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AGRICULTURAL ACT OF 1961

TITLE I, AGRICULTURAL ENABLING AMENDMENTS ACT OF 1961

GOVERNMENT

Storage

/961/pt. 3

HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

H.R. 6400

MAY 2, 3, 4, 5, 1961

Serial E

PART 3



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HEARINGS

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AGRICULTURAL ACT OF 1961

TUESDAY, MAY 2, 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, Jones of Missouri, Hagen, Johnson of Wisconsin, Jennings, Matthews, Breeding, Stubblefield, Inouye, Harding, Hoeven, Belcher, Dague, Teague of California, Short, Mrs. May, Latta, Harvey, Findley, Dole, Beermann, and Reifel.

Also present: Representatives Henderson, Trimble, and Landrum. Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John Heimbürger, counsel; and Francis M. LeMay, consultant.

The CHAIRMAN. The committee will be in order, please.

We have with us the distinguished gentleman from Arkansas, Mr. Trimble. We will be glad to hear you.

STATEMENT OF HON. JAMES W. TRIMBLE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

Mr. TRIMBLE. Mr. Chairman, it is my great pleasure this morning to present to you gentlemen one of the great young men of the country. He is the general manager of the Arkansas Poultry Federation. Three years ago he was national president of the Future Farmers of America. And just within the last 2 or 3 weeks he has become the father of his first child, a daughter.

He is one of the most humble young fellows I know. He wants to make a short statement in favor of the position of the Arkansas Poultry Federation. I concur in what he has to say and what they have to say.

The CHAIRMAN. Thank you very much. We are glad to have Mr. Haid here.

Mr. TRIMBLE. If I have to slip out, it does not mean that I am not interested in the cause; it means that my committee is in session.

The CHAIRMAN. We know that you are very much interested in the welfare of all of the people.

Mr. TRIMBLE. Thank you.

The CHAIRMAN. We are very glad to have you with us, Mr. Haid, and we will be very glad to hear you now.

STATEMENT OF JOHN HAID, GENERAL MANAGER, ARKANSAS POULTRY FEDERATION

Mr. HAID. Thank you, Mr. Chairman.

My name is John Haid, general manager of the Arkansas Poultry Federation, whose membership consists of poultrymen engaged in the breeding, hatching, producing, and processing of chickens, turkeys, and eggs. As industry representative witnesses I have with me Arkansas Poultry Federation members Bill Simmons, K. K. Hale, S. D. Mitchell, Paul Henry, George Riley, Carl Smith, and Ray England.

The Arkansas Poultry Federation wants to thank you for the opportunity of expressing our memberships' views in relation to the proposed legislation before this committee today.

Our members have had the opportunity to look over the proposed piece of legislation and have found it a very lengthy and complicated bill. There are many things in the bill we do not understand, but we feel that this proposed legislation would provide the machinery to set up production controls and price supports for chickens, turkeys, and eggs.

Historically the Arkansas Poultry Federation has opposed any type of production controls and price supports on the poultry industry, and as recently as Saturday, April 29, 1961, the board of directors of the Arkansas Poultry Federation voted unanimously to adopt the following resolution:

The Arkansas Poultry Federation board of directors is opposed to marketing orders, Government production controls, and price controls on poultry, and any form of legislation that may make possible, or lead to, or expedite such orders or controls.

For this reason, and due to the fact that we are unable to see where this proposed legislation would be of advantage to poultrymen, we ask that chickens, turkeys, and eggs be exempted from this bill.

The CHAIRMAN. We thank you very much, Mr. Haid, for your statement. I am sure that the committee will give consideration to the views you expressed therein, the views of the members of the organization that you represent.

Mr. HAID. Thank you very much.

The CHAIRMAN. Mr. Harold Ford, executive secretary of the Southeastern Poultry & Egg Association, who is accompanied by several other gentlemen, will be our next witness.

STATEMENT OF HAROLD FORD, EXECUTIVE SECRETARY, THE SOUTHEASTERN POULTRY & EGG ASSOCIATION; ACCOMPANIED BY NORMAN SANDERS, PRESIDENT, SOUTHEASTERN POULTRY & EGG ASSOCIATION; ABIT MASSEY, EXECUTIVE SECRETARY, GEORGIA POULTRY FEDERATION; PAUL YOUNT, EXECUTIVE SECRETARY, MISSISSIPPI POULTRY IMPROVEMENT ASSOCIATION; MARVIN JOHNSON, A DIRECTOR OF THE NORTH CAROLINA TURKEY FEDERATION; MARSHALL DURBIN, JR., CHAIRMAN, SOUTHEASTERN PROCESSORS COUNCIL; CHARLES MILLER, CHAIRMAN, LEGISLATIVE COMMITTEE, ALABAMA POULTRY INDUSTRIES; AND MORRIS PUTNAM, PRESIDENT, ALABAMA POULTRY PRODUCERS ASSOCIATION

Mr. Ford. My name is Harold Ford. I serve as executive secretary of the Southeastern Poultry & Egg Association, which represents the following 10 States: Alabama, Mississippi, Florida, Kentucky, Tennessee, Georgia, South Carolina, North Carolina, West Virginia, and Virginia.

Also present here today are poultrymen from State poultry organizations and we have decided to present one brief rather than take your time to hear several statements.

The gentlemen with me are:

Mr. Norman Sanders, South Carolina, president of the Southeastern Poultry & Egg Association;

Mr. Abit Massey, executive secretary, Georgia Poultry Federation;

Mr. Paul Yount, executive secretary, Mississippi Poultry Improvement Association;

Mr. Marvin Johnson, North Carolina, a director of the North Carolina Turkey Federation and Southeastern;

Mr. Marshall Durbin, Jr., Alabama, chairman of the Southeastern Processors Council;

Mr. Charles Miller, chairman, legislative committee, Alabama Poultry Industries; and

Mr. Morris Putman, president, Alabama Poultry Producers Association.

We express to the committee members our appreciation for providing time today to the poultrymen in the Southeast to review the proposed act and present the industry's analysis.

H.R. 6400 includes poultry, turkeys, and commercial eggs. The organizations represented here respectfully request that poultry, eggs, and turkeys be exempt from this proposed legislation.

We make this request because as an organized industry in the Southeast, the poultry industry has not favored Government controls and marketing orders. The proposed legislation is designed to implement such programs.

We are deeply concerned over the broad powers given to the Secretary of Agriculture by this act. As we analyze the provisions in the act, we find that congressional powers are actually being transferred to an executive administrator.

The eligibility requirements for voting are not subject to a mandatory review by the appropriate committees of Congress.

Penalties for overproducing are provided yet are not clearly defined.

Several questions are left unanswered, such as, what is a family farmer and what is considered the appropriate farm organization, and many others.

The act is a very complex proposal and we do not claim to understand it thoroughly. However, we have reached a decision that it would be in the best interests of the poultrymen if the poultry, turkey, and egg commodities are exempt. Poultrymen in our organizations prefer not to be a part of this comprehensive program, as it relates to production and marketing controls.

The problems of the poultry industry are unique. Therefore, it is the desire of our members that any legislation affecting our industry be initiated by, and at the request of, the poultrymen.

We are aware of the detailed study that has gone into this proposal by the proponents of this bill and we appreciate their interest and cooperation.

In conclusion, the organizations hereby represented offer our services to this committee and officials of the U.S. Department of Agriculture in any further studies concerning our industry.

The CHAIRMAN. Thank you very much, Mr. Ford. Do you understand that any program authorized by the pending bill would not be initiated and put into operation by any administrative officer without the cooperation of the people in the industry affected?

Mr. FORD. We certainly realize that and we would hope that we would never see the day that would not exist; yes, sir.

The CHAIRMAN. In other words, if I understand the Secretary's proposal, he could not initiate a program for the poultry industry. The poultry people would have to initiate the program and bring it to his attention. Then he would provide for the election of a committee, to collaborate with him in the perfecting of the program. After that if it met with the approval of the committee and the Secretary of Agriculture, and the President of the United States, it would then in turn be transmitted to the Congress, and if approved, it would be put to a referendum and the producers would have to approve the program by more than a two-thirds vote of those voting.

That is the provision as I understand it.

Mr. FORD. We would, certainly, like to suggest that a program should it be granted for our industry, that this committee, your committee here, that it be mandatory, and the Congress review the final proposal before going to the industry for a vote.

The CHAIRMAN. You understand that this bill gives the final review to this committee and this committee, I am sure, would carefully consider and scrutinize every provision of the bill and no doubt would make changes in the bill, but I understand the proposal to be that the Secretary does not propose that he be authorized to impose any program upon any group of producers.

You know and I know that all through the years you poultrymen have had your ups and downs and your meetings and conferences, and talked about something needed to be done; and yet you never propose anything.

I have said to you that when poultrymen are in difficulty, just submit your proposal and let us take a look at it and we will consider it.

We have said that to you. I have a large poultry area in my district, and I have one of the largest poultry counties in the country, and they have had their ups and downs. We have had hearings here in Washington concerning the problems of the poultrymen and my people have told me that they wanted to be left alone.

If I understand it, you are speaking for a large group of the poultrymen and you are now proposing that you be left alone; is that right?

Mr. FORD. Yes, sir.

The CHAIRMAN. I think I understand what you said. [Laughter.]

Do any of you want to say anything about this besides Mr. Ford? I assume that you all agree with Harold Ford's statement.

Any questions by the members of the committee?

Mr. HOEVEN. Mr. Ford, you suggest that poultry, eggs and turkeys be exempted from the proposed legislation. Do you know of any reason why feed grains, cattle, and hogs should not also be exempt?

Mr. FORD. We are poultry producers and we would rather not, we are not particularly interested in what the cattle and other people are concerned with. We would rather their group speak for their industry.

Mr. HOEVEN. Do you mean to infer that you want to exempt your own products, but that others should remain under the provisions of the bill?

Mr. FORD. We feel like any legislation affecting the poultry industry, that it would be desirable from our standpoint that it be considered as a separate piece of legislation rather than involved with many other commodities.

Our problems of production are peculiar. I do not think you will find any other agricultural product that will parallel the poultry industry in its production problems.

Mr. HOEVEN. From a reading of your statement, it appears that you concur with the views of a lot of people, members of this committee and others, who are very apprehensive of the delegation of legislative authority of the executive branch of the Government.

Mr. FORD. Yes. We have had this bill about a week and we do not understand it. We are concerned with how complex it is. We are not sure how it would affect our industry. And we are not ready for this proposal because we do not understand it.

