeated the measure despite the wide support farmers gave the proposed legislation.

That farmers have faith in such self-help programs has been proven time and again. This year, dairy farmers throughout Wisconsin are seeking the extension of Federal milk marketing orders to areas not now covered. Farmers who have witnessed State and Federal marketing order programs working successfully are going to continue to press for their extension and expansion. The national and regional orders provided for in this bill appear to be a logical outgrowth of this demand.

The expansion of coverage of marketing orders gives greater flexibility in the Agricultural Marketing Act and would provide farmers with another tool for the development of economically sound marketing programs.

Under the subtitle, farmers would develop their programs through advisory committees and vote democratically, by commodity groups, to decide upon use.

In the case of national orders, or orders involving quotas, Congress would review the program prior to submission to producer referendum.

The expanded use of marketing orders is consistent with the program adopted by delegates to our recent national convention here in Washington and we believe the expanded use of marketing orders will afford producers the opportunity for economic betterment and a better life.

Subtitle C of the bill, dealing with marketing quotas, is in our opinion one of the most vital sections of the bill. This portion of the measure spells out the principal mechanism to be available for managing farm production. Yet the myth persists that farmers want nothing to do with allotments and quotas.

Wheat, cotton, peanut, rice, and tobacco growers have repeatedly voted for quotas in producer referendums. Dairy farmers in the Pure Milk Association, which supplies 90 percent of the milk going into the huge Chicago milkshed, recently agreed overwhelmingly to accept marketing quotas.

Farmers realize that they cannot have both fair prices and unlimited production. Given reasonable alternatives, such as the feed grain program offers, farmers can be counted upon to tailor their supply to

existing demand. False slogans such as "freedom to plant" have fallen with a dull thud on the Nation's farmlands.

It is, we believe, the intent of the drafters of this comprehensive measure that a system of national marketing orders will produce the desirable price and income effects to raise farm income substantially closer to that enjoyed by the nonfarm segment of the economy. Subtitle D, "Price Stabilization," makes it clear, however, that the present program of price supports will be retained and enlarged to insure farmers greater income protection.

This brings us to the myth that says farmers are fed up with government dole and want only to be returned to the price adjustments of the free market. This myth is a favorite among processor and middleman groups, but farmers have more grey matter than to buy this one. The road to the so-called free market is the road to bankruptcy for most family farmers.

A USDA study released last year substantiates this view. The study shows that if price supports and production limitations were removed, farm prices, with the 1959 level as a base, by 1965 would drop 50 percent for wheat, 34 percent for oats and cotton, 28 percent for corn, 24 percent for cattle, 23 percent for hogs, 16 percent for eggs, and 12 percent for milk. Such drastic price drops would return the farm economy to the depths of the 1930's. No thinking farmer wants this.

Another myth in the making is that Congress, under this bill, will delegate its powers over farm legislation to the executive branch of the Government. The presence in the measure of subtitle E, "Congressional Review," we believe, disproves this contention. The fact that farm programs will not originate in the Agriculture Committees of either House will not detract from an objective study of any farm proposal or discourage debate. The veto power retained by Congress will be an effective check on the executive branch.

The farm programs that are finally approved under this new approach will, if anything, have had closer congressional scrutiny than is sometimes the case now. The bill relieves Congress of much of the tedious research and paperwork without in any way weakening the representative process.

In conclusion, we wish to emphasize that title I is an enabling provision. It merely authorizes the use of economic tools which farmers as individual operators lack. The fundamental question is this: Is it reasonable for farmers to seek the tools which will give them more bargaining power in the marketplace? If we want to maintain our traditional type of agriculture consisting of millions of family units, we must be willing to give farmers greater management over supply and price.

The whole structure of this farm legislation is based upon the belief that preserving the family farm is in the public interest. If we now refuse the farmer these bargaining devices, we will in effect encourage the advent of corporate agriculture. If this comes to pass, it will be the consumer who will be seeking relief and assistance; in our legislative halls and not the farmer.

The CHAIRMAN. Thank you very much, Mr. Rohde.

Mr. CHRISTIANSON. Mr. Chairman, I would like just to read a few paragraphs of my statement and then ask that the entire statement be made a part of the record.

The CHAIRMAN. That will be done.

Mr. CHRISTIANSON. We commend you, Mr. Chairman and the members of the committee, for the attention directed to the needs of farmers in the past. We know that you have always sought to provide whatever legislative authority our Secretaries of Agriculture have asked for if it opened the way for farmers to improve prices and incomes. We appreciate this evidence of concern and interest on the part of the committee. And we appreciate the opportunity to appear before you at this time of economic crisis in agriculture.

The decline in the net income of farmers since 1951, and the more than \$20 billion loss in net income to producers since that time, illustrates in realistic and understandable terms the extent to which agriculture has gone through an economic wringer. We know that you are familiar with the overall economic setback in agriculture and the disastrous effect that abandonment of farm programs would have upon farm families.

In our opinion, the proposed Agricultural Act of 1961 is a step in the right direction toward correcting this.

The policy declaration at the start of the bill sets forth some much needed and significant goals.

Section A affords farmers the opportunity to achieve parity of income.

Section B enables the farmers to participate more directly and effectively in the determination of agricultural policies.

And section E authorizes the utilization of such various price and income stabilization methods.

In evaluating the provisions of the bill, it seems to us the important question in each instance is whether the particular provision will tend to help attain the policy goals which are spelled out in the declaration of policy.

Generally speaking, the proposed Agricultural Act of 1961 is an enabling act type of legislation, permitting more commodities to come under marketing order or marketing quota programs, and providing some clarification and recodification of existing authority.

The passage of the bill would undoubtedly bring some early recommendations for programs for wheat and feed grains for 1962.

We urge the immediate use of title I authority of the bill, reducing the time of getting additional programs into operation in order that producers may avail themselves of the assistance provided by the act at the earliest possible time.

We feel that the following objectives of H.R. 6400 merit approval by the committee:

- (1) Retention of parity of income as the goal and the basis for programs to be developed.

- (2) Opportunity for the family farm pattern of agriculture to strengthen and to continue to be the basic pattern in American agriculture.

- (3) Opportunity for producers to have a voice in development of quota and price stabilization programs.

- (4) Opportunity to institute a variety of programs to meet the varying needs of different commodities.

- (5) Retention of present programs until such time as producers initiate their own programs.

(6) Expansion of consumption of food by needy and low-income consumers both here and abroad.

(7) Administration of programs in such a way as to reduce costs substantially over current expenditures, and

(8) Provision for extension of marketing order and marketing quota programs to more and more commodities, as desired by producers; and expansion of marketing orders, where desired, to regional or national scope.

The National Farmer Advisory Committees—the selection of nominees to the Advisory Committees by elected county committeemen and by general and commodity farm organizations assures the availability of committee members who understand the needs of the producers they will represent. We believe that the knowledge that comes from firsthand work with farmers and their problems is an essential element in the makeup of these advisory committees, and we agree fully with the condition that 60 percent of the gross income of such members comes from farming operations.

We understand that the Secretary of Agriculture will select one-third of the members of Advisory Committees from nominees named by general and commodity farm organizations. We approve this provision, and on behalf of National Farmers Union let the record show that we will cooperate fully with the Secretary when he requests nominees from among the members of our organization.

The productive capacity on farms today has given farmers a greater understanding of the need for more control over production and marketing of their produce. We concur fully with the enabling provisions of the bill that would extend to all farmers the opportunity to devise programs to more effectively manage their production. We point out that the producers of an agricultural commodity would come under this subtitle only if the procedures followed under subtitle E of the bill are used. In our judgment this is a completely realistic way to involve coverage of other agricultural commodities under this subtitle.

Moreover, we believe that the procedures outlined in the bill would result in programs which comply with the peculiar needs of particular commodity or a group of related commodities. This is true because of the latitude which would be provided for extending the right to use marketing quotas. In this connection, Farmers Union, supports marketing quotas expressed in either acreage or in units of production, if producers approve.

Under this subtitle, authority is provided for the institution of quotas for up to 3 years. We believe this extension of quota periods to be practical.

We approve of the wide latitude given the Secretary in methods of supporting commodities in addition to existing authority to use loans and purchases. The National Farmers Union supports broadening legislation to include compensatory payments. There are certain commodities, such as perishable farm products, for which the only practical means for supporting prices is through compensatory payments. We believe, moreover, that this may be a more satisfactory means of dealing with some commodities which are moving into export where our fair share of the export market is currently dependent upon export subsidies.

However, we strongly recommend the elimination of the limitation of 90 percent of the parity price on the support that may be provided under this subtitle. We believe that such a limitation is inconsistent with the objective of full parity of income for agriculture.

We strongly endorse the authority granted to the Secretary in this subtitle which would limit compensation payments to the proportion of farm production which would reflect a family farm operation. This would do two things:

(1) It expresses rightly, we believe, the interest and concern of Congress in strengthening the family farm pattern of agriculture; and

(2) It would be a safeguard insofar as costs of such programs are concerned.

We concur with the provision of the bill which would continue the price support program then in operation if Congress should disapprove a program submitted by the President.

Then closing, Mr. Chairman, we want to assure you that we recognize full well that one Congress may not commit another Congress on any matter, on farm programs or otherwise. Moreover, we in the Farmers Union have always looked to the Congress for resolving the differences that exist between farm organizations over agricultural policy. We know Congress to have the final authority and we would not have it any other way.

We have the greatest respect for this committee. You have demonstrated over the years your interest in the welfare of both farmers and consumers and the farm laws which you have drafted stand as a monument to this interest.

We are confident that this committee will continue to serve the national interest in the decisions that you will make concerning the Cooley-Ellender bill.

It is our hope that this committee will complete hearings on all parts of the bill as expeditiously as possible in order to assure consideration by the Congress at an early date.

The CHAIRMAN. We thank you very much, Mr. Christianson. You presented a very fine statement and I am sure that the committee is very glad to have the benefit of your views, and the views of Mr. Rohde.

Your statement will be made a part of the record at this point.

(The prepared statement of Mr. Edwin Christianson is as follows:)

STATEMENT IN BEHALF OF NATIONAL FARMERS UNION BY EDWIN CHRISTIANSON, PRESIDENT, MINNESOTA FARMERS UNION AND VICE CHAIRMAN OF THE EXECUTIVE COMMITTEE, NATIONAL FARMERS UNION

AGRICULTURAL ACT OF 1961

Mr. Chairman and members of the committee, we commend you for the attention directed to the needs of farmers in past years. We know that you have always sought to provide whatever legislative authority our Secretaries of Agriculture have asked for if it opened the way for farmers to improve prices and incomes. We appreciate this evidence of concern and interest on the part of the committee and we appreciate this opportunity to appear before you at this time of economic crisis in agriculture.

The decline in the net income of farmers since 1951 (when the parity ratio stayed consistently over 100) and the more than \$20 billion loss in net income to producers since that time illustrates in realistic and understandable terms the extent to which agriculture has gone through an economic wringer. We know

that you are familiar with the overall economic setback in agriculture and the disastrous effect that abandonment of farm programs would have upon farm families.

In our opinion, the proposed Agricultural Act of 1961 is a step in the right direction toward correcting this.

The policy declaration at the start of the bill sets forth some much needed and significant goals. Particularly important are:

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

"(b) enable farmers, under accepted democratic methods and through cooperation with, and assistance by, the Government, to participate more directly and effectively in the determination of agricultural policies and in formulation and administration of programs to effectuate such policies.

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

In evaluating the provisions of the bill, it seems to us the important question in each instance is whether the particular provision will tend to help attain the policy goals which are spelled out in the declaration of policy.

Generally speaking, the proposed Agricultural Act of 1961 is an enabling act type of legislation, permitting more commodities to come under marketing order or marketing quota programs, and providing some clarification and recodification of existing authority.

The actions which have been taken so far this year by the administration and the Congress have been very helpful. These have been valuable first steps, but they are first steps and only that.

The price support increases on milk, corn and the other feed grains, soybeans, flax and other commodities will certainly be of help this year in lessening the cost-price squeeze on farmers.

The efforts to provide more adequate operating credit are helpful, as are the provisions for advance payments on storage fees and the advance payments on the diverted acres in the feed grain program.

It is estimated that the improvement in total net farm income for this year may be as much as 10 percent above 1960. But at best, this will still leave farmers far short of a price and income level representing a fair return upon investment and labor.

The actions of Congress and the administration so far this year will help tide farmers over—which is important in itself—but it must be followed by some dramatic improvements in 1962. Otherwise, all that has been accomplished is to move up to a plateau somewhat better than that which existed the past year, but not enough better to put farmers on an economic footing where they have some prospect of survival.

The purpose of the 1961 feed grain bill and administrative action taken, increasing price supports, was to help tide farmers over, but the purpose of the long-range legislation must not be simply to "buy time," but to make definite and substantial steps toward parity prices and income.

There is a tremendous urgency for action which will improve farm prices and income. Simple passage of this bill will not, of course, result in an automatic increase in the price level of any commodity—the increase will have to await whatever action may be initiated pursuant to the provisions of this legislation.

Passage of the bill would undoubtedly bring some early recommendations for programs for wheat and feed grains for 1962.

We urge the immediate use of title I authority of the bill, reducing the time of getting additional programs into operation in order that producers may avail themselves of the assistance provided by the act at the earliest possible time.

We feel that these objectives of H.R. 6400 merit approval by the committee:

(1) Retention of parity of income as the goal and the basis for programs to be developed.

(2) Opportunity for the family-farm pattern of agriculture to strengthen and to continue to be the basic pattern in American agriculture.

(3) Opportunity for producers to have a voice in development of quota and price stabilization programs.

(4) Opportunity to institute a variety of programs to meet the varying needs of different commodities.

(5) Retention of present programs until such time as producers initiate their own programs.

(6) Expansion of consumption of food by needy and low-income consumers both here and abroad.

(7) Administration of programs in such a way as to reduce costs substantially over current expenditures, and

(8) Provision for extension of marketing order and marketing quota programs to more commodities, as desired by producers; and expansion of marketing orders, where desired, to regional or national scope.

National farmer advisory committees (title I, subtitle A)

Farm program recommendations and development would begin with farmers themselves under the provisions of this subtitle.

The selection of nominees to the advisory committees by elected county committeemen and by general and commodity farm organizations assures the availability of committee members who understand the needs of the producers they will represent. We believe that the knowledge that comes from firsthand work with farmers and their problems is an essential element in the makeup of these advisory committees, and we agree fully with the condition that 60 percent of the gross income of such members comes from farming operations.

We understand that the Secretary of Agriculture will select one-third of the members of advisory committees from nominees named by general and commodity farm organizations. We approve this provision, and on behalf of National Farmers Union let the record show that we will cooperate fully with the Secretary when he requests nominees from among the members of our organization.

Marketing quotas (title I, subtitle C)

The productive capacity on farms today has given farmers a greater understanding of the need for more control over production and marketing of their produce. We concur fully with the enabling provisions of the bill that would extend to all farmers the opportunity to devise programs to more effectively manage their production. We point out that the producers of an agricultural commodity would come under this subtitle only if the procedures followed under subtitle E of the bill are used. In our judgment this is a completely realistic way to involve coverage of other agricultural commodities under this subtitle.

Moreover, we believe that the procedures outlined in the bill would result in programs which comply with the peculiar needs of a particular commodity or a group of related commodities. This is true because of the latitude which would be provided for extending the right to use marketing quotas. In this connection Farmers Union supports marketing quotas expressed in either acreage or in units of production, if producers approve.

Under this subtitle, authority is provided for the institution of quotas for up to 3 years. We believe this extension of quota periods to be practical.

Price stabilization (title I, subtitle D)

We approve of the wide latitude given the Secretary in methods of supporting commodities in addition to existing authority to use loans and purchases. National Farmers Union supports broadening legislation to include compensatory payments. There are certain commodities, such as perishable farm products, for which the only practical means for supporting prices is through compensatory payments. We believe, moreover, that this may be a more satisfactory means of dealing with some commodities which are moving into export, where our fair share of the export market is currently dependent upon export subsidies.

However, we strongly recommend the elimination of the limitation of 90 percent of the parity price on the support that may be provided under this subtitle. We believe that such a limitation is inconsistent with the objective of full parity of income for agriculture.

We strongly endorse the authority granted to the Secretary in this subtitle which would limit compensatory payments to the proportion of farm production which would reflect a family-farm operation. This would do two things: (1) It expresses rightly, we believe, the interest and concern of Congress in strengthening the family-farm pattern of agriculture, and (2) it would be a safeguard insofar as costs of such programs are concerned.

We concur with the provision of the bill which would continue the price-support program then in operation if Congress should disapprove a program submitted by the President.

Congressional review (title I, subtitle E)

Mr. Chairman, in closing we want to assure you that we recognize full well that one Congress may not commit another Congress on any matter—on farm programs or otherwise. Moreover, we in Farmers Union have always looked to the Congress for resolving the differences that exist between farm organizations over agricultural policy. We know Congress to have the final authority and we would not have it any other way.

We have great respect for this committee. You have demonstrated over the years your interest in the welfare of both farmers and consumers, and the farm laws which you have drafted stand as a monument to this interest.

We are confident that you will continue to serve the national interest in the decisions that you will make concerning the Cooley-Ellender bill.

It is our hope that this committee will complete hearings on all parts of the bill as expeditiously as possible in order to assure consideration by the Congress at an early date.

The CHAIRMAN. Mr. Gathings.

Mr. GATHINGS. I would like to ask Mr. Rohde to give us a little more detail on your views with respect to the definition to a family farm.

What I refer to, Mr. Rohde, is that part of your statement on page 2 which covered that point—

Mr. ROHDE. On page 2, about half-way down the page, we define the family farm as "an agricultural production unit using land and other capital investment that can be efficiently operated by one or more typical farm operator families who provide the management, take the economic risk, and do most of the work required to operate the unit."

Mr. GATHINGS. You say, "one or more typical farm operators."

Mr. ROHDE. Well, I think what we were talking about are the sole farm units we might be considering, and the family farm, as we consider it, is a unit operated by a family. This was merely in a plural context that we were referring to. We were not thinking in terms of having three or four or five families on one farm. This is not what the definition is referring to. We are talking about one family.

Mr. GATHINGS. A one-family operation?

Mr. ROHDE. That is right.

Mr. GATHINGS. Well, now, that might work, Mr. Rohde, in some instances, in connection with a mechanized operation. If you used combines to harvest your grain, a family may operate the farm successfully, but there are quite a number of farms where stoop labor is necessary to harvest the produce of the farm, and that is a different picture.

What are you going to do about a man who needs some supplemental labor to help harvest his crop?

Mr. ROHDE. I think our definition encompasses what you are referring to. We still think in specialized cases, where you do need additional labor at the harvest time, but where the management and all of the risk is taken by the individual farm family, it would come within that definition. The labor that you are referring to is only a temporary and seasonal thing that might occur just at the harvest time.

Mr. GATHINGS. Under that definition a man could not reside in town or in the city and get in his pickup truck and drive out to his farm and operate that farm, could he?

Mr. ROHDE. This is splitting hairs on definitions, in our opinion, but in that respect, we may consider this a family operation and some may not. This is not a general pattern of agriculture throughout the United States.

Mr. GATHINGS. What about the man who owns a piece of land and rents an adjoining strip of land—what about him?