Mr. HOEVEN. You do not want the Secretary of Agriculture and the advisory committees to write your program; do you?

Mr. FORD. We would like for industry groups that represent the poultrymen to sit down with and counsel in any program that will affect our producers.

Mr. HOEVEN. You want the Congress of the United States to review such program and to be able to amend and revise any program presented?

Mr. FORD. Yes, sir.

Mr. POAGE. Right in that connection, you referred to the Secretary of Agriculture—as I understood you, his advisory committee—

Mr. FORD. Would write it.

Mr. POAGE. You were afraid, I believe you told Mr. Hoeven, that the Secretary of Agriculture and his advisory committee would write your program; is that not what you just told Mr. Hoeven?

Mr. FORD. As we understand this proposal—and we certainly are not experts—

Mr. POAGE. Yes.

Mr. FORD. On interpretation.

Mr. POAGE. I understand that.

Mr. FORD. We see that could happen and we would like to see this body, you people represented here, review the program that is put together.

Mr. POAGE. Of course, we could do that under this bill. I wanted to point out there is a difference of opinion among poultry people, because I hold a letter dated April 25, from Mr. J. B. McMillan, president of the Texas Broiler Association, in which he says:

Re farm bill, H.R. 6400.

DEAR MR. POAGE: All the poultry farmers I know are enthusiastic about this bill, the first ever backed by an administration to allow the farmer himself to have an effective voice in policy making matters and the operation of his own business. They simply think it is a cruel joke and that nothing as good and fair as this bill can ever become law.

As a matter of fact, the one and only thing wrong with agriculture is the hideous fact that everybody except farmers runs farming and makes all the farm laws and policies so this is an historic bill to give the farmer the God-given rights he has so long been denied. This bill amounts to the emancipation of the modern serf, the family farmer! Think of top quality broilers selling or being taken for 13-14 cents per pound! Calamity faces the thousands!

Couldn't this bill be enacted as an emergency measure—for the dire emergency actually exists in the broiler-growing regions? And time is of the greatest possible importance.

Would you write me about how long you expect it to be before this bill can reach the floor and be passed? It is urgent in the extreme with the scandalous prices above quoted.

Thanking you for your long fight for the voiceless farmer, now about to be allowed the voice God gave him; with kind regards, I am,

Sincerely,

J. B. McMILLAN.

I just wanted to point out that there are others in the poultry business who feel that this is the first chance the poultry people have had to express themselves in legislation. It seems to me that he makes a pretty good case. You have not had anything to do with farm legislation, have you?

Mr. FORD. You mean the present?

Mr. POAGE. You, in the past, what did you have to do with shaping farm programs in the last 8 years?

Mr. FORD. You mean for putting together a program?

Mr. POAGE. Yes.

Mr. FORD. No, sir; I have not put a program together.

Mr. POAGE. You have not had a thing in the world to do with it. That is exactly right, because you could not. Now we are presented with a proposal to instigate these programs at the farm level, through the representatives of the producers themselves, through the representatives of poultry growers. I frankly am disappointed to find you coming here and complaining to the Congress, "Why, we are afraid our people will probably betray us," or something of that kind. You must have that in mind.

It seems to me that is democracy.

Mr. MILLER. Charles Miller, Piedmont, Ala. It was my idea from scanning the bill that all of the commodities involved in the bill would be represented by people that, certainly, are not necessarily poultrymen as it would relate to poultry.

Mr. POAGE. The poultry program would be represented by poultry people. And the cotton program by cotton people. And if it was to work out, a rice program by rice people. It is a commodity-by-commodity approach in which poultry people will work out the poultry program, and so forth, and that gets pretty close to the mark in my mind.

Mr. SHORT. Mr. Chairman, will you yield?

Mr. POAGE. Yes, I yield.

Mr. SHORT. I do not know what is in the bill that indicates that this would exactly be true in the selection of these advisory committees. If I understand the bill rightly, it provides that the advisory committees shall be selected through the existing ASC committee representation which has to do largely with the handling of and administering of acreage allotment programs and that sort of thing.

And I am not quite sure just exactly how this device will be used to provide proper representation for a poultry group, if the ASC decided to initiate the consideration of a program.

Mr. POAGE. It does contain a provision that the people selected on these advisory groups shall receive 60 percent, I think it is, of their income from the production of the commodity involved. I think that is about as clear a way of confining it to the people involved as you can find.

Mr. SHORT. May I say to my friend from Texas, that I am sure that the intent of the bill is to give the people involved in the production of the commodity under consideration the proper right to be represented on this advisory committee. The only thing that I was trying to say is I think the bill possibly needs clarification as to exactly how you insure the selection.

This same thing would be true of cattle, in the consideration of a program for the cattle people, how would you assure the selection. And after all, we have to keep in mind here that this bill provides not for the election of these people to serve on these advisory groups but for the election of nominees whom the Secretary shall select from.

That could be good. That could be a proper device, so that it would enable the Secretary to select that individual who, perhaps, was best qualified to represent the particular industry they are trying to shape up the program for.

I think we have also to keep in mind that also gives the Secretary the opportunity to select the individual who he thinks perhaps would be the most in accordance with his particular views on the kind of program that he should have.

The CHAIRMAN. You know that that provision of the bill will be reviewed by the committee and probably will be amended. The poultrymen Mr. Ford represents he contends want no part of this program—want no part of this bill.

Mr. Poage tried to point out that there is nothing in the bill that concerns the poultry industry except it provides the legislative machinery, which would authorize the Secretary to formulate a program. Certainly, he could not put a program into operation until two-thirds of the producers of poultry had approved it in a referendum.

I understand you want to be left alone. You want to sell poultry and eggs to the Government, the school lunch programs and for export and powdered eggs. And you still believe this is the position of

the poultrymen you represent—you want to have nothing to do with this bill at all. You do not want us to give the authority to the Secretary of Agriculture. You want the representatives of the poultry industry to devise the program and to put it into operation.

I do not think this committee intends to surrender all of its legislative authority or any large part of it to any administrative agency. What we do here will always bear upon the legislative authority given to us by the Constitution.

Mr. POAGE. I go back to Mr. Short's proposition. I certainly agree with him that this bill, of course, should be amended in this detail before it is passed. Of course, I am for that.

Mr. LATTA. Will you yield at that point?

Mr. POAGE. Just a moment. I think that it is perfectly proper to make further provisions in the bill. The bill as it is now written on page 4, Mr. Short, on lines 14 and 16 provides that, "The nominees shall be producers of the commodities for which the committee is established."

That means clearly that you cannot establish a committee for poultry and then have men serve on it who are hops growers from the State of Washington or cattle growers from Virginia—that would not meet the requirements on the bill—they must be producers of the commodity. And then the provision I had reference to is on page 5, line 4:

No producer shall be eligible for nomination or appointment to the committee unless more than 60 percent of his gross income is derived from farming and unless the production of the commodity or group of commodities for which the committee is established is a significant part of his total farming operation.

Again, making it impossible to name a shepherd as a man to represent you on a poultry committee. I think that it is right effectively written in the bill now.

Mr. ABBITT. Will you yield for an observation?

As you know, there is this section whereby they would be represented in this committee, for instance, poultry all over the country.

The CHAIRMAN. That is the basis of the whole program. They shall be represented.

Mr. ABBITT. That is what I asked. As I understand this bill, they can have a national program, and if two-thirds of them vote for it, they can have it.

The CHAIRMAN. That involves a national marketing order, which this committee will review.

Mr. ABBITT. What you are saying, as I understand it, "We want to get together in our industry and present that program to our Representatives of Congress and let them pass it." Is that a correct understanding?

Mr. FORD. Yes.

Mr. MILLER. May I raise another question?

The CHAIRMAN. Yes.

Mr. MILLER. The matter of definition of what is a producer would be a matter of rather great importance. I believe, certainly, you really would have to know quite a bit about the makeup and functioning of the poultry industry. One person's interpretation of what a producer is might be widely at variance with what another person says a producer is.

The CHAIRMAN. This bill does not give the Secretary of Agriculture the right to define the word "producer." It has to be worked out by the Secretary with the committee representing the industry. All provisions of the order would have to be acceptable to the committee or the majority of the committee working with the Secretary.

I think that maybe Mr. Johnson should be heard as representing the views of the poultrymen of North Carolina. He is here with you this morning.

Mr. FORD. Yes.

Mr. JOHNSON. Yes.

The CHAIRMAN. You are representing the poultry people of North Carolina, or the turkey federation—what do you call it?

Mr. JOHNSON. North Carolina Turkey Federation. I was the past president and I am now presently on the board of directors. We had a meeting about 3 weeks ago when they voted 100 percent against any bill of any kind. We do not feel like we need a bill.

The CHAIRMAN. This measure we have before us here is as the Secretary referred to it, a procedural authority which is to authorize him by law to collaborate with duly elected committeemen, to determine whether or not you want a program. This is not a program that will be submitted for all of the 200 or 300 commodities grown and produced in this country.

Mr. JOHNSON. Mr. Cooley, one more thing, we are just asking to be left alone at this time.

The CHAIRMAN. And when you are in trouble you come back.

Mr. JOHNSON. If we get in trouble and come back, then listen.

Mr. POAGE. About this "being left alone," I want to ask about that. My poultrygrowers tell me, "We are going broke," as you just heard me read from this broiler man, "with the 13 and 14 cents price." They have to turn their poultry over to somebody else for that price, and that is what he gets.

I noticed that the poultry industry has received under the support programs \$421,199,422 in governmental supports. You just do not want any governmental help right now but you just had approximately half a billion dollars of Government money for the poultry industry. Here are the figures if you want to analyze them. Nearly half a billion dollars of taxpayers' money has gone into the poultry industry.

Mr. ABBITT. Over what period?

Mr. POAGE. Beginning in 1936. Received in 1936, \$198,000; 1960 they received \$24,059,000. So that over the period of the supports you have received half a billion dollars, approximately, of Federal money. Do you want that all cut out?

Mr. FORD. May I ask a question here?

Mr. POAGE. Yes.

Mr. FORD. Is that listed as Government supports?

Mr. POAGE. Yes.

Mr. FORD. Or is that a purchase program by the Government for a commodity that is highly nutritious and economically sound to purchase?

Mr. POAGE. Just as the rest of these things that never received any support. The beef people received about \$250 million support, but they say they never had any Government aid. Apparently it does not

help them a bit to sell to a school lunch program. It does not help you a bit, I am sure, to have the Government establish a program of buying turkeys. You do not favor that, do you, Mr. Johnson?