Mr. ROHDE. He would still, in our opinion, fall within the category of the family that takes the economic risk involved and who does the management.

Mr. GATHINGS. What about the man who has 20 tenants on his place? What about that operation?

Mr. ROHDE. That is a real tough one. If this would be considered a family farm operation in that area, why, I suppose that we would consider it that way. But in the section of the country where I live, we would not consider that strictly a family farm operation.

Mr. GATHINGS. It would not be because of the fact he has 20 tenants, who are working there and who use that land to derive a livelihood from it?

Mr. ROHDE. I think that we could best define our position in this respect in this way: We are tremendously interested in this organization in the family farm operation; particularly we are interested in the family.

Mr. GATHINGS. That is right. In some instances, however, Mr. Rohde, we have many people who live on the farm but they work in the town and in the city. They have a small operation there; however, it is really just a sideline, because the biggest part of their income is derived from working in a plant in the city. How about him?

Mr. ROHDE. This is very true. We have seen this pattern develop to a greater extent, particularly in our area. The reason it developed was because the people were seeking opportunities to earn more money, because their unit was not large enough or it did not permit them to get hold of enough capital to have the standards of living that they thought desirable.

I would like to point out, in those cases, that those people are working many, many hours a day. We call them bluelight farmers in our area. They work probably 8 hours on the farm and 8 hours in town. This is not a desirable standard of living for the average person.

Mr. GATHINGS. As a matter of fact, many of our farm people are having to do that in these days of high costs of operation; do they not?

Mr. ROHDE. Yes.

Mr. GATHINGS. Do you subscribe to the doctrine that the man could not increase his holdings? Would you set an acreage limitation on just what would be a family farm operation?

Mr. ROHDE. Certainly not.

Mr. GATHINGS. You would not?

Mr. ROHDE. Certainly not.

Mr. GATHINGS. So that a man who had 150 acres of cotton and would require quite a lot of Mexican labor to help harvest that cotton, let me ask, in your opinion, would he be a family farm operator?

Mr. ROHDE. Well, I am not too familiar with that situation.

Mr. GATHINGS. Or would he just have to have 5 or 10 or 25 acres of cotton to come within that definition?

Mr. ROHDE. I am not too familiar with the cotton operation, but I would think that in this particular case, that the man who hired 25 or 30 people at the harvest time could still be classified as a "family farmer" by our definition, because he would still be the party who would be doing the planting and taking the economic risk and paying the taxes, and would be concerned about all of the problems in his community.

Mr. GATHINGS. What about the man who has 500 acres of cotton: Would he be a family farmer?

Mr. ROHDE. If he is the normal—

Mr. GATHINGS. And he requires maybe 50 or 100 supplemental laborers to harvest his crop?

Mr. ROHDE. I say again that I am not completely familiar with the operations in the cotton area. This should be a matter, I suppose, that could be determined in the area better than for me to say.

Mr. GATHINGS. Well, according to your statement, and I believe in Mr. Christianson's, the two purposes that you intend to reach in this limitation is, one, to strengthen the family farm unit, and two, to save money. Is it your purpose to do that? How are you going to save that money? Are you going to save it by depriving a man who has invested in a larger operation that he would not be given the same treatment as the man who is on a small tract of land?

Mr. ROHDE. I cannot see in any way where this legislation would limit this operator at all. He is part of the production pattern of this country, and he would be getting the same kind of benefits and would have the same kind of voice that this legislation would provide the tools for.

Mr. GATHINGS. America was built on opportunity—equal opportunity for all.

Mr. ROHDE. That is right.

Mr. GATHINGS. Is there any reason why we should permit the Government of the United States to limit the amount of subsidy paid to an airline company because that airline company has planes with four motors, or with four jet engines on it, rather than if you had a two-motor plane?

Mr. ROHDE. The determination there, in my opinion, would again rest on this Congress as to what was in the best public interest.

Mr. GATHINGS. Do we limit the tonnage on our ship lines before they will be permitted to obtain a subsidy, or to some other measurement, such as having a larger number of horsepower to particular ship?

Mr. ROHDE. As we refer to the point that you are making to agricultural legislation, it is my own opinion that the case is a little hypothetical.

However, what we are attempting to achieve and to maintain and to preserve is the farm family pattern of agriculture. We strongly believe that the real strength of our country lies within rural America, and that the family farm production pattern has given this country this great economic strength.

We have seen this strength becoming eroded because, the past several years, several things have happened. We are seeking ways and means to provide the tools for the family farmer himself to initiate

programs which will give him bargaining power in an attempt to get on an economic level with other segments of our economy.

You see, the provisions of this bill set up the guidelines by which this may become possible.

Mr. GATHINGS. There has grown up in recent years the attitude that the making of large loans to farmers on their particular commodity is a thing that we should frown upon.

For example, a rice producer in DeWitt, Ark., obtained a loan of \$1,037,000 on rice. There were several hundred farmers involved in that operation. That picture goes out in the Congressional Record depicting a loan of \$1,037,000, and everybody says, "Look here at that large loan." As a matter of fact, it is necessary in order to move the commodities orderly at a time you are harvesting the crop to use the facilities of the loan, regardless of the size. And if you put a lot of rice in there, they will not dump it on the market at the time you are harvesting the rice, and the farmer gets a better advantage in price.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Teague of California.

Mr. TEAGUE of California. Suppose that you have a citrus grower in California who has, let us say, 20 acres in grapefruit. He and his son or his hired man can do all of the irrigating and all of the cultivating, but they have to have 20 or 30 or 40 extra hands several times a year for harvesting purposes—several times a year, we will say. Would you consider that to be a small farm?

Mr. ROHDE. Well, is the emphasis being placed upon "small"? I would not know how you would define that, whether it was small or not.

Mr. TEAGUE of California. I do not want to be putting words in your mouth, but I gathered from what you said to Mr. Gathings that if a man and his son can do the normal work of irrigating and cultivating, and require extra help only at harvesttime, that it would come within your definition of a small farm, is that right?

Mr. ROHDE. A family farm.

Mr. TEAGUE of California. Yes, a family farm.

Mr. ROHDE. That is the term that we wanted to get to. I guess that would be within that.

Mr. TEAGUE of California. Let me make this comment: I realize that I believe that your organization is not very active in California, at least, in the citrus area. Nevertheless, you have opposed the continuation of the Mexican national farm labor program.

I would like to have some one name to me one of the family farm citrus growers in California who says he can, possibly, get along without Mexican nationals at harvesttime. I hope that you gentlemen will review your position on opposition to the bracero program.

Mr. ROHDE. Could we have Mr. Johnson make a statement on that? I would like to refer this to our legislative representative, Mr. Johnson.

The CHAIRMAN. Very well.

Mr. JOHNSON. I want to point out that we did not oppose the bill. We presented testimony here to show why we felt that the program might have repercussions and it virtually affects the interests of the family farms, but we left the decision to this committee when we pre-

sented testimony as to what disposition you would make of the bills then before the committee. We did not oppose it.

Mr. TEAGUE of California. I am glad to hear that. Thank you.

The CHAIRMAN. Mr. McIntire.

Mr. McINTIRE. It seems to me that part of the pattern by which you have a balance among the legislative, the executive, and the judicial branches in our Government has operated through such laws as are now enacted by the Congress.

Under the proposal set forth in this bill, where is the legislative record made upon which the executive could rely to draft rules and regulations, and upon which the judicial branch of the Government could make appropriate review in connection with any court action that might arise out of this legislation?

Mr. CHRISTIANSON. I will ask Mr. Reuben Johnson to speak on that.

Mr. JOHNSON. Do you have reference to the marketing order section?

Mr. McINTIRE. I have reference to the specific proposals which would come to the Congress for review or veto. What will constitute the legislative record in connection with those specific commodities proposed?

Mr. JOHNSON. I am not sure that I understand.

The CHAIRMAN. If I may be permitted one observation, it seems to me that under the bill the committee would have 60 days to consider the proposals and that would be the legislative history.

Mr. JOHNSON. Let me add, Mr. Chairman, that I do not think that the procedure under this bill would preclude this committee from initiating legislation, if it saw fit to do so, at any time. I do not see that.

Mr. McINTIRE. I appreciate that. I am referring to a commodity proposal that would be sent to this Congress for review and for veto, if Congress did not choose to go along with it.

It is my understanding under the language of the bill that the Secretary would send to the Congress a statement of the basic elements. That would go to the speaker, and, presumably, it would be referred to the committee by the speaker.

Mr. JOHNSON. That is done through the President, as I understand it.

Mr. McINTIRE. Pardon?

Mr. JOHNSON. The President of the United States would actually transmit to the Congress the recommendation.

Mr. McINTIRE. I accept your amendment. It is academic. It is by means of a communication.

Mr. JOHNSON. It is a very important point that the White House in this case would be the initiator of the programs, rather than the Secretary of Agriculture himself.

Mr. McINTIRE. Well, all right. The bill provides that the President can send the statement to Congress by way of the Speaker of the House. Wherein do you build a legislative record upon which the judicial body and so forth can act, if necessary?

Mr. JOHNSON. Mr. McIntire, I do not think that we are in any position to indicate to this committee how you should exercise any prerogative that you might care to exercise. It may be that you would have hearings on these proposals.

I think this is something that the committee itself would have to determine.

I think that, perhaps, the fact as the chairman has pointed out is that you would have 60 days in which to review this legislation and that this provides a rather great margin of safeguard in terms of the program finally decided upon. I would foresee that the staff of this committee would, perhaps, play a greater role in making an analysis of the provisions under such supervision as you would use and exercise, and that you would use the help of the Library of Congress, of the Department of Agriculture itself, as you do on many occasions, the technical people there. All of these things would be things which the committee might do in arriving at a conclusion of the proposal. And 60 days seems to me to provide you with an ample time within which to draw on all kinds of opinions as to the advisability of proceeding on programs that might be sent to you by the President.

Mr. McINTIRE. Is it your understanding then, Mr. Johnson, that the procedures, as you would expect them to be, would follow on the heels of this statement. Frankly, I do not see that this is a record document, but still the bill says it would be a statement of the basic elements. Would it, then, be your thought that the committee might hold hearings on this statement; that we would ask and invite all of the farm groups to testify before the committee, giving us their understanding?

Mr. JOHNSON. That would be entirely the decision for this committee.

Mr. McINTIRE. I realize that it would, but would you recommend that we proceed in that manner?

Mr. JOHNSON. I think that Mr. Christianson made it amply clear in his statement that we feel that the Congress is the final authority in any legislation, farm or otherwise. We would not have it any other way, as he put it.

I think that the forum that you exercise this authority in is something that rests with the committee and something that I would not desire to advise you on, because the Congress, being the final authority, it would be rather presumptuous for me to attempt to indicate approval or disapproval of any procedure.

Mr. McINTIRE. It has been my observation in the 9 years I have been on this committee that the Farm Bureau and the other organizations have never hesitated to advise.

Mr. JOHNSON. Sometimes, we do it individually, rather than collectively.

Mr. McINTIRE. I was asking whether you would suggest a procedure under which this committee would study the statement of the basic elements sent up by the President. Could you give us advice on that?

Mr. JOHNSON. I think that I would feel, as a representative of the Farmers Union, to have a perfect right to contact you individually. I feel, perhaps, that other organizations, knowing their respective legislative representatives, as I do, might, also, feel the right to do this. I am sure that this would be one of the things we would do.

I think we would still proceed where many other elements are involved, as we have now, as you decide on agriculture programs. The exact procedure that you would follow under the terms of the bill are, of course, I think of saying again, to be left up to the committee.

Mr. McINTIRE. I would like to go back to this definition of the "family farm," because many times it is interpreted to be a farm family. I think there is a lot of difference in the type of operation, as to whether or not there are children in this family who grow up and become a part of the farm operation.

I think your definition of a family farm is very good, because this legislation directs itself specifically to somebody having to decide out here at the county level as to which farms are eligible and which are not.

Would you penalize the farm operation if, by chance, there were no children in the family?

Mr. ROHDE. Well, I cannot see or cannot foresee this development occurring with respect to the legislation that is specific. We emphasize the family farm definition in the testimony because, in our opinion, it is the vehicle by which we are trained to provide for the programs, which recognize the necessity of keeping agriculture strong to the family farm pattern of production. This has proved to us to be the most efficient way of production of foods.

There are all kinds of things that we could point to. We, in America, have done a better job than anyone else by our pattern. We recognize it to be the family farm operation.

Mr. McINTIRE. Is it not then necessary for the administration to define a family farm in a particular commodity group and for every specific regional area of agriculture?

Mr. ROHDE. As we think this thing through, if this has been the pattern of the particular operation than I cannot see any possibility where the man and his wife would be penalized. I cannot foresee that.

Mr. McINTIRE. This means, of course, that he is still operating a substantial farm as a family organization, say a man and his wife with no children to grow up into this family organization. Aren't the man and his wife going to hire additional help?

Mr. ROHDE. Surely, they are going to do that.

Mr. McINTIRE. At what point does he cease to be a family farm operation, in the matter of hiring these people?

Mr. ROHDE. This would be most difficult to define in language. For example, I would like to be permitted to tell you of my own operations. I live on a typical family farm, according to our definition in Wisconsin. I have 160 acres, of which 130 acres are tillable. We have a barn in which we milk 36 cows.

It has been my personal experience that when my family was young I was very busy in taking care of that property. Of course, when our sons grew up we had help which made it a little easier.

I presume that I could have added another 100 acres of land to my operation and have built a bigger barn, and still it would have been a family farm operation, by our definition.

We do not attempt to limit it to acres. I think this would be wrong.

Mr. McINTIRE. I can take you to a farm in my State where a man and his two sons are handling the milking of 60 head, and turning out about 30,000 broilers. Is that a family farm?

Mr. ROHDE. I would think that it was, but the reason we placed a great—

Mr. McINTIRE. Let me ask you this question then: If he did not have the two sons, would it be a family farm?

Mr. ROHDE. I guess it would be for the purposes of the definition, but the reason we placed so much emphasis on it is that we are looking toward the future.

For example, today if you have an operation like that, how much capital does it take to run this operation, and how could I suggest to one of my sons to go and start farming in this operation? Where could he get the capital? This is tremendously significant in the whole pattern of family farm operations.

Mr. McINTIRE. Then you bring in capital availability as part of the definition?

Mr. ROHDE. I think we should. We referred to it as the capital risk that is involved.

Mr. CHRISTIANSON. I would just like to say that the definition here of the family farm was our definition that the delegates at a national convention agreed upon. Of course, it does not mean that there are no leeways in the definition, but it was the best definition that our group could come up with in defining the term "family farm."

Mr. JOHNSON of Wisconsin. Let me ask this: Is not the procedure in this legislation a good deal like the procedure with reference to the Reorganization Act of 1948? We have heard so much about procedure in this legislation. Is it so far away from the procedure set out in the Reorganization Act of 1948?

The CHAIRMAN. Probably almost identical, I would say. The Congress reserves the right to veto.

Mr. JOHNSON of Wisconsin. You could have a lot of argument on that legislation if passed by the Congress.

The CHAIRMAN. Surely. There has been about everything. [Laughter.]

Mr. McINTIRE. I am certainly not particularly conversant with the Reorganization Act, but if I understand correctly, it is my understanding that the Reorganization Act does not empower the executive branch—

Mr. JOHNSON of Wisconsin. Will you speak up?

Mr. McINTIRE. Even with the review of Congress in connection with the Reorganization Act, this act does not authorize the executive branch in any sense to initiate any new authorizations, nor does it authorize the initiation of new issues. And even with this limitation for review of the Congress, this review is broader than just a review, if I understand it correctly.

The CHAIRMAN. Are there any other questions?

Mr. Quie.

Mr. ROHDE. Following up Congressman Gathings' questions, I would like to inquire as to this:

You advocate the use of acreage quotas and volume quotas. Would you advise a commodity committee that they provide the same percentage of reduction in the acreages or the volumes, no matter what the size of the farm would be? Or would you advise that the non-family farm be required to reduce its acreage or volumes at a greater percentage than the so-called family farm.

Mr. CHRISTIANSON. I believe, Congressman Quie, that our position has been and still is that if there are acreage quotas, that they be on a graduated basis—that there would be less takeoff on the smaller operator than on the larger operator.

Mr. QUIE. I thought that was your position. How would you define parity of income?

Mr. CHRISTIANSON. Well, I believe we have a definition of parity of income. I wonder if I might ask our representative here to quote the definition?

Mr. JOHNSON. I believe that I will just use the one in the bill, because I think it does refer to it.

It says:

Afford farmers the opportunity to achieve parity of income with other economic goods by providing them with the means necessary to adjust their agricultural output to requirements and to develop markets for their products.

That does not quite say it.

Mr. QUIE. As a goal in the bill, they set a 90-percent-of-parity maximum on price supports. And you say that this should be removed from the bill. That is why I asked you to give that definition.

Mr. JOHNSON. The reason we suggested the removal of the 90 percent is that we do not feel that 90 percent would provide the producers with a parity of income. I would amend the reference in the bill to the parity of income provision, further elaborating upon it to say that a farmer is entitled to earn as much for his investment, for his labor, and for his management ability as anyone who performs, who contributes like ingredients to a business that might be conducted off the farm. There is a wide disparity today in what somebody operating with the same investment, the same labor, the same management ability, is able to earn for his management, labor, and capital, as compared to farmers.

Mr. QUIE. How does this compare at the present time?

Mr. JOHNSON. I would not be able to give you any specific comparisons.

Mr. QUIE. Do you know how much the difference would be?

Mr. JOHNSON. Probably the best way to illustrate the difference would be to look at the per capita income figures. I do not have those with me, but I think they are readily available.

Mr. QUIE. Do you think that the per capita income for the people in farming should be the same as the per capita income for people in nonfarming as the incomes have been determined by Government reports?

Mr. JOHNSON. I do not know any reason why it should not be.

Mr. QUIE. In 1947-48, the farmer's income was the record per capita income—it was 58 percent of the nonfarm per capita income. And the price of the commodities that the farmers sold was something well over 100 in parity. Do you think that the farmers should receive 200 percent of parity in order to get their income up to 100 percent of the income of the nonfarm population?

Mr. JOHNSON. That is a very exciting and daring goal. I agree with you. But I would repeat, I see no reason why farmers should not be able to earn as much for their labor as anybody else.

Mr. QUIE. That is all.

The CHAIRMAN. Mr. Thompson.

Mr. THOMPSON. It might be interesting to read into the record a portion of the report by the Family Farms Subcommittee which was made up August 1, 1956.

An understanding of the cause and condition of the strain upon the family farm is essential to any discussion of remedy.

There are a number of definitions and concepts of the family-type farm. One definition the subcommittee heard is this:

"The family-type farm generally might be considered a farming operation in which managerial decisions are made by the farmer and most of the physical work in the production of the farm enterprise—exceptions would be made in harvest operations—is done by the members of the farm family living on the farm. It should be large enough to provide a reasonably full-time job for the operator, and sufficient income for the farm family."

The distinguished gentleman from Maine was one of the principal architects of this report. He furnished the committee with a wonderful contribution.

We never had any trouble in the Family Farm Subcommittee with a lack of flexibility in this respect. It was a sort of a pattern to which you could work.

I hope that we can approach a definition in the present Cooley-Elender bill with that same point of view.