Mr. JOHNSON. Sir, as far as the school lunch program or your purchase program—

Mr. POAGE. Pardon?

Mr. JOHNSON (continuing). Your various purchase programs that you have, so far as they are concerned, so long as you are going to feed schoolchildren, and poultry is a good buy, and good meat, I am in favor of it. If poultry gets to be too high, or too bad a buy, buy something else.

Mr. POAGE. Do you consider that helping your industry?

Mr. JOHNSON. We are not asking for help.

Mr. POAGE. You are not asking for help?

Mr. JOHNSON. No.

Mr. POAGE. You do not want that help?

Mr. JOHNSON. As long as it is a good buy, buy it. It should be run on a businesslike basis.

Mr. POAGE. Would you have the Government buy this 85-cent corn that is going on the market now—that is a good buy, we hope.

Mr. JOHNSON. I am not a corn producer.

Mr. POAGE. Tobacco is a good buy?

Mr. JOHNSON. I cannot answer for the corn producers.

Mr. MILLER. Let me say this: If you have got a program where they are going to buy something and that is usable in the program, yes, sir, buy it.

Mr. POAGE. That program was not established for that. What do you think it was established for?

Mr. MILLER. I thought it was established to provide help for the school lunches where it was needed and where underprivileged children needed it.

The CHAIRMAN. I will make one observation. I do not recall that we ever enacted any program which authorized the purchase of food which is not in surplus supply. Recently, the administration has gone into the market and purchased some commodities that are not in surplus supply under authority of section 32.

The point Mr. Poage is making, and all of us are aware of it, when you are facing grave difficulties, we know that the poultrymen are anxious for the Government to purchase their turkeys and chickens and put them into the school lunch program. They used section 32 funds to do that. Poultry has had about one-half billion dollars and livestock was not \$150 million, it was \$248 million in 1 year. Yet livestock does not want a program. When they get into trouble they want the Government to bail them out. And that is what we have done through the years on poultry.

Mr. BEERMANN. Will you yield?

The CHAIRMAN. Some of the section 32 funds are used for agriculture in diversion programs. We only use that and we only justify using it when it becomes necessary to have the diversion programs. You divert a portion from normal channels of trade into the school lunch program, something not heard of when we provided section 32 funds. We did not have the school lunch program then.

Mr. POAGE. To come back to this—I have the floor—I want to come back to this proposition. If you follow this philosophy of saying that the Government will buy up everything that is cheap in the way of agricultural commodities, then, of course, the Government must buy any time anybody overproduces. When you have overproduction it lowers the price of the agricultural commodities inevitably. And if we follow the philosophy that the Government should buy all of those agricultural commodities that come on the market at a low price, then it seems to me inevitable that we are opening the doors and saying that everybody should produce all they can of everything regardless, and the Government will buy it up because it is then cheap. The Government will then buy it while it is cheap and store it or give it away or do something with it to get it off the market. Ultimately the prices will come back and you will have maybe a year of prosperity and then you will get in trouble again and the Government will bale you out by buying an unlimited amount of your commodity again.

To my mind that does not make sense.

This idea of unlimited production and looking to the Government to support unlimited production is just perfectly foolish. You do not enjoy prosperity in tobacco because of unlimited production, do you? You come from the tobacco country.

Mr. JOHNSON. Yes.

Mr. POAGE. You are from North Carolina.

Mr. JOHNSON. Sir, that would take a lot of discussion. I will tell you this: There are a lot of farmers down there who would be off of the farm with their tobacco allotment being cut so small if it was not for poultry.

Mr. POAGE. Which is it, poultry or tobacco?

Mr. JOHNSON. Right now the per capita in my county is as high on poultry as on tobacco.

Mr. POAGE. I do not know how much you grow in your particular county—what about the State—

Mr. JOHNSON. North Carolina?

Mr. POAGE (continuing). Which gives you the highest per capita rate of income?

The CHAIRMAN. Will you yield there?

Mr. POAGE. Yes.

The CHAIRMAN. What is the price of broilers right now?

Mr. JOHNSON. 13 cents.

The CHAIRMAN. Can you stay in business with broilers at that price?

Mr. JOHNSON. I plan to stay in business.

The CHAIRMAN. Can you stay and do it profitably?

Mr. JOHNSON. At the present time, no, sir.

The CHAIRMAN. What is the price of hens?

Mr. JOHNSON. Chicken hens—I do not know.

The CHAIRMAN. I was—

Mr. JOHNSON. Around 13 cents.

The CHAIRMAN. In a hotel 2 weeks ago I was talking with a lady who gave me two bills and said, "Read this before you go home." I read them when I got outside. She sold 700 hens at 6½ cents a pound. Do you think she can stay in business?

Mr. JOHNSON. The price of hens?

The CHAIRMAN. For some she was paid $7\frac{1}{2}$ cents and $10\frac{1}{2}$ cents.

Mr. JOHNSON. Did you ask her how many she had?

The CHAIRMAN. I do not know. One bill was for 700 hens; the other was about 400 or 500.

Here you are in distress right now, selling broilers for 13 cents a pound. How long do you think it will be before you come back to Washington and say, "Do not leave us alone; please help us?"

Mr. JOHNSON. Mr. Cooley, it will be a long time before I am back up here asking for help.

The CHAIRMAN. I am talking about your industry.

Mr. JOHNSON. Well, I do not think the industry from the South-eastern States will be back asking for help.

The CHAIRMAN. Do the producers in the Southeastern States think that they can produce broilers and chickens cheaper than any other area of the country? Are you saying, "We can compete with any other area and we can put some of the other fellows out of business and we will have the industry"? You cannot stay in business on 13 cents for broilers.

Mr. Miller.

Mr. MILLER. I would like to just add a few remarks. Certainly, we cannot stay in business at 13 cents. But if we will look at the average income for the man on the farm growing poultry or the average feed dealer or hatchery man over a 4-year period or over a 2-year period, it is good, it is real good for the farmer, it is real good for the businessmen. It has been. I have the utmost confidence, if we do nothing in the way of a bill, it will still be a good business.

For my State of Alabama, I would say that the poultry industry has come into the picture and has been really almost a godsend to the farmers of Alabama.

I would certainly agree with Mr. Poage that the feeling that we have is not universal 100 percent over the country by any means. I would say that the preponderance of the fault of the poultry industry of the United States would be similar to ours. That is only an opinion, but certainly I believe that.

But we realize that there are some people in different sections—there are some people pretty close to us who would favor this sort of action. But I would still maintain that the great number of people—the great majority of people in the poultry business, that for them we are expressing their viewpoint, not only of Alabama but for other parts of the country as well, and realizing that that does not at all concur with some people's viewpoint.

And another thing that I would like to say that is very strongly in my mind is in regard to the cotton program. In Alabama, cotton was the farm income some years back. The first crop I ever made was when I was about 16 years old, so-called two-horse crop. My father voted for the cotton program. I saw that program function from year to year to year to year.

Of course, it does not mean that the poultry program would not come up, would not work up the same way, but in looking back at that program in cotton, that program has not been all to the good by a long shot. And I am apprehensive.

The CHAIRMAN. What is wrong with the cotton program now? We turned it over to the administration in 1953 and had a profit on it of \$26 million and the price has been stable. The program has worked out well.

Mr. MILLER. The biggest thing—

The CHAIRMAN. You do not want to grow cotton in Alabama, that is all.

Mr. MILLER. Because of the way the acreage allotment worked out.

The CHAIRMAN. You just did not grow it.

Mr. MILLER. In my particular county, I know. In my own county, this spring—and I am involved with some cottongrowers—this spring the amount of cotton acreage that they requested would not be much, but that would not be true of all counties. But it was true of my county.

But the main thing that I am thinking of is this: that on my own family farm where we used to grow 200 acres of cotton, we got worked down to—partly due to some chain of circumstances where we are only making, as it later turned out, due to somewhat unfortunate circumstances, down to 45 acres because before my father died we put a whole lot of land into pasture, and after he died we could not work it right in pasture for cattle and could not go back to cotton.

The CHAIRMAN. You gave it up?

Mr. MILLER. We have given it up only for what? At that time it was a better endeavor.

The CHAIRMAN. And when cotton becomes more profitable than other crops, you abandon these crops and go back to it.

Mr. POAGE. Is it not true that you have less cotton in south Alabama today and we have less in central Texas than we had because west Texas grows it cheaper than we can. It seems to me that that is what these poultry people are figuring on doing to these people in New Jersey and Delmarva and New England—they think they can grow poultry cheaper in the Southeast. I think it is like the old freeze-out game. No matter how cheaply they think they can produce, they do it at the expense of the things that the old lady should have in the house. They can undoubtedly break other poultry growers, but they will hurt their own families doing it. I do not want that freezeout. It does not appeal to me.

Mr. GATHINGS. Mr. Ford, you were asked as to whether or not you had submitted a program of some type of controls to the executive branch of the Government.

Mr. FORD. Right.

Mr. GATHINGS. And your reply was that you had not, that the industry had not done that. As a matter of fact, you have not decided using any such program on the part of the poultry industry; is that right?

Mr. FORD. Correct.

Mr. GATHINGS. You did bring to the Congress, though, an action that was unanimous, apparently, about 4 years ago, asking this Congress for an inspection program so vital to the poultry industry; did you not?

Mr. FORD. No, sir.

Mr. GATHINGS. You did not come here?

Mr. FORD. No, sir.

Mr. GATHINGS. But this room was filled with poultrymen, and they did appeal to us to pass an inspection program for poultry. Is that not right? Whether it was a unanimous industry request, I do not know that, but this room was filled with poultrymen who wanted such a program passed, and it was done.

Mr. FORD. Congressman, I will make a statement pertaining to that particular program. We are proud to have the inspection program. It has been good for our industry. It has been good for the consumer. But as a poultry organization, organized groups in the Southeast, we did not, and maybe we should be criticized for it.

Mr. GATHINGS. In your statement, Mr. Ford, you said that this H.R. 6400 is opposed by the poultry industry because of the fact that it would delegate powers from the legislative branch over to the executive branch of the Government. That is what you are telling us?

Mr. FORD. Right.

Mr. GATHINGS. You say this: that you are not interested in submitting a control program on the part of your industry, and you do not want to take away the powers that belong to the legislative branch; is that right?

Mr. FORD. Right.

Mr. GATHINGS. Thank you.

Mr. HOEVEN. Will the gentleman yield?

Mr. GATHINGS. Yes.

Mr. HOEVEN. If I gather the gist of the position taken by Mr. Cooley and Mr. Poage, it is that in exchange for the Federal help which you may have received or will receive in the future, you should now be willing to embrace and comply with a program against your better judgment.

The CHAIRMAN. No, no. Neither Mr. Poage nor I advocated regulation of the poultry industry. This bill does not contemplate that.

Mr. HOEVEN. All right. No one knows what kind of a program the advisory committee may propose for the poultry industry. It would likely encompass nationwide thinking and the industry in the Southeast might be confronted with a program which did not apply to your particular section and which you didn't want. You would be helpless in that kind of situation.

The CHAIRMAN. Suppose we change the bill and eliminate that. Suppose we eliminate the national marketing orders and leave out the national program.

Mr. FORD. We would not oppose a program that would permit another area, if they so desired, a marketing order.

The CHAIRMAN. But you would not want it on a national basis?

Mr. FORD. No, sir; not at this point, as we understand the program now.

The CHAIRMAN. Very well.

Mr. GATHINGS. I am almost through. The point I wanted to make was this—I hope I do make myself plain. When we enacted in this Congress the measure which as you say now I understand has been most beneficial to the poultry interests as well as the consumer alike in this country, you came to this Congress and got that bill enacted. You say in your statement, as I understand it, you feel that that sys-

tem should prevail in the future, that you come to the Congress and ask for legislation.

Mr. FORD. Yes, sir.

Mr. GATHINGS. Rather than to go to the executive branch of the Government to have a program passed down there and sent up here for our veto; is that right?

Mr. FORD. Yes, sir; it is not an expression of not having confidence in our present USDA officials. We think we have some good people over there, but we would like to come back before this body on whatever program is proposed and state our views pro or con. We may be for it. We would like you people to give your stamp of approval as the program is finally finalized and not rubber stamp a program now before anyone knows what it is going to say.

Mr. GATHINGS. Thank you.

The CHAIRMAN. Suppose we amend the bill so as to provide that it will be done by Congress, that the Congress must approve the program which is proposed.

It would be proposed by the advisory committee and would be applicable to an area rather than on a national basis. Would you still oppose it, or would you be inclined to favor that?

Mr. FORD. Mr. Cooley, we are representing one section of the United States in the poultry production and we are not really qualified to speak what is best for another area.

The CHAIRMAN. I mean you are suggesting the possibility of amending this bill so as to let the southeastern poultrymen write their own ticket.

Mr. FORD. We would like to have the opportunity as an industry of coming before your body and working with you on a program we need when we feel we need it.

The CHAIRMAN. Mr. Miller brought out the question as to who shall vote in the referendum.

Mr. MILLER. Yes.

The CHAIRMAN. For instance, those who are selling chickens or hens grown in the back yard would be a matter for you to work out with the Secretary and put into the program before it is submitted to us, we realize that. That would have to be gone into before it was put into operation. This committee does not want to impose anything on any group of farmers.

Mr. JONES of Missouri. Let me ask about the turkey producers. Do you represent the turkey producers?

Mr. FORD. We have turkey producer members of our organization; yes, sir.

Mr. JONES of Missouri. Are you aware of the fact that what I think is a representative group, representing a major segment of the turkey producers, are using a national marketing agreement at this time?

Mr. FORD. Yes, sir; we are very much aware of that and it has been proposed by one of our most forward-looking organizations in the United States in the poultry industry. Unfortunately, they are not speaking for the membership in the Southeast, for our association.

Two weeks ago we had our turkey advisory committee meet, on their particular bill in fact, people from all 10 Southeastern States, and they voted as a committee to be opposed to that measure, also, as I understand it, sir. Out of the 10 States we represent membership in,

we have been informed that 2 of those States have endorsed this proposal. That is 2 out of 10.

The CHAIRMAN. What States were those?

Mr. FORD. Virginia and Kentucky, sir.

Mr. JONES of Missouri. I might state further there are people who were in my office requesting me to introduce some legislation which would authorize the setting up of a national turkey marketing agreement, and they left the impression with me that they were representing not only the majority of the turkey producers but were also representing the producers of approximately two-thirds or more of the total turkey production.

Do you say that the majority of the turkey producers and the majority of the producers who are producing a majority of the turkeys in the United States are opposed to a national marketing order?

Mr. FORD. I am not in a position to answer that intelligently. I will say the turkey producers of the Southeastern United States, by and large, have not asked for a program and they are not as State organizations now, not as a regional group that I represent, but as a State organization, turkey organization, 8 out of the 10 States have voted against this proposal.

Mr. JONES of Missouri. I think we found this true, I know that in some national organizations, members who live in the north and other areas where cotton is not produced were opposed to a cotton program, too.

Do you not think that we should take into consideration the views of those who are producing a commodity in the greatest quantity—that we should pay more attention to them than to, say, a segment that does not produce a substantial portion of that particular commodity?

Mr. FORD. I agree wholeheartedly. And that is one of the reasons we feel so strongly that the Southeast, an area that produces 64 percent of the broilers, should be heard rather than a section—

Mr. JONES of Missouri. I am not going to discuss the question of broilers. We were speaking of the turkey people, and my impression is that you are not representing a majority of the turkey producers or the producers producing a major portion of the turkeys.

Mr. FORD. No, sir; I am not, just the members of our association.

The CHAIRMAN. Are you primarily in the turkey business?

Mr. JOHNSON. We are in both chickens and turkeys—mostly turkeys.

Mr. JOHNSON of Wisconsin. I noticed in the hearings that we had more than a year ago we had before the committee a lot of people who actually raised poultry. Then we also had professors, feed dealers and people that depend on the poultry industry.

In your group, how many of you people are actually in the poultry business, or are you in the processing business and the feed business?

Mr. FORD. As an organization, sir, in the Southeastern Association, our membership percentagewise, something like 74 percent last week are producers.

Mr. JOHNSON of Wisconsin. Of poultry?

Mr. FORD. Yes, sir.

Mr. JOHNSON of Wisconsin. And the balance of the organization?

Mr. FORD. The balance of the members are hatcherymen, feed dealers, feed mill operators, on farm feed mill operators, egg and poultry processors.

Mr. JOHNSON of Wisconsin. How many actually of the men here today are raising poultry?

Mr. FORD. Five.

Mr. JOHNSON of Wisconsin. In how large numbers?

Mr. FORD. Here is a gentleman from Alabama who is president of the producers' association.

Mr. JOHNSON of Wisconsin. How many broilers do you raise?

Mr. PUTNAM. We have 4,000 to 5,000.

Mr. JOHNSON of Wisconsin. How many this gentleman here?

Mr. DURBIN. I am from Birmingham, Ala. We grow broilers ourselves, and we are feed dealers.

Mr. JOHNSON of Wisconsin. Do you process?

Mr. DURBIN. We process, too.

Mr. JOHNSON of Wisconsin. Do you have your poultry out on contract so that the farmers raise them for you and you pay him so much per pound?

Mr. DURBIN. We have some on contract. We also grow some ourselves.

Mr. JOHNSON of Wisconsin. How about the other gentleman?

Mr. PUTNAM. I am an independent grower, have been always.

Mr. JOHNSON of Wisconsin. Do you want to make another statement?

Mr. PUTNAM. In reference to one of the gentlemen on the committee who made a statement about the Southeast that we would like to push out the producers in the State of New Jersey, we have no desire to push any producers out. It is true that we can produce broilers cheaper in the Southeast than they can. And it is also true that they get from 1 to 2 cents more per pound for their broilers than we do.

Mr. JOHNSON of Wisconsin. I want to point this out: that many times the processors and the feed dealers do not want to see the production cut down because they make their profit out of the number of pounds of feed sold. You cannot actually get the opinion of the poultry people by having processors represented before this committee or feed dealers.

Mr. PUTNAM. We also feel that if this bill should come into effect and the controls should be put on, it would get to a place where the industry would have adjusted itself before the machinery of the Government could be set up and got controls on it. The turnover in the industry is so fast we feel like we can adjust ourselves and at the present time machines is always moving in the Southeast to adjust itself.

Mr. JOHNSON of Wisconsin. Of these people here, how many are running hatcheries?

Mr. MILLER. About a hundred thousand on my farm.

Mr. JOHNSON of Wisconsin. Do you sell the chicks that you hatch to the farmers that raise the broilers?

Mr. MILLER. Yes, sir.

Mr. JOHNSON of Wisconsin. How about the other members?

Mr. JOHNSON. We have a turkey hatchery and a family feed mill. We do not sell any feed. We just produce feed for ourselves.

Mr. JOHNSON of Wisconsin. For the poultry and you use your hatching eggs to sell broilers, and so forth?

Mr. JOHNSON. This is turkeys now. And we produce on our own farm approximately 300,000 turkeys a year.

Mr. JOHNSON of Wisconsin. Probably, about one out of a hundred that raise broilers have their own hatcheries and produce the eggs that go into the hatchery. Most of the people buy the chicks who raise 10,000 at a time; is that not right? They have to make a profit on the 13 cents that they get for the broilers per pound right now.

Mr. JOHNSON. I would like to say something about that 13-cent chicken that seems to be bothering everybody. We sold 13-cent broilers before. And the industry did not go busted. This is not the first 13-cent market.

Mr. JOHNSON of Wisconsin. That is all.

The CHAIRMAN. Any further questions?

Mr. ABERNETHY. Mr. Ford, I wonder if you could give us some idea of what percentage of the poultry industry in the Southeast are feed producers, what percentage?

Mr. FORD. What sized industry?

Mr. ABERNETHY. What portion of the poultry industry is really a segment of the feed industry of the Southeast?

Mr. FORD. I believe, sir, as to the poultry industry itself on a national level—and I think it would be much higher in the Southeast due to the volume produced—poultry is the second largest consumer of commercial feeds.

Mr. ABERNETHY. Here is what I had reference to: I did not want to point out any one firm. So we will just call it the Tom Abernethy feedplant. That company goes into Georgia and Alabama and other areas and contracts with people to raise the birds and use their feed.

What percentage of the birds produced in the Southeast are from such an operation?

Mr. FORD. I think a good estimate, give or take a percent either way—as you understand it, about a year ago we surveyed our industry members to try to get at this particular problem because the problem of whether there should be auctions or not came up—at that time, we found that approximately 90 percent of the broilers in the Southeast were produced on a contractual arrangement.

Mr. ABERNETHY. That means that 90 percent of the birds that are produced in the Southeast are actually produced for the feed mills; is that right?