The CHAIRMAN. Are there any further questions?

Mr. Dole?

Mr. DOLE. I address myself to the gentlemen as a member from northwest Kansas. Are there any specific examples of family-sized farm operations in that area of Kansas, as to how many people would comprise the family farm and how many acres?

Mr. CHRISTIANSON. I would assume there are things that indicate that to us, although I do not have them. However, I am sure that in each State there would be some study available as to what would be designated as a family farm type operation.

Mr. DOLE. Does your organization have any studies which it has made that might be available for the record, say for the State of Kansas?

Mr. CHRISTIANSON. Our organization does not have such a study, but I am sure that we could acquire a study for the State of Kansas, if that would be desirable.

Mr. DOLE. I think that it might be helpful to have it. I am sure that there will be those who will ask what is a family-sized farm—that that is a question I will have to answer.

Will you give me an example of that?

Mr. JOHNSON. The program of the National Farmers Union, I think, hinges on whether or not the family provides most of the labor on the farm.

I would say that in your district, by our definition, probably over 90 percent of the farms—maybe a higher percentage—would be family farms.

Mr. DOLE. We have men who live in one part of our district and farm in another part of my district. How about them?

Mr. JOHNSON. The location of the farm has nothing to do with it, so far as we are concerned. The main factor, as I understand the definition, is that it hinges upon the labor supply, because of the other elements of the farm, management and so forth, are necessary to each farm in somewhat the same amount to the same degree. Capital would be an exception, but labor is where the great flexibility comes in. And that is what our delegates tended to hinge their definition on, the amount of labor used on the farm.

Mr. DOLE. There has also been reference made to the term "parity of income." I wonder if there might be figures available as to the State of Kansas, for instance as to a farmer in northwest Kansas, which would indicate what parity of income would mean for the average family farm in that area of Kansas?

Mr. JOHNSON. I am sure that your agricultural college has done some studies in this area. I am sure there are adequate studies that have been made to indicate the return on the existing operations in recent years.

These, of course, show the extent to which these farms are not earning parity of income. I think, perhaps, in using this term, "parity of income," it is looking forward to an objective that we should work toward. We will not reach that objective tomorrow or the next week, but it seems to me to proceed on the assumption that never to reach this objective would certainly be doing an injustice to the farm people of this Nation who have made it possible for us to do so efficiently this work, and to so efficiently supply the great amounts of food we have.

Mr. DOLE. I am wondering about this, too. We are receiving letters from people asking how we can apply the parity-of-income formula, for example, to their situation. If we had some specific figures as to what it might mean in particular areas it would be helpful to me, as a Member of Congress, and a member of this committee.

Just one other question. Will the Farmers Union support the bill with the 90-percent parity limitation in it—will they be for it with that in the bill?

Mr. CHRISTIANSON. We will support the bill. We would recommend that an amendment be made to take off the limitation. Of course, we would support the bill, if this was in it.

Mr. DOLE. Thank you.

The CHAIRMAN. Thank you very much.

Mr. CHRISTIANSON. We thank you. May I express our appreciation for the opportunity of appearing here this morning.

The CHAIRMAN. You certainly may. We were glad to have you, Mr. Christianson, and the gentleman with you.

Mr. Norton, secretary of the National Milk Producers Federation—I understand that you have a statement which you would like to submit for the record.

Mr. NORTON. Yes.

The CHAIRMAN. We will insert the statement which you have submitted, at this point in the record.

Mr. NORTON. That is very satisfactory. Thank you.

(The prepared statement of E. M. Norton, secretary, National Milk Producers Federation, follows:)

STATEMENT OF E. M. NORTON, SECRETARY, NATIONAL MILK PRODUCERS
FEDERATION

Mr. Chairman, members of the committee, my name is E. M. Norton. I am secretary of the National Milk Producers Federation, 30 F Street NW., Washington, D.C.

The federation represents over 800 dairy farmer cooperatives and their members. These dairy farmers produce and market milk throughout the United States.

We want to thank you for this opportunity to appear before the committee while it is considering H.R. 6400. We commend the Congress and the administration for making this effort to improve basic farm legislation. We recognize

the difficulty in drafting legislation that can be effectively used to advance the interests of all agricultural commodity groups. We do not profess to know exactly what effects the bill may have on commodities other than milk and dairy products, but we are intimately familiar with the marketing of milk.

We know that agricultural legislation, heretofore provided by the Congress, has materially aided dairy farmers in their efforts to improve prices, and otherwise stabilize their markets. Such programs as price supports, and efforts related to price supports, are extremely important to dairy farmers and their cooperative associations. These include the special milk program for children, the armed services and Veterans' Administration hospitals dairy programs, Public Law 480, and other authorizations which contribute toward making milk and dairy products available in the United States and throughout the world.

Another Government service that bears upon the operations of cooperative associations and contributes toward achieving stable and orderly markets for dairy farmers is the Federal milk marketing order program authorized by the Agricultural Marketing Agreement Act of 1937, as amended.

Because the provisions of H.R. 6400 would alter the legislative authority for many programs under which we now operate, we must consider the effects that the bill would have on present programs, as well as the effects that may result from the new efforts to stabilize prices and improve incomes as contemplated by the bill.

The National Milk Producers Federation develops its policies at each annual convention, the last being held in New Orleans, La., November 27-December 1, 1960. The policies adopted at the convention are subject to revision or modification at a midyear meeting of the federation board of directors at which each member association is represented. This meeting was held on May 5 at which time the provisions of H.R. 6400 were reviewed in detail. On the basis of this review and on the basis of policies heretofore established we oppose the bill in its present form. Amendments would be required before we could support it. We are hopeful that you will agree with the following suggestions to improve the bill.

(1) Amend the provisions under which programs would be submitted by the Secretary of Agriculture to Congress for approval or disapproval. Programs should be submitted to Congress as recommendations from the Secretary of Agriculture. Congress should have its usual prerogative not only to approve or reject, but to modify or amend such recommendations.

(2) The provisions for setting up a national farmer advisory committee for milk and dairy products should be amended to provide for the selection of nominees by cooperative associations who may be officers or employees. The selection of nominees by area balloting also would be acceptable. The mandatory requirement for the selection of nominees by stabilization and conservation committees should be deleted.

(3) In a referendum on a national milk marketing order containing quota provisions, or a national marketing quota program, farmers should be given a choice between the recommended quota program and the price-support program as provided by present law.

(4) In developing a national milk marketing order with quotas, or a national milk marketing quota plan, the provisions for exempting small producers should be deleted.

(5) That portion of the bill dealing with procedures for promulgating milk marketing orders (including additional provisions and procedures for milk) should be redrafted, leaving the present milk provisions intact as embodied in the Agricultural Marketing Agreement Act of 1937, as amended.

(6) Marketing research and development projects including advertising, if included in a Federal milk marketing order, should be subject to special referendums and not made a condition in the approval or disapproval of an order.

(7) An additional section should be added to the bill to permit cooperative associations, singly or in groups, to bargain with dealers singly or in groups in efforts to establish prices to be paid farmers for milk.

Concerning our first point—that Congress should preserve the right to approve, reject, or change any agricultural program, whether proposed by the Secretary of Agriculture or anyone else—we need only to remind that U.S. citizens look to the Congress to pass legislation and to the executive department to administer it. This historical method of operating the Government must be preserved. As individual citizens or as groups of citizens we enjoy the right and the privilege of working with our Congressmen and with the congressional committees that

have jurisdiction over specific legislative matters. We do not believe that the Congress should delegate unlimited legislative powers to the executive branch of the Government.

With respect to the suggestion that cooperative associations be represented on the National Farmer Advisory Committee, for milk and dairy products, it is sufficient to point out that dairy farmers as a general rule market their milk through cooperative associations. The Congress, in repeated enactments, has encouraged the development and growth of cooperative associations as a method by which farmers can improve their own markets. Dairy farmers have responded to the opportunities afforded them through cooperative marketing more than any other commodity group. A great deal of the planning for cooperative business was done by the Department of Agriculture. Many cooperative associations have been financed by the Government. A number of our milk plants, particularly those which manufacture nonfat dry milk, were built by the Government and later sold to farmers.

Cooperative associations in some 80 major markets have availed themselves of Federal milk marketing orders. At the present time two-thirds of all fluid milk purchased by urban consumers is priced for farmers under Federal milk marketing orders.

Consequently, it is clear that dairy cooperatives are intimately familiar with the operations of Government programs. Indeed, the success of Government programs as related to dairy can largely be attributed to the cooperative associations. Furthermore, because of the close association between cooperative associations and the many Government programs, dairy farmers look to their cooperative associations to advance their legislative interests, as well as to market their milk.

The cooperative associations have a wealth of intimate knowledge in the many intricacies of marketing, and in the operation of Government programs. This can be utilized in the development of improved programs as contemplated by this bill if cooperative associations are assured of a place on the National Farmer Advisory Committee. The persons in cooperative associations who could be most helpful to the Secretary of Agriculture, and to the Congress, are the officers and directors as well as employees. Although the federation does not have serious objection to the selection of nominees by the Agricultural Stabilization and Conservation Committees for other commodities, it submits that the mandatory selection of nominees by this group for milk and dairy products is inappropriate.

Dairy farmers have felt the effects of a cost-price squeeze for the past several years. They are looking for an opportunity to increase their prices and net income. For this reason, among others, if a national marketing quota plan were recommended for milk, farmers should not be forced to accept it as the only means of escaping a reduction in price. A substantial reduction would result from a support level at 50 percent of parity. To give farmers a realistic choice, they should be permitted to choose between a program embodying quotas and one which continues price supports as authorized by present legislation. We recognize that milk has price supports, without quotas. Nevertheless, with price supports within the range of 75 to 90 percent of parity, the dairy industry has not experienced a significant upsurge in production. In fact, we are told that more milk and dairy products than currently available can be used for distribution in the United States and throughout the world.