Mr. FORD. Yes; some small feed mills. Hatchery men have contracts. A processor will have contracts. One producer may contract with his neighbors to produce poultry for him on a contract basis. So it is not a feed industry contract alone. It is feed, yes, hatchery, processors, you name almost any section of the industry.

Mr. ABERNETHY. Do you think that it is a healthy situation for the poultry industry to be an integrated industry, controlled from the manufacturer of feed all the way down to the chicken?

Mr. FORD. From past experience, it has been good.

Mr. ABERNETHY. It has been good?

Mr. FORD. Over the long pull, we do not know. There is some question now if it is good.

Mr. ABERNETHY. Do you feel there is any obligation on the part of the Federal Government to spend money buying up chickens under CCC price support programs from a large feed manufacturer like Purina, we will say? I do not know that Purina follows that sort of program, but I use it just for an illustration name for the question. Is there any obligation on the part of the Government under the price support program to buy chickens from such a firm?

Mr. FORD. I do not think our Government should be obligated to buy a commodity.

Mr. ABERNETHY. I am not talking about your commodity. I am talking about a commodity of a large feed producer, one who is really interested in selling feed, not primarily in the poultry business but the feed business.

The CHAIRMAN. The point Mr. Abernethy is trying to get across is, the man we usually refer to as the farmer is actually a laboring man working for the industry.

Mr. MILLER. Let me throw in a remark.

Mr. ABERNETHY. That is what I am trying to find out.

Mr. MILLER. Having a very close connection, Mr. Abernethy, with the change in the growing system, going back several years ago, practically all of the broilers in our southeastern area, certainly in my area, were grown by farmers who bought feed, baby chicks and grew the broilers. The broilers were sold and then they settled up.

But this program of the contractual growing to a great extent came about by the desire of the farmers, rather than as I believe you were somewhat inferring from the feed companies pushing down to the farmer. I do not mean that was the only reason but to a great extent it was. And as Mr. Ford answered the question, I am not sure of where that is headed. I am not sure that it is good. I do not exactly like it.

Mr. ABERNETHY. I am not criticizing what is being done. I am just trying to find out if you feel there is any obligation. To put it this way: Do you feel there is an obligation on the part of the Government under our price support program to purchase chickens for the purpose of firming up the market for the benefit of a concern which is primarily interested in selling feed?

Mr. MILLER. No, sir.

Mr. ABERNETHY. They are not interested in raising chickens but in selling feed.

Mr. MILLER. I would not even feel that you should buy them from me to help me unless it were true that they were going to buy some commodity, anyway, for a program and my commodity was a good buy for them to buy.

Mr. ABERNETHY. Do you and your association recommend to the Department of Agriculture that it discontinue the practice of buying poultry unless it is being purchased for the specific purpose of feeding hungry people or for the school lunch program?

Mr. MILLER. I will agree with you.

Mr. ABERNETHY. I am not suggesting that you agree; I am just asking the question.

Mr. MILLER. I still say I agree with what you say. I agree that I do not say that they should buy our product or my product under any other circumstances unless it be true that they are going to buy

some product, anyway, for other purposes. And for other purposes whatever it may be, if they are going to buy it, that is a similar product, where somebody's product or my product could be interchanged.

Mr. ABERNETHY. When you say "for other purposes," will you give us an illustration?

Mr. MILLER. In other words, if they are buying at the market value, for, well, the school lunch program, I do not know all of the other avenues, actually, but whatever avenue, or whatever the purpose would be, if they are going to buy it, that is some meat, I want to sell them some poultry.

Mr. ABERNETHY. I do not know of any instances—there may be but I do not know of any instances where the Commodity Credit Corporation has gone out and purchased food—there may be some—for the reason that it is needed in the school lunch program. My understanding is that they have made the purchases for the purpose of relieving a depressed situation in the industry from which the purchases are made. When they get these purchases in hand they simply use school lunch and so on as a disposal means.

As I understand it is your feeling that only in those cases where the Government feels that it needs to buy certain commodities for the purpose of the school lunch program or some comparable program that it should move in with a purchase program.

Mr. MILLER. Yes, sir. I might say that it is my impression that the school lunch program has got two buying programs so to speak. One is the one that you refer to. And another is where they buy a certain amount of commodities at times just more or less in the open market.

Mr. ABERNETHY. We have direct appropriations for that program. And, of course, that is supplemented in the States, but this \$450 million or whatever it is, 400 million and some odd dollars that Mr. Poage mentioned a moment ago, that was not the school lunch. It may have eventually gone into the school lunch program.

Mr. MILLER. I have a feeling, Mr. Abernethy, that very little of that is broilers—very little. I have a feeling that a good, some little bit of that figure would be turkeys and quite a little bit would be eggs.

Mr. ABERNETHY. Most of it would be eggs.

Mr. MILLER. A good part of it would be eggs. That is what I was going to say.

Mr. ABERNETHY. They cannot have eggs without having chickens.

Mr. MILLER. That is true. There are a lot of chickens just for egg producing. But getting back to that feed proposition, I would like to say this: The turns of the business in the broiler industry is this, so far as it leads to feed manufacturers, a producer such as myself decides that he needs some type of feed mill, some size of feed mill to fit into his operation, and a pretty good percentage of the feeds that goes into birds, into the chickens, is produced by what we would call producers. It has migrated to some extent from the type of companies that you are talking about.

Mr. ABERNETHY. I understand that it has. That is all.

The CHAIRMAN. How many do you have?

Mr. MILLER. I have about a hundred thousand on my farm and I contract broilers with broiler growers.

The CHAIRMAN. How many do you have on your own farm?

Mr. MILLER. It would run 5 million to 6 million a year.

The CHAIRMAN. 5 million to 6 million chickens a year?

Mr. MILLER. Yes.

The CHAIRMAN. You operate your own feed mill?

Mr. MILLER. Yes.

The CHAIRMAN. And you contract the production of the chickens?

Mr. MILLER. Yes, sir; with farmers.

Mr. JOHNSON of Wisconsin. Do you have your own hatchery?

Mr. MILLER. Yes, sir.

The CHAIRMAN. You have a hatchery, feed mill, and the whole outfit?

Mr. MILLER. Yes, sir. I wanted to correlate that with the thinking of Mr. Abernethy. I started out as a producer, just as what you would call anyone a producer, the man more or less on the farm. But it has grown up to this other thing. And the feed mill thing came into the picture as a result of what we were doing, not as a matter of the feed mills to sell feed to the producers. The feed mill followed.

The CHAIRMAN. You sell the feed that goes into the production of these 5 million or 6 million chickens a year?

Mr. MILLER. No, sir; I do not sell the feed. I put the feed out for the chickens that I own.

The CHAIRMAN. All right. You feed your own chickens through your own feed mill?

Mr. MILLER. Yes, sir.

The CHAIRMAN. You say it cost so much per bird to produce?

Mr. MILLER. Yes.

The CHAIRMAN. The farmer is working for you?

Mr. MILLER. I said a little bit ago, I am not proud of exactly the way that situation stands, but I say that not in the sense of how it would work out for the welfare of the farmer, because I know that it has been a very good thing for what we are calling the farmer. I call myself a farmer.

Mr. ABERNETHY. What size farm do you have?

Mr. MILLER. Actually, I have a total acreage in two or three different farms of about a thousand acres.

Mr. ABERNETHY. In what part of Alabama?

Mr. MILLER. In the eastern part, Piedmont, about the middle—on about a line between Birmingham and Atlanta.

The CHAIRMAN. Just a moment. How many others operate mills on the same basis?

Mr. JOHNSON. I would like to clarify a little further.

The CHAIRMAN. Wait a minute before you start. I asked, how many other witnesses operate mills? Is he the only one that operates a mill?

Mr. JOHNSON. So far as I know, sir.

Mr. SANDERS. I am with a farmer cooperative in central South Carolina. We have a feed mill and hatchery.

The CHAIRMAN. You operate—

Mr. SANDERS. We are a farmer cooperative.

The CHAIRMAN. I mean, Mr. Miller, you have your own mill, your

own hatchery and you put them out to the farmers on a per bird basis?

Mr. MILLER. Yes.

The CHAIRMAN. How about you? Do you do the same thing?

Mr. DURBIN. No, sir. We have breeder plants. We have a hatchery. We do processing, and we do contract broiler growing.

The CHAIRMAN. In other words, you have put them out on a contract and you buy the feed from some mills to feed your chickens?

Mr. DURBIN. That is correct.

The CHAIRMAN. How about you, do you do the same thing?

Mr. YOUNT. No; I am not in the poultry business.

The CHAIRMAN. What?

Mr. YOUNT. I am not in the poultry business.

Mr. ABERNETHY. He is with the land grant college.

Mr. MASSEY. I am with the Georgia Poultry Federation.

The CHAIRMAN. You are not in the production of broilers?

Mr. MASSEY. No, sir.

The CHAIRMAN. And you?

Mr. FORD. I am executive secretary of the group only.

The CHAIRMAN. Only three out of the seven are producers and the others are administrative officers or officials of the poultry organization.

Mr. LATTA. May I ask a question?

The CHAIRMAN. We must move along. We have one more other poultry association and two other witnesses on wheat and milk.

Mr. SHORT. I will yield to Mr. Latta.

Mr. LATTA. I would like to get back to the opposition to the bill. We have talked all around this. I want to ask you a few questions about the bill itself. Is not the thing that scares you in this bill is the so-called democracy?

Mr. FORD. I did not say that.

Mr. LATTA. Is that what you are concerned about?

Mr. FORD. We are concerned with the fact that—

Mr. LATTA. I asked you if this is what you are concerned with on page 4 of this bill, what the Secretary can do in this bill, it says, "Whenever the Secretary determines such action is necessary or desirable"—it does not say the farmer out there decides that, no, the Secretary decides it. Is that not right, that is in the bill? And then it says "he"—meaning the Secretary not the farmer "shall provide for the selection under this section of a national farmer advisory committee." And then it goes on to say "for any commodity or group of commodities"—then it continues, "The Secretary shall provide"—it does not say the farmer shall provide—"for the election of nominees from which he"—not the farmer but the Secretary—"shall appoint at least two-thirds of the members and alternate members of any such committee."

It continues "The nominees shall be producers of the commodity or commodities for which the committee is established and shall be elected by members of the county committees."

Does that say anything about this democracy that we have heard talked about this morning, where the farmer will select the committee or elect the committee? Is there anything that says the farmer is going to elect them? It says, "the county committee." How is

this committee elected? Is it elected by the farmer? No, it is elected by a township committee. So actually this democracy that we are talking about, which I assume you oppose as expressed to in this bill, excludes the farmer from anything remotely resembling participation.

Let us go one step further. After we have the committee organized, can the committee then go to the Secretary of Agriculture and say, "We have our program, here it is, you submit it to the Congress."

No. Under the terms of this bill the Secretary can take it or leave it. He can also dissolve the committee and say, "We are going to dissolve this committee; I do not like what you gave me so we will have a new one."

Is that the type of democracy, sir, that you are opposed to as outlined in this bill?

If it is, I am with you because I oppose it also. Have you any statement to make on that? [Laughter.]

Mr. FORD. Will the gentleman mind repeating his statement.

We are here as a trade association secretary and producers and we have tried to select a cross-section of our industry to present our views. We are not interested today in partisan positions here. We merely ask this committee to consider our desires; that true we are not pleased with this bill as it is written, no, sir; not by a long shot.

Mr. LATTA. Members of Congress should not sit here and expect you to give your comments on something that might be contained in this bill. The only thing that you can comment on is what is contained in this bill; is that not true?

Mr. FORD. We have got confidence in you gentlemen and when a bill or a program is put together affecting our people, we would like to have the opportunity of sitting down and talking with you people then when we can be specific. Today's bill is not specific enough for us to really attack it or to support it. But the day is coming if we have a program put together, give us an opportunity to sit down with you people. We may be for it. We may have reservations.

Mr. LATTA. Coming back to that point, the chairman asked you a little while ago if you would support this program if we permitted the southeastern producers to come before the Congress with a program that you preferred. You have agreed to that proposition. Can you not do that now?

Mr. FORD. I understand we have that opportunity now.

Mr. LATTA. Can't you say to your Congressman, "This is our program, we would like to have it submitted to the Congress." Then come before the committee without any legislation such as are here before us? Can you not do that now?

Mr. FORD. As I understand, we would like to leave it that way, sir.

Mr. LATTA. That is all.

The CHAIRMAN. Is that all?

Mr. YOUNT. I would like to speak to Mr. Abernethy and answer his question.

The CHAIRMAN. The Chair will recognize you, Mr. Grant.

Mr. GRANT. Much has been said here about the matter of others testifying this morning who are not farmers. And I want to compliment you gentlemen from the Southeast. I do not think that is a bad term to be from the Southeast, to warrant the third degree you have been put through this morning. I have been on this committee

for a number of years. It has been my experience most of the testimony presented to the committee pro and con has been done by officers, executive secretaries, presidents, and other officers of organizations.

Mr. Putnam represents farmers from my district. I understand you are in the chicken business.

Mr. PUTNAM. Yes.

Mr. GRANT. Have you talked to other poultrymen in your section both turkey and chicken people?

Mr. PUTNAM. Yes, sir; I have.

Mr. GRANT. Are they in favor of this bill?

Mr. PUTNAM. No, sir. They are not in favor of any type of Government controls on poultry in any way—the ones I have talked to.

Mr. GRANT. Thank you very much. I also would like to ask a question of Mr. Miller. Mr. Miller said he had a feed mill. You were comparing the status of the farmer, those who have been in the poultry business in the Southeast. Do you think or do you have any knowledge or opinion as to how those in the poultry business in the Southeast will compare with the people who are doing nothing but being in the poultry business out on the farms in other sections of the country?

Mr. MILLER. How our people would compare, is that it?

Mr. GRANT. Yes, sir.

Mr. MILLER. I think it would be a very favorable comparison. In my own immediate area of Alabama, in the eastern part of Alabama, which is hilly, that type of area, where the soil is not conducive to row crop farming, they have pretty well flickered out so far as making a living out of row crop farming is concerned.

My business 12 or 14 years ago really did not have anything to do with poultry. The reason I am in the poultry business is the fact that I kind of had an inkling it might be a pretty good business.

A few farmers were interested in it, and together we made a little bit of a start and this came from there.

Getting back more to your point, I know that the farmers in my area that I work with and that others work with, are proud of the thing to be as it is.

I would not say that was quite 100 percent. So far as I know, it is 100 percent, and I believe it to be. I know they have made a good return for their investment. I know that they have made a better return than the average row-crop farmer in other sections of Alabama, where the land is more conducive to row-crop farming.

And those people actually just have not had a good chance in the past. And this does give them a good chance. They have made good money for the investment even the last few years. I am certain that they do not desire a change.

The CHAIRMAN. What is the number of chickens in a house? How much will he have invested?

Mr. MILLER. He will have in our area somewhere from 60 to 70 cents per chicken.

The CHAIRMAN. How much investment will he have in them?

Mr. MILLER. If he has 10,000 chickens, he will have a total investment of \$6,000 to \$7,000.

The CHAIRMAN. And you put that up for him, he does not put up a dime?

Mr. MILLER. No, sir; that is not correct.

The CHAIRMAN. What does the farmer put up?

Mr. MILLER. He puts up his chickenhouse and the money to finance the equipment.

The CHAIRMAN. The farmer provides his own facilities, his house?

Mr. MILLER. Yes.

The CHAIRMAN. And his feeding equipment?

Mr. MILLER. Yes, sir.

The CHAIRMAN. And heat?

Mr. MILLER. Yes.

Mr. JOHNSON of Wisconsin. He has to furnish his own heat.

The CHAIRMAN. His own heat.

Mr. MILLER. In my own section, he furnishes his own heat. You must understand that where the farmer furnishes it, generally speaking, it should be that he receives more.

The CHAIRMAN. All right, Mr. Yount.

Mr. YOUNT. I want to answer Mr. Abernethy on two points. In your State of Mississippi, practically all of the poultry is fed by local mills, in other words, the major feed companies are not actually feeding.

Mr. ABERNETHY. That was my understanding.

Mr. YOUNT. In other words, if a man has 6,000 broilers he has a feed mill, or it is a concern with broilers or layers, they have their own feed mills and make their own feed.

The other point is we keep talking about this small farmer. Mr. McCarthy and the other officers down there wanted me to come up here and represent that small farmer. I will say to you that the men who have 10,000 to 30,000 broilers on their farm in Mississippi, they furnish their house and equipment and the labor, and they will not grow broilers except on contract because they want the contractor to take the risk. That is a preferred way.

In other words, the farmer is not being pushed out, the farmer in our State.

Mr. JOHNSON of Wisconsin. How much does the farmer get a pound now?

Mr. YOUNT. It depends; we have a good many different arrangements.

Mr. JOHNSON of Wisconsin. Does he do all right?

Mr. YOUNT. He is doing quite well.

Mr. MILLER. In my State about 23¼ cents a pound.

Mr. YOUNT. The individual farmers could not weather the storm through some of the highs and lows. The contractor can weather the storm because of the volume. Our producers prefer where they have commercial laying eggs or breeder hens or broilers, our farmers that have a family enterprise, they much prefer to operate on contract.

Mr. ABERNETHY. The farmers in southern Mississippi, do they all own their own houses and equipment?

Mr. YOUNT. Not all of them. The big majority of them do.

Mr. ABERNETHY. Thank you.

The CHAIRMAN. What is your name again?

Mr. DURBIN. My name is Marshall Durbin, Jr. The reason that I am in the chicken business is that my father was unable to make a living row cropping on the family farm so he came to Birmingham and got into the chicken business. And we went into it from the end of processing.

We later moved into the area to have a more favorable supply of a processing plant.

Our firm also was one of the low bidders for the preparation of the school-lunch program. And speaking for my particular firm to this committee, or the Congress, that the industry has any obligation to accept a system of controls, because of the fact that we sold chickens to the school-lunch program, our firm would prefer not to sell any more. We may have accepted some money in the form of Government supports, but I would like to point out that the poultry industry, the chicken, is consuming a great quantity of corn and soybeans and has also relieved the Government of having to support, to make loans on it or to buy it.

So in answer to Mr. Abernethy's question about would we prefer not to have the school lunch if it means that the Congress expects us to have controls, then I would prefer not to have it.

The CHAIRMAN. That has not been proposed. Mr. Abernethy has not proposed that, that you accept controls. Nobody has asked you to accept controls of any kind. The bill does not provide controls. It just provides the machinery whereby if you want to control yourself, you can do it. Or if the industry wants to do it, they can do it.

Mr. ABBITT. Might it be pointed out he did not want a national order where the majority of the producers could vote for controls.

Mr. ABERNETHY. I think that is the interpretation that he put on my question. I have made no suggestion that there be any controls imposed upon the poultry industry by the Government or by the industry itself. And I regret that the gentleman misinterpreted my remarks.

The only thing I directed my question to was the program we now have. I was endeavoring to find out if he wanted it continued, and I understand he does. That was the only thing I was trying to find out.

The last thing I would support or want anybody to do would be to have controls imposed upon them whether it be Government or by themselves, if they do not want them.

The CHAIRMAN. Mr. Stubblefield.

Mr. STUBBLEFIELD. I just want to welcome my constituent to this committee, and to tell you that I apologize to you for being late this morning, but circumstances were such that I could not control them.

Mr. Harold Ford is a fine boy from down in Kentucky. We educated him in my hometown. Good to have you with us.

Mr. FORD. Thank you, sir.

The CHAIRMAN. The next witness is Mr. Jerome Taub, representing the U.S. Poultry & Egg Association.

We will be glad to hear you now.

STATEMENT OF JEROME TAUB, PRESIDENT, U.S. POULTRY & EGG PRODUCERS ASSOCIATION, INC.

Mr. TAUB. My name is Jerome Taub. I operate a poultry farm and hatchery in Bound Brook, N.J. I am president of the U.S. Poultry & Egg Producers Association.

Our association strongly endorses the proposals set forth in the Agricultural Act of 1961 (H.R. 6400), and we respectfully request that you support this legislation.

During the past few years thousands of poultry and egg producers have been forced into bankruptcy as a result of the boom and bust cycle of the poultry industry. This has taken place during a period of nationwide prosperity. We as a democracy cannot afford to set an example whereby the family farmer is being driven out of business and being replaced by large corporate units.

Conditions in the poultry industry during the past 5 years have been chaotic. You gentlemen have heard some of the stories told during the hearings held for the industry 2 years ago. Poultry farmers have lost their homes, their savings, even their lives as a result of low egg and poultry prices.

The higher price we are enjoying today, for what appears to be a very short time, has been brought about by the bankruptcy and elimination of many thousands of poultry producers. We do not believe that producers should prosper only at the expense of their fellow farmers. We do not feel that a man should have to hope for his neighbor to go into bankruptcy in order that he shall survive.