As we see it, there is little likelihood that a national marketing quota plan would be necessary for milk. Nevertheless, we feel that authority for developing a national marketing quota plan could be logically included in the bill so long as any recommended program can be reviewed, and amended if approved by Congress, and if farmers can choose between such program and continued price supports at present levels. Its inclusion would give dairy farmers an opportunity to develop a program if future conditions warranted. At present, however, the needs of the Government will be for more milk and not less.

In providing authority for national marketing quotas it should be remembered that the dairy industry is characterized by many small producers scattered throughout the United States. The 1959 agricultural census shows that the average herd consists of 9.2 cows. A sizable portion of the milk, therefore, is produced by herds which contain but a few cows. Consequently, any quota program that would exempt any producers would not only complicate the operation but would result in extremely unfair treatment to the farmer who has tried to bring his herd to an economic level. As a related item, provisions for limit-

ing the amount of any direct payment or otherwise discriminating between producers should be avoided.

The National Milk Producers Federation, as stated before, has found the milk marketing order program very beneficial. We commend it to other commodities if they can use it as provided by H.R. 6400. If additional provisions or modified procedures are to be made applicable to milk and dairy products they should be made available by additional authority without endangering the legal status of Federal milk marketing orders now in operation. It should be pointed out that nearly every provision of the Agricultural Marketing Agreement Act of 1937, as amended, has been tested in the Federal courts. This has been brought about over a 30-year period and with the expenditure of considerable sums of money. Furthermore, farmers are marketing approximately \$2.5 billion worth of milk each year under the present program. To safeguard the legal standing of the present milk marketing order program we suggest that the milk provisions now contained in the Agricultural Marketing Agreement Act of 1937, as amended, not be tampered with. Instead, we suggest that authority to expand the act to additional commodities, and authority for milk producers to use additional provisions or different procedures be provided in a separate subtitle of the bill.

Another item which is authorized by the bill relates to marketing research and development projects, including advertising. Producers should be able to avail themselves of such projects if they want to. Nevertheless, they should not be forced by the Government to accept such projects as a necessary part of a Federal order. They should be permitted to vote approval or rejection of market research, development, or advertising projects separately from the referendums upon which they approve or reject a marketing order as a whole. As the bill is written, farmers would be obliged to approve such projects, if recommended by the Secretary of Agriculture, or they would lose the whole order.

A provision that the bill makes available to producers is the use of marketing quotas in individual milk marketing orders. Many areas of the country cannot economically produce milk for manufacturing uses. At the same time, it has not been possible for producers to deliver class I milk to the exclusion of manufacturing milk. This is a result of the pooling operation and the manner in which base rating plans are provided in Federal orders. If producers supplying fluid milk markets could limit their production to the class I requirements, through quotas, they would receive higher prices and at the same time make possible an expansion of markets for manufacturing milk producers.

As pointed out in several sections of this statement, cooperative associations provide a method by which farmers can help themselves. The Congress has encouraged cooperative marketing and H.R. 6400 contains a section which is intended to encourage more effective cooperative marketing. Upon many occasions the National Milk Producers Federation has suggested that legislation be enacted to permit cooperative associations singly or in groups to bargain with dealers singly or in groups in establishing prices to be paid farmers for milk. This right should be clearly established in this bill.

We deeply appreciate this opportunity to appear before the committee and we do hope that our suggestions will be incorporated in the bill.

The CHAIRMAN. Our next witness is Mr. L. C. Carpenter, director of public affairs, of the Missouri Farmers Association. We will be glad to hear from you now.

Mr. JONES of Missouri. Mr. Chairman, I would like to tell the committee that Mr. Carpenter is a former commissioner of agriculture in the State of Missouri.

He is, also, a former administrator of the Farmers Home Administration in the State of Missouri.

For many years he has been one of the recognized agriculture authorities in the State of Missouri, and is here representing Mr. Fred Heinkel, the president of the Missouri Farmers Association, one of the largest farm organizations in the State of Missouri.

It is a pleasure to present him and to have him here. He is certainly qualified to give us the views of a large segment of the farmers of Missouri.

The CHAIRMAN. We thank you very much, Mr. Jones. We are delighted to have you with us, Mr. Carpenter. We will be glad to hear from you now.

**STATEMENT OF L. C. CARPENTER, DIRECTOR OF PUBLIC AFFAIRS,
MISSOURI FARMERS ASSOCIATION, INC.**

Mr. CARPENTER. Mr. Chairman, and gentlemen of the committee, I am L. C. Carpenter, director of public affairs, of the Missouri Farmers Association, with headquarters at Columbia, Mo.

As Congressman Jones has said, President Heinkel regrets very much his inability to be present today, and asks, Mr. Chairman, if we might have permission to read a short statement that Mr. Heinkel has prepared.

The CHAIRMAN. Very well. You may proceed.

Mr. CARPENTER (reading):

My name is Fred Heinkel and my address is Columbia, Mo. I am president of the Missouri Farmers Association with a membership of 152,000 farmers and with affiliations in some 12 States.

First, I wish to compliment President Kennedy and Secretary Freeman on the expeditious and forthright manner in which they have presented to the National Congress their recommendations for a comprehensive farm program, directed toward assuring the farmer an opportunity to achieve an income comparable to that enjoyed by other segments of our economy for comparable investments in labor and capital.

Mr. Chairman, I would also like to take this opportunity to thank you, the members of this committee and the members of the Congress for their good judgment and prompt action in making the 1961 feed grains program available to farmers. Farmers are heartened by this program and feel that it is a step in the right direction. They believe it will not only begin to improve their income but also will bring our production more nearly in line with requirements.

I have read the prepared statement of Secretary of Agriculture Orville Freeman, with respect to the bill now before this committee and believe the Secretary, by his facts and figures, very accurately presented the true position in which farmers find themselves today. And I concur with him that the enactment of H.R. 6400 into law will permit farmers in cooperation with Government to develop appropriate agricultural programs that are not only in the best interest of farmers but are likewise in the best interest of the Nation as a whole. This is true because solution of the farm problem of low income and low prices holds promise of removing a basic cause of the slump that has beset the Nation's business.

To go into the details of the Agricultural Act of 1961 would only be repetitious of facts and statements which you have heard over the past 10 days. Therefore, my comments briefly stated are these: I believe that provisions as contained in the Agricultural Act of 1961 will provide enabling legislation with the proper guidelines and safeguards which will serve to: (1) improve and protect farm prices and farm income; (2) permit farmer participation in cooperation with Government in the development of agricultural programs to the best interests of all; (3) adjust supplies of agricultural commodities in line with present requirements and those of the future; (4) improve distribution and utilization and to expand exports of agricultural commodities to the free countries of the world; (5) provide for much needed long-term and adequate credit services to farmers; and (6) last, but not least, not only protect the interest of farmers but protect the interest of consumers and thereby stabilize our entire economy.

I firmly believe that farmers themselves, using the commodity-by-commodity approach can and will develop and recommend to this Congress the adoption of farm policies that will serve as a realistic solution to the farm problem by the adjustment of our agricultural production and abundance to current and future domestic and foreign needs. We heartily endorse this approach. Yes, we will need to use supply adjustment and possibly marketing orders and marketing quotas to effect price stabilization. These principles have all been used either now or in the past but here in this bill they are being properly coordinated into

one overall farm program. It would be impossible to predict at this time all of the devices that will need to be used in any specific commodity program, whether it will need be voluntary or mandatory, but in any event, they will be developed by producers' committees in cooperation with the Secretary of Agriculture, approved by the Congress, and, subsequently, voted on by the producers of the commodity affected. I have had the honor of serving as chairman of the Study Committee on Feed Grains for Secretary Freeman. I am gratified at a report given me by the State ASC office just day before yesterday, in which they had made a spot check of commercial grain growing counties in Missouri, and it appears from this report that the least participation in the counties reported on would be approximately 60 percent, with the maximum being 85 percent participation. I am proud to have had some small part in helping to develop this program, and I firmly believe that farmers are openminded and anxious to have the opportunity of developing a long-range program, which will once again be headed in the right direction; namely, to improve farm income.

I have one suggestion for a major addition to this program. We believe that in an enabling act such as this it is important to have, as an additional tool to achieve the goals announced for this act, provisions for the establishment of minimum prices to be paid producers, similar to that now provided for fluid milk.

May I call to your attention that there are now operating some 80 fluid milk marketing orders in the United States. These have been in operation for a number of years. They have proved desirable for the producer, consumer, and the general public. They have been administered and carried out with little cost to the taxpayer.

If this committee wishes to assure themselves that the cost will be reduced to the American taxpayer, then I would recommend that you strengthen the marketing order section of this act by providing for the establishment of minimum prices as a part of the marketing order program. This is not new. It has worked. It is now working out in the case of fluid milk, and it is acknowledged by everyone as not a costly administrative device. Farmers, as we know farming today, cannot look forward to a bright economic future or even look forward to farming as a way of life and economic stability unless we have legislation of this nature as contained in H.R. 6400 to guide us for the future.

I would like to emphasize that most of the proposals incorporated in this bill are not new, but have been used successfully in particular commodity programs. If this bill is enacted into law, farmers will again have the opportunity of having some voice in their farm programs. I have the fullest confidence that through the good judgment and wisdom of our farmers, commodity programs will be developed that will benefit not only agriculture, but the entire economy of our Nation.

Moreover, Congress would be relieved of spending untold man-hours in considering the technical details of rather complicated programs for various commodities nearly every time that Congress convenes, giving Congress more time for broad policy determination in the field of agriculture.