We feel that a sound program is needed for keeping supplies in balance with demand. A slight cutback in production, or even possibly only holding the line and preventing unneeded expansion with a vigorous promotion program to increase the consumption of poultry products would put the industry back on its feet. These objectives could be attained through passage of H.R. 6400.

The U.S. Poultry & Egg Producers Association supports the concept of enabling legislation as embodied in this bill because we feel it will give producers the tools to work out their own problems; it empowers producers to work with the Secretary of Agriculture to develop proper programs; it allows complete freedom of activity, and it prevents exploitation and preserves the principles of democracy.

In short it would allow the development of an industry-controlled program which could stabilize the market for poultry and eggs and result in a fair return to the farmer for his labor, management, and investment. We believe the provisions of this bill will allow it to be tailored to the family-size producer of poultry and eggs and will assure him of a stable market establishing an equitable relationship between the cost of production and market price.

You have heard many statements pointing to the poultry industry as an example of successful free enterprise in agriculture. Well, gentlemen, it just ain't so. The producer of poultry products has undergone considerable hardship and suffering, and we feel the time has come when he should be given the opportunity of choosing a program, if he wants it, which will return to him a stabilized condition.

It is for this reason that we request the passage of H.R. 6400. It will strengthen family farming, raise farm income and stabilize prices;

provide consumers with plentiful supplies at fair prices; provide producers with bargaining power through planned commodity programs, and will result in farmers remaining on their farms where they belong. If you will give poultry producers the opportunity of choosing a program such as this, they will respond overwhelmingly in favor of it.

A recent article in the Georgia Poultry Times quoted a meeting of the Southeastern Broiler Advisory Council, which had representatives from Georgia, Alabama, Mississippi, and many other Southeastern States. Some of the quoted remarks read:

We are busting out at the seams with broilers. I don't know where we are going to sell them all. We have more houses than we have ever had before.

And one gentleman said:

The coming depression in broilers will make the last one look like a picnic.

These were people such as those who testified here a moment ago.

The story concluded with the statement that the committee affirmed its opposition to production controls and felt that problems should be solved on a voluntary basis.

The story concluded with the sentence:

No solution was offered.

Now, as we get the story from members that we have in the Southeast, and we are strictly a producer organization, it seems to be a situation of the big integrators and producers trying to force out the smaller ones. I think it is a question of whether this is free enterprise or piracy.

These larger producers are selling their broilers below cost with the hope this will force the smaller ones into bankruptcy, force them out of business and thus be able to control the market on their own.

In a great many cases this is purely exploitation of the grower.

We have reports from some of our people down there that some of the Negroes held on these farms are being paid at the rate of a sack of flour and a plug of tobacco a week.

The CHAIRMAN. Where did you get such information?

Mr. TAUB. It came from——

The CHAIRMAN. They received a plug of tobacco and sack of wheat?

Mr. TAUB. It came to me in a letter from a man who operates there, a contract grower from Alabama. I do not have it with me, but if you would like it, I can send it to you.

The CHAIRMAN. He does not know what he is talking about.

Mr. TAUB. I admit it sounded extreme.

The CHAIRMAN. He does not know what he is talking about. That is not true in North Carolina.

Mr. TAUB. No; that was not in North Carolina.

Mr. STUBBLEFIELD. He was not one from Kentucky.

Mr. MATTHEWS. And none in Florida.

The CHAIRMAN. Go ahead.

Mrs. MAY. Nor in the State of Washington.

Mr. TAUB. These people who were opposed to it were overjoyed at the increased Government purchasing of broilers and they did everything they could to get this increased.

Today in the egg industry we are a little better off. But with the number of chicks that are being produced in the past few months,

I believe we are definitely leading toward another boom and bust cycle, with the accent on the bust, in the next few months.

Our association would like to leave the final decision on these programs to the producer, because they would much rather have their fate in the hands of the Government than in the hands of an integrator.

It is true that the industry adjusts to the programs but only adjusts by driving more people out of business. And we think that the producers should decide on what type of program they want. If these people who are opposed to this legislation are correct in their thinking, and if as they state producers are opposed to it, then the producers will turn it down.

Mr. DOLE. What page are you on now?

Mr. TAUB. I am ad libbing. We do not feel, we do not see why they are opposed to the legislation as such, because if producers—and I do believe this is a democratic bill—if producers formulate a program and if producers approve of this program, then this is what they want. I cannot see why people are so afraid of this if they feel that producers are opposed to it. It seems to me that if we leave the final decision on this legislation, on any program that is formulated, to the producers and let the farmers control their own program, then we are functioning in a truly democratic manner.

The CHAIRMAN. You are not a producer, are you?

Mr. TAUB. I have a farm of—

The CHAIRMAN. You are not a producer or have a hatchery?

Mr. TAUB. I have 8,000 layers.

Mr. ABBITT. Do I understand that you are opposed to integration?

Mr. TAUB. I am a producer, strictly small potatoes as compared to some of these other gentlemen. And I have a hatchery. I sell white leghorn chicks to farmers mostly in New Jersey.

Mr. MATTHEWS. Just one brief question, Mr. Taub. How many members do you have in your U.S. Poultry & Egg Producers Association? I notice it is called United States. How many members do you have?

Mr. TAUB. We have about 7,000 members in 28 States.

Mr. MATTHEWS. In 28 States.

Mr. TAUB. All producers. We are relatively a new organization. We started about 6 years ago in an attempt to form an association that would be purely—that would express the wishes and work for the interests of producers, rather than a lot of these other industries, organizations, who are dominated by allied industries, processors, hatcheries, and so forth.

Mr. MATTHEWS. Thank you.

Mr. SHORT. Mr. Taub, further along the line of the question by Mr. Matthews. What proportion of the total poultry production in the Nation would the members of your organization represent?

Mr. TAUB. I do not know. We have never taken a poll of how many chickens they raise and compared it to the total production. I do not really know.

Mr. SHORT. Your membership comprises members who live in 28 of the 50 States?

Mr. TAUB. Yes, sir.

Mr. SHORT. Thank you.

Mr. GATHINGS. I would just like to know whether your organization passed a resolution suggesting that you come here and present that resolution of the views of your organization?

Mr. TAUB. Yes.

Mr. GATHINGS. When was that meeting held and where?

Mr. TAUB. We had a board of directors meeting in New York City on the fourth Wednesday of last month.

Mr. GATHINGS. The fourth Wednesday.

Mr. TAUB. I do not remember the date. I think it was the 27th.

Mr. GATHINGS. Of April?

Mr. TAUB. Of April, in New York City.

Mr. GATHINGS. This bill had been introduced at that time and you knew about it?

Mr. TAUB. Yes.

Mr. GATHINGS. The board of directors did authorize you to come here and present this testimony today?

Mr. TAUB. Yes, sir.

Mr. GATHINGS. Thank you.

Mr. ABBITT. Under this bill, what can you do that you could not do presently except that the Secretary proposes the bill to the Congress.

Mr. TAUB. This bill is what we consider enabling legislation. If the industry wants a program, we can put it into effect through a producer referendum. If we want a program for ourselves at this point, our association introduced a bill last year, called the National Poultry Stabilization Act, which was very similar to this act. Of course, when an individual commodity introduces a bill, it has much tougher sledding than on an overall basis. And all we want is the permission to establish a program and submit it to the producers. And we are willing to abide by the decision of the producers.

Mr. ABBITT. What about what it might cost the Government? Who is going to limit it as to what it might cost for the program?

Mr. TAUB. Who is going to limit it?

Mr. ABBITT. No. Limit the cost.

Mr. TAUB. Obviously, the program has to be approved by Congress and Congress would limit the cost. We have never asked for supports in the past. All we wanted to do was to control our production.

This bill provides for a method of support if the committee so desires.

Mr. ABBITT. Do you think this bill permits the Congress to do that?

Mr. TAUB. Yes, if the program is put forth and it is laid before Congress and if Congress decides that the cost of this program would be too far out of line, why, then they can veto it, if I understand the bill.

Mr. ABBITT. Have you presented a program that you want?

Mr. TAUB. No, sir; we have not because the bill has not been approved.

Mr. ABBITT. You do not have to have it laid before the Congress to have that.

Mr. TAUB. We submitted a bill which was introduced last year in the Congress called the National Poultry Stabilization Act which was, as I said, very similar to this. It was enabling legislation, which

would enable the poultry industry to establish producer committees and set up a program. We did not include any support provisions. We were looking merely for control provision.

Mr. JOHNSON of Wisconsin. That bill you introduced was not for the whole United States. That was just the poultry organizations like your own that got together and had it introduced.

Mr. TAUB. That is right.

Mr. JOHNSON of Wisconsin. And presented a bill. Under this bill you have a bill that represents the industry of the whole United States.

Mr. TAUB. Yes.

Mrs. MAY. Mr. Taub, you suggested a democratic procedure. You realize under this bill the Secretary determines those who shall vote in an election of this sort.

Mr. TAUB. You mean the Secretary shall set up the farmers who shall vote in the referendum?

Mrs. MAY. Yes.

Mr. TAUB. I think he does that in conjunction with the producer committees. And there again it is subject to approval of Congress. I do not think in the poultry industry, for instance, you can let a man vote in a program like this who has 10 chickens in his backyard. I think it should be limited to commercial producers.

Mrs. MAY. Would you be willing to abide by that action?

Mr. TAUB. I think if the Secretary such as we have today was friendly to the industry, I think we would have a good program. If the Secretary, such as we had a few years ago, was unfriendly to the industry, we would not be any worse off than we were before. That was pretty bad.

Mr. SHORT. I believe you said the previous Secretary of Agriculture was unfriendly to the poultry industry. I take exception to that. What did he ever do to indicate that he was unfriendly? That was your opinion.

Mr. TAUB. Every time we asked him for any sort of help we were turned down.

Mrs. MAY. The record shows that he made poultry purchases in great amount.

Mr. TAUB. A great many purchases, but we felt that they were not done in a very natural manner that was very helpful to the producer.

Mrs. MAY. What do you mean by that?

Mr. TAUB. In other words, we would have liked to have seen the Department buy shell eggs instead of dried eggs. At one time when the industry was in a terribly depressed state and the producers were going out of business right and left, we felt that the Secretary should have come in and bought laying poultry which would have cut off the supply of eggs immediately.

All in all, when we introduced this bill, this National Poultry Stabilization Act, the Secretary sent his representatives before the Poultry Subcommittee and they said that things were fine in the poultry industry, give them a chance to straighten it out and everything will be all right.