I have complete confidence that under the provisions of this bill, sound commodity programs will be developed. I wholeheartedly endorse the principles contained in H.R. 6400, and urge this committee to act favorably in permitting this proposal to become law. We hereby pledge our cooperation to this end. It has been a pleasure to appear before you here today.

That is Mr. Heinkel's statement.

I thank you for this opportunity.

The CHAIRMAN. Thank you very much, Mr. Carpenter. We are glad to have the statement of Mr. Heinkel.

Are there any questions?

Mr. JONES of Missouri. I would like to ask Mr. Carpenter to—I think he can give us this information—to bring out the way the Missouri Farmers Association goes about developing the programs that it supports; and also in bringing about the sort of programs that would be initiated under this legislation, that is, under the mechanics of it. If you would just explain briefly how your organization oper-

ates, I think it would be of interest. It is a rather unique organization, the Missouri Farmers Association.

Mr. CARPENTER. I think I can do that rather quickly.

As I stated in the prepared statement, we have 152,000 members. Those members in turn elect delegates and alternates who represent them, which is based on one to every 100,000 members.

We have in our organization 2,751 delegates and alternates.

Mr. Heinkel and the members of his staff and myself meet with those delegates quite frequently. Our president meets with them not less than once a year in meetings out over the State of Missouri.

We have contact with them about every 2 weeks through our publication, in which it is a two-way affair. They come back to us on ideas.

It is through that device that we get what we consider to be the grassroots opinions of our farm members in the State of Missouri.

Of course, they also convene once each year at our annual convention. They elect a president. Fred Heinkel is up for reelection, and for quite some number of years he has been reelected.

They also adopt resolutions. Mr. Chairman, I happen to have a copy of a resolution dated August 24, 1959, which they readopted in August 1960, a resolution proposing a farm program almost identical to the Cooley-Ellender bill.

I would like very much to present you with this copy.

The CHAIRMAN. Thank you very much. You may submit it to the reporter for insertion in the record at this point.

(The resolution referred to follows:)

REPORT OF THE RESOLUTIONS COMMITTEE, M.F.A. ANNUAL CONVENTION, AUGUST 24, 1959

(For the consideration of the general convention)

FOREWORD

The following report of the Resolutions Committee appointed for the annual convention of the Missouri Farmers Association, Inc., for August 24, 1959, is hereby respectfully submitted for the consideration of the general convention. The resolutions of the Missouri Farmers Association, Inc., play an important part in the operation of the association in that they establish basic policy for the guidance of the association during the next annual period.

The M.F.A., comprising 151,277 members, is both a farm organization and a farmer cooperative. It plays an important and historic role both in working for progressive legislation for agriculture, and in the cooperative marketing of farm commodities and the purchasing of farm supplies.

The successful fulfillment of those programs set forth herein, and the forward progress of our organization, depends on the loyal and active support of every M.F.A. member.

PROPOSED RESOLUTIONS

The farm problem

Since 1952, farm prices have dropped 17 percent. During the same period, industrial wages have gone up 38.5 percent and corporate profits, after taxes have risen 38.3 percent. Both industry and labor are operating in a protected price system, whereas agriculture is operating in a basically unprotected price system. Since the other major segments of our economy have an administered price program, they have been able to achieve great prosperity and power. Agriculture, on the other hand, by virtue of operating in a so-called free market has borne the brunt of inflation, been the steppingstone of prosperity for others, and has subsidized the consumers of this Nation to the extent of billions of dollars per year.

Individual farmers have utilized mechanization, research, and education, with the hope of bettering their individual position, but this has resulted in greater total production than the so-called free market will take at parity prices. Under this system prices are determined by the buyers in the marketplace where the farmer must go, hat in hand, and meekly accept the price offered. This system, if continued, will soon destroy family farmers and transfer control of farming to others, principally corporate interests.

Thus, we are faced with a momentous decision. Shall we continue on the present course that is turning out to be a blind alley and leading farmers to ruin, or shall we adopt a pricing policy that will provide farmers with full parity price? The M.F.A. believes that the farmers of this Nation are ready to make this choice, and then follow that policy with strong will and determination.

A proposed solution

The Missouri Farmers Association does propose a solution to the farm problem and advocates:

First: That there be enacted a Fair Farm Standards Act which will provide for full parity prices for farm products. These prices must be protected by the full power of law, and it shall be mandatory to purchase and sell at or above the level provided.

We further propose that for those products for which it is necessary to protect each farmer's full share of the market, that marketing quotas, in bushels and pounds, be established under the direction of a farmer-elected board, subject to review by a committee likewise elected by farmers.

These prices and quotas as established, should be subject to approval or disapproval by farmers, in properly held producer referendums, in which any alternatives are clearly set forth.

Those commodity programs, now in effect, which have included all or most of these features, and which are now working well, need not be disturbed.

As evidenced by their vote in referendums dealing with a number of crops and over a period of several years, we submit that the farmers of this Nation have shown their willingness to accept the responsibility of regulating production in return for price protection.

We believe that a law, directing that full parity prices be paid for agricultural products, is in the best interest of the farmer and the public, because such legislation would—

- (1) do away with the uncertainty of widely fluctuating farm prices.
- (2) increase farm income,
- (3) establish the economic independence of the family owned and operated farming system,
- (4) restore the farmer's confidence in the future, enabling him to plan repairs and improvements to his land, buildings, and machinery,
- (5) strengthen the rural economy, improving business activity from the main street merchant to labor and business in our large industrial centers,
- (6) assure adequate production and orderly marketing of food consistent with the needs of the Nation,
- (7) discourage the dangerous trend toward the production of food by large corporations, thus blocking what appears as a very real possibility of future monopoly of the Nation's food supply,
- (8) return to the farmer the responsibility of adjusting farm production, rather than leaving it to the manipulations of a Government administrator—or seeing it pass into the hands of large "agribusiness" corporations,
- (9) maintain land in ready position to produce as the need calls for that production,
- (10) eliminate the costly Federal expense of piling up unneeded farm products,
- (11) accomplish by one law and by one method what is now being attempted under a hodgepodge system of programs.

Second: That a more effective parity formula be established, which will determine farm commodity prices with the objective in mind that—

- (1) such prices must reflect changes in the cost of production supplies, and
- (2) such prices must be sufficient to yield returns on farm capital, labor, and management comparable to returns on capital, labor, and management in other industries in our country.

Third: That new laws be enacted, or present laws amended, to insure that farmers keep control of agriculture.

America is now being threatened by monopolistic forces that seek to control farming. Corporations are buying farmland as a hedge against inflation. Speculation in farm land has bid up prices beyond the reach of farmers dependent on the land for their livelihood. Some corporations have entered the livestock business for the evident purpose of breaking market prices received by farmers. Corporations have gained control of poultry production with disastrous results for independent farmers. They are threatening the hog business.

The powers and rights of a corporation are granted them by law. We urge legislation that will limit the farming activity of corporations so as to eliminate these evil practices.

Fourth: That until such time as a Fair Farm Standards Act and a restated parity formula can be enacted into law and put into effect, that present farm programs be continued, but that such programs be administered in the spirit in which they were first passed. These present farm programs have prevented the complete collapse of farm prices, even though these programs have weakened in the administrative process. Thus, until we have better legislation, we must continue present programs but urge that there be more forceful administration thereof.

Fifth: That present programs providing for the full use of agricultural abundance be used to the fullest extent, and that any new, comprehensive plans that may be necessary to share this blessing of ample production be adopted and inaugurated immediately. This great ability of American agriculture to produce must be regarded as a great implement of peace, a stockpile of necessity, and a powerful weapon in the war against famine, disease, and suffering. We propose and advocate that Public Law 480, providing for the orderly disposition of American farm products abroad, be continued and strengthened; that full Federal assistance to the school lunch and school milk programs be put into full force and on a permanent basis; that a food stamp plan, calling for relief to needy persons, be adopted now; that all possible uses of our great productive capacity be explored to the end that hungry people throughout the world can be properly fed and henceforth live with hope and usefulness.

The farmers of Missouri have a vital interest in a wide variety of laws, in addition to the all-important Federal farm program. Such laws, which affect their lives and businesses as members of the general public, are too numerous to cover fully in the resolutions of this convention. But many of these laws and the administration thereof, together with prospective legislation, public policies, and other matters of great importance, do directly affect farmers as producers of agriculture products and as the owners and patrons of their co-operative associations. As to these matters, we do hereby propose and advocate that the principles set forth in the following resolutions be adopted.

TRADE BARRIERS

Uniform State laws and reciprocity agreements between the States to facilitate economical interstate movements of farm supplies and agricultural products should be established.

Such devices as multiple taxes on various phases of motor vehicle transportation, product registration fees, multiple inspection fees, and, in some cases, a lack of uniformity in the various health requirements, hinders the speedy, efficient, and economical movement of farm supplies to farms and agricultural products to markets, and such barriers should be abolished.

TVA

The development of the Tennessee Valley Authority should be continued and any attempt to weaken or divert the benefits of its operations to special-interest groups should be vigorously opposed. TVA is a vivid portrayal of what can be accomplished when an area's water resources are put to use by the public, for the public.

In addition to a great electrical program, flood control, and navigation, the TVA has contributed valuable research, especially in the field of fertilizer-production methods. TVA recently has been authorized to issue self-liquidating bonds for needed future expansion. This new financial authority leaves much to be desired but is an improvement over the stalemate that had existed for several years. For too long, the private power lobby has been able to cripple the agency

by halting Federal appropriations for TVA and at the same time blocking legislation that would authorize a self-financing program. TVA must be allowed to develop so as to produce the greatest possible benefit for the entire Nation.

MVA

A Missouri Valley Authority, similar to TVA, should be established as the best means of bringing about an adequate development of the resources of the Missouri River Basin. Competition for the water in the Missouri River is increasing between its upper and lower reaches. New industries, navigation, reclamation, hydroelectric power, recreation, and growing cities are making increased demands on the river's available water supply. We further propose that a study be made to determine the feasibility of a slack water channel on the Missouri River. Such a slack water channel would make existing water supplies go further and would develop the navigation potential of the Missouri River. With the opening of the St. Lawrence Seaway, it is all the more necessary that the Missouri River become a navigable link in this country's system of inland waterways. Any program for development of the Missouri Valley must take into account protection from flooding as well as upland water and soil conservation.

NATIONAL WATER POLICY

Both a National and a State water policy should be established which would result in the most beneficial use of our water supply. We further propose that Congress and the Missouri General Assembly implement such policy with the necessary legislation. We endorse the Small Watershed Protection and Flood Prevention Act, and urge that Federal appropriations for this and other conservation programs be continued in order to encourage the conservation of soil and water on a cooperative basis between the farmer and Government.

FEDERAL AID TO EDUCATION

Federal aid is an equitable source of additional revenue for public schools. Education has become a national problem with our present mobile population; thus a fair means of financing is by the use of Federal funds, which are derived primarily from the collection of income taxes, based on the ability to pay.

REA

The availability of REA loans to electric cooperatives at the present rate of interest must be continued; national legislative and administrative policy should encourage the continued expansion of REA facilities to allow farmers to generate and transmit electric power for themselves; and the REA program for the improvement and provision of telephone service to rural communities must be fostered and encouraged.

MFA helped to initiate the Rural Electric Administration program and has, from that time on to the present, been among the strongest of its supporters.

We will vigorously oppose any proposal, whether it be legislation or administrative policy, which will serve to hinder the growth of operation of REA associations or which will materially increase the cost of electric power to farmers.

We commend rural electric cooperatives and their leadership in the great progress they have made in bringing electric power to farmers in Missouri, and further wish to congratulate their leadership for their vigorous support of the right of farmers to organize to generate and transmit electric power for themselves.

PUBLIC RELATIONS FOR FARMERS

A joint program should be launched by all farm groups of this Nation to inform those people in cities and rural towns on the importance to the national economy of a prosperous agriculture. We suggest that USDA, particularly with respect to Federal farm programs and their benefits to the Nation, take the lead in an education program to place before the public the facts relating to the farm economy and to present those facts in proper perspective.

AGRICULTURAL CREDIT

Farming is big business, as evidenced by the tremendous amount of investment necessary today to own and operate an economical farm enterprise. Large investments by Missouri farmers are commonplace. To make such an investment, credit becomes a very important phase of any farmer's business operations.

We urge the strengthening of farm credit services through the Federal land bank, banks for cooperatives, and the intermediate credit banks, which include the production credit associations.

We also urge the retention and expansion of the Farmers Home Administration services in helping new farmers to become established on their land and in providing credit to existing farmers when other suitable credit is not available.

We submit that continued rising interest rates, directly affected by policies of the Federal Reserve Bank, are not in the best interest of farmers and that continuation of such policies will make it mandatory to establish a special credit program for farmers with long-term loans at more reasonable rates of interest.

FARMER COOPERATIVES

The farmers of this State and Nation have a tremendously important interest in the maintenance of a strong system of farmers' cooperatives. These associations provide a most effective method of pooling the purchasing and marketing power of farmers and a yardstick to measure and establish proper handling margins and marketing practices.

The effectiveness of farmer cooperatives depends directly upon the support given them by the farmers of the community. All farmers are urged to join with their neighbors in giving full support to their cooperatives so that they will be strengthened as the farmers' own method of achieving greater benefits from farming.

COOPERATIVE LAWS

We reaffirm our opposition to any attempt to weaken the cooperative laws of this State under which farmers organize, operate, and control their cooperative associations. Farmers who are members of our cooperative associations should be free to control the policies of the associations in the same manner as do the owners of other business organizations.

We oppose any proposed laws to restrict the rights of farmers to operate, control, and manage the internal affairs of their own cooperative associations or to set business policies. We likewise oppose adoption of any law to dictate the time or manner of the distribution of the patronage equities of such an association, to require the public disclosure of information not otherwise required of all types of business organizations, or to require either the payment or non-payment of interest upon patronage equities.

COOPERATIVE TAXATION

We deplore the continuation of propaganda campaigns, directed against farmer cooperatives, which have falsely stated that farmer cooperatives do not pay their fair share of the Nation's taxes. The American public should recognize that farmers cooperative associations are owned and operated by farmers as an extension of the farming operation. Therefore, the propaganda campaigns and lobbying efforts directed against farmer cooperatives must inevitably hurt farmers and weaken our farm economy. We vigorously oppose the efforts of these enemies of cooperatives to impose punitive taxation upon farmers or their cooperatives.

FORESTRY CONSERVATION AND UTILIZATION

Timber is the cover crop on over one-third of the land in the State of Missouri. It is obvious that forestry conservation and utilization is of great importance to the economic welfare of the State.

We urge the continuation of the activities of the Federal Government, the University of Missouri, and the State of Missouri in improving our forest production and in promoting the effective sale and utilization of Missouri-grown forestry products.

We commend the legislature for the appropriation of State funds to match Federal funds in completing an intensified forestry survey. When the survey is completed, we urge that a diligent effort be made by the State to secure industrial development to provide a dependable market for our forestry products.

REFUNDS OF GASOLINE TAX

We continue to support the refund of the Federal and State gasoline tax paid on farm-use gasoline, and oppose any attempt to make it more difficult to obtain such refunds.

We will continue to support any changes in Missouri law which will coordinate Missouri refund procedure with that of the Federal law, and will support legislation to give farmers the option as to the time of securing the refund so that claims for refunds under State law may be made at the same time as claims for refund are made under Federal law.

ENDORSEING ROAD LAW

We continue to support and endorse the county aid road law (the King road bill). This bill, originally sponsored by the MFA, has played a vital part in taking Missouri out of the mud. Adequate appropriations are essential if this program is to continue its progress and we will give our full support to the Missouri General Assembly in making sufficient allocations of funds for this purpose.

NATIONAL WOOL ACT OF 1954

We urge the retention of the National Wool Act and its self-help provision for the promotion of the utilization of lambs and wool. We favor the continuation of section 708 in the act, providing a method whereby sheep men contribute funds for a promotion and advertising program of their own. This self-help program should be continued a sufficient length of time to fully determine its value.

WPFA AND JFA

Effective operation of a farmers organization should include programs to benefit all members of the farm family, and thus the entire family should have a place in the Missouri Farmers Association. It is to our mutual benefit to see that the activities of the WPFA, JFA, and MFA are effectively coordinated. We recognize the instruction in cooperation for our farm youngsters as an important function of the WPFA and JFA and congratulate them on their progress.

ANIMAL DISEASES

The State of Missouri has made great progress in the control and eradication of brucellosis, or Bang's disease, and we commend the State of Missouri and the U.S. Government for making funds available to carry out this program. We support adequate appropriations on both the State and National level to assure the control and eventual eradication of this disease.

Leptospirosis has become of increasing danger to the Missouri livestock industry, and we especially call attention to the need for legislation which will halt the spread of this disease.

We also commend the Missouri Legislature for the passage of an animal health bill. This law provides for the control over movement of all classes of livestock into or within the State and further provides for the prevention, control, and eradication of all contagious livestock diseases.

We will continue to support progressive legislation, both State and Federal, which will help to control and eradicate animal diseases.

OLD-AGE ASSISTANCE

Unreasonable appraisals of real estate, and particularly of farm real estate, by State government administration have caused great hardship to some of our older citizens under the old-age assistance program. We recommend that our Government appraisers view these matters realistically, or in the alternative, that the permissible limit of the amount of property which may be owned, be raised.

THANK YOU

We wish to express our appreciation to Stephens College and its personnel, to the city of Columbia, and to all whose help and hospitality have assured the success of this convention.

The CHAIRMAN. Are there any further questions?

Mr. Teague?

Mr. TEAGUE of California. Mr. Carpenter, am I correct in this assumption: You would certainly endorse the principle as set forth in the Cooley-Ellender bill?

Mr. CARPENTER. Yes, sir.

Mr. TEAGUE of California. If this is a good principle for the enactment of this legislation, why would it not be a good idea to do the same thing in other fields?

For instance, let the Secretary of Commerce and the railroad presidents of the country come up with legislation affecting the railroads, and let the Secretary of Labor, Mr. Goldberg, with Mr. Walter Reuther and Mr. George Meany and Mr. Jimmy Hoffa, come up with legislation affecting the trade unions, and give the Congress the right to take it or leave it?

If this is a good principle here, why is it not a good principle in other fields, too?

Mr. CARPENTER. Mr. Congressman, I would hardly be in a position to evaluate that insofar as some of the organizations which you have mentioned are concerned. However, I do know that a number of those organization now have that.

We have public service commissions. We have, certainly, labor regulations and laws. They do, in effect, operate under some principle of that nature now, I believe, sir.

I am not in a position to state whether they should or should not have that privilege.

However, I would like to say that we worry about the farmers themselves having a voice in this.

And as to the Secretary of Agriculture having untold powers, honestly, gentlemen, it occurs to me that in this legislation some of the powers the Secretary now has probably will be withdrawn in this legislation. I think this body will have the opportunity of reviewing some things now and vetoing things that the Secretary of Agriculture might under existing legislation put into effect now.

Mr. TEAGUE of California. That has been argued to quite an extent in these hearings. There are those of us who have different opinions on that. I understand that is a point that has been raised.

I am very much concerned about this—about the principle. Why should we not do it in other fields, if it is a good one here?

Mr. CARPENTER. Thank you.

The CHAIRMAN. Thank you very much.

The committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 11:30 a.m., the committee recessed, to reconvene at 10 a.m., Tuesday, May 2, 1961.)