This present Secretary I am sure would never say that when egg prices were down in the low twenties and they were going broke every day and losing their farms.

Mrs. MAY. You talk about a nationwide situation?

Mr. TAUB. Yes, ma'am. This was a nationwide situation and there were hearings held, I believe Mr. Johnson presided, held before the Poultry Subcommittee.

Mrs. MAY. Under this legislation, your organization—

Mr. TAUB. You asked me how the past Secretary had been unfriendly and I was just trying to illustrate.

Mr. SHORT. Again, Mr. Taub, I would like to remind you that is your opinion.

Mr. TAUB. Certainly, that is my opinion.

Mr. SHORT. Not the opinion of the entire poultry industry of the United States.

Mr. TAUB. That is the opinion of our association.

Mr. SHORT. I yield to Mr. Teague.

Mr. TEAGUE of California. It would be very helpful to say this: I think you have made two mistakes. You have antagonized some of the Democratic members by talking about a plug of tobacco and a sack of wheat as pay for a week's work, and you have not pleased the Republicans by criticizing our good friend, Ezra Taft Benson. [Laughter.]

Mr. TAUB. I am sorry if I have. I tried to be truthful about the situation and not to embellish it in any way.

Mr. DOLE. I come from an area that raises wheat. Is this organization one Mr. Hoffa organized?

Mr. TAUB. Mr. Hoffa has organized some poultry producers in New Jersey, but they have no connection with this.

Mr. DOLE. 7,000 members?

Mr. TAUB. Yes.

Mr. DOLE. What percent of the poultry people does that represent, your association, what percentage of the national poultry producers of the country, do you have any idea?

Mr. TAUB. I do not know. I think there are a couple of million people who raise chickens. I do not know how many are actually classed as commercial producers.

Mr. BEERMANN. Mr. Taub, the U.S. Poultry & Egg Producers Association, is it organized for the same purpose as the Poultry & Egg Council?

Mr. TAUB. The Poultry & Egg Council is a promotional outfit and they are in the business to promote the use of eggs.

Mr. BEERMAN. Your members might be members of that organization, also?

Mr. TAUB. We support their objectives but our association is primarily interested in furthering or improving conditions to poultry producers through legislation and other means.

Mr. BEERMAN. What your association is, is your association a part of it or competitive?

Mr. TAUB. Would it be competitive?

Mr. BEERMANN. That is, would it be competitive. You have been in business about 6 years. What is the primary purpose why this organization was formed?

Mr. TAUB. We felt that there was no organization that was actually representing the viewpoint of the producers.

Mr. BEERMANN. Thank you.

The CHAIRMAN. Thank you very much, Mr. Taub.

Mr. TAUB. Thank you.

The CHAIRMAN. The committee will recess until 2:30 this afternoon.

(Whereupon, at 12:05 p.m., the hearing was recessed, to reconvene at 2:30 p.m., the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will please be in order.

Mr. Carl Bruns, the National Association of Wheat Growers. We will be glad to hear you now.

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

Mr. BRUNS. I have with me Mr. Dyess, our executive vice president.

The CHAIRMAN. We are very glad to have you, Mr. Dyess.

Do you have a prepared statement?

Mr. BRUNS. Yes, I do.

The CHAIRMAN. You may proceed.

Mr. BRUNS. Mr. Chairman, and members of the committee, we certainly appreciate the opportunity to express our views on this important farm legislation.

It is our understanding that this series of hearings is generally confined to the provisions of title I of the bill. We will, therefore, limit our remarks at this time to this section of the bill, although at the appropriate time we would also appreciate the opportunity to discuss the other titles, particularly those relating to Public Law 480 and to the credit provisions.

We are impressed with the serious consideration this committee is giving to this piece of legislation, and, realizing the great amount of time being consumed on these hearings, we will be as brief as possible in our prepared statement.

The National Association of Wheat Growers is an association composed of 10 independent State wheatgrower organizations, representing an area in the Great Plains and Pacific Northwest where approximately 60 percent of the wheat in the United States is produced.

Ample testimony has been heard by this committee as to the need for corrective farm legislation, both with respect to the drain on the Federal Treasury and with respect to the serious decline in farm income and purchasing power, with its accompanying adverse economic impact on smalltown merchants and industrial production.

Permit me to add that in the wheat country the situation is equally as serious as in other parts of the farming industry. We wheat farmers are to a large extent living off the depreciation on our investment. Our expenditures for capital items have been seriously curtailed, and if conditions do not improve wheat farmers will be in real trouble.

The Federal Government, at the same time, is continuing to accumulate an unneeded supply of wheat under a program which cannot meet the problems raised by our present-day productive capacity.

Immediate action by the Congress is imperative if we are to move toward a solution of the present problems facing us. All segments of the farming industry are generally agreed on the aims of agricultural legislation, such as aiding farmers to solve their own problems; promoting farm efficiency; establishing a program which is consistent with the law of supply and demand; and improving farm income.

We believe that the various tools provided in this proposed bill will enable us to reach these goals, and for that reason, we believe the proposed legislation is both wise and sound.

The National Association of Wheat Growers for years has advocated the commodity by commodity approach to the solution of the farm problem. Although the problems faced by many commodities are similar, the production and marketing patterns are so varied that no one plan will meet the needs of all. We also have long contended that affected producers should have a voice in the development of farm programs affecting their livelihood.

We believe that no group can better aid in the development of a sound program for any commodity than a group of knowledgeable producers who understand the ramifications of the problems of producing and marketing the crop.

Until now, program details have been incorporated in commodity legislation. We all recognize the fact that of necessity, each Member of Congress has a diversity of interest and responsibilities, whereas the interest of any producer is centered in the details of his own commodity.

In our opinion, the provisions of this bill authorizing producers of each commodity to assist in drawing up details of a program within the guidelines laid down by Congress, and subject to congressional review and disapproval, provide the most realistic method yet devised to establish a sound and workable program.

This bill provides a constructive departure from the past, when because of political expediency, attempts at corrective legislation resulted in patching and repatching wornout programs which had already come short of meeting modern needs.

We are particularly pleased with the methods recommended for the selection of producer committees. County ASC committees, elected by the farmers in a county, know the capabilities of the individual farmers with whom they deal. They are in an ideal position to nominate respected and qualified men in the area who can work with other similarly selected individuals to develop, by give and take, a reasonable program which can be accepted by the majority of the producers.

The other alternative, which we do not favor, of election by popular vote, could easily result in vigorous campaigning by ambitious individuals on a specific platform which would preclude any negotiation on detail or policy, thus resulting in no meeting of the minds which is so necessary in developing a successful program.

This committee has heard much discussion during the past week about the commodities which are now "doing fine," and the suggestion that these commodities be excluded from the bill.

Unfortunately, wheat is not one of these favored commodities, so we need to be included.

If, however, our commodity were in this favored group, we would still insist on being covered by this enabling legislation.

In our opinion, no group of producers of any commodity should be denied the opportunity to have a mechanism available to put its house in order if the need arises.

We endorse the provisions of this bill which require, for any proposed program, first the approval of the President, next review and possible rejection by either House of the Congress, and finally an affirmative vote by at least two-thirds of the producers voting in a referendum.

These are ample safeguards against any arbitrary or capricious usurpation of authority by which a power-hungry Secretary could impose unwanted controls on any group.

On the other hand, sufficient authority is available to the Secretary to permit producers, by their own efforts, to develop any needed program.

I would direct your attention to the referendum provisions of the bill. Under subtitle B, relating to marketing orders, subparagraph (4) of section 8g (p. 15) provides that if not less than two-thirds of the total number of producers or two-thirds of the volume of production in the representative period, as the case may be, represented in such referendum approve, the requisite producer approval shall have been met. Under subtitle C, relating to marketing quotas, section 360j provides that if more than one-third of the producers voting in the referendum oppose such quotas, they shall become ineffective.

We believe that the same criteria for producer approval should be used, whether a supply management program is established under marketing agreements or marketing quotas. Therefore, we recommend that the provisions for producers approval as contained in subtitle B, relating to marketing orders, also apply in the case of subtitle C, relating to marketing quotas.

The determination of producer approval based solely on the number of producers voting is a fair and equitable method of making such a determination if the great majority of producers have an equal stake in the outcome.

For some commodities, however, of which wheat is a notable example, we have a situation in which hundreds of thousands of producers are growing the crop as a sideline, with their main interest centered on other farm commodities.

We believe each producer growing wheat should have his rightful voice in the acceptance of a wheat program, which has not been the case in the past.

We also believe, however, that these multitudes of sideline producers, all of whom together produce less than 20 percent of the total wheat crop, should not dictate the type of wheat program which would be imposed on producers whose livelihood depends on wheat production.

We would apply in commodity referendums the same voting rights which have so long been practiced in business and industry, counting each shareholder's vote in proportion to his share of the business.

Section 360k provides for the transfer of quotas. We recognize that some provision should be made for transfer of quotas in certain instances. We would oppose, however, any provision by which quotas could be bought and sold, except with the transfer of the land.

To make the right to grow or sell any commodity a merchandisable item could easily spell the doom of farming as we know it today, and concentrate the right to grow in the hands of speculators and corporations.

We are highly pleased that so many alternative types of programs are authorized for use to meet the demands of individual commodities. In essence, each commodity needs available a method for supply management. But what will be feasible for one crop might be unworkable for another. Marketing orders are ideal for many commodities, such as fruits or vegetables. Acreage controls on crops such as these would be meaningless, although they have worked well on tobacco and rice.

A new approach is needed for wheat. Acreage controls have not been an overwhelming success in keeping wheat production in line with needs.

In this respect, we believe that a true marketing control program is essential, based on the bushels of wheat needed for food and export. This enabling legislation would allow farmer selected committees to devise, with the help of the Department of Agriculture, a sound, desirable program for wheat, without interference or misguidance from professional managed pressure groups.

We wholeheartedly endorse this approach.

H.R. 1011 of the 86th Congress was a bill worked out by members of our association in collaboration with the National Grange and the National Farmers Union, and had the support of a number of commodity organizations. It was introduced in the House by 13 Members, and in the Senate by 19 Members, on both sides of the aisle.

This broad support is evidence that farmers can work out a sound desirable commodity program.

I would like to add that it is not too difficult to get agreement among farmers concerning problems and their solution when farmers are allowed the freedom of their own conscience.

This plan has widespread understanding and support of wheat producers, and we feel confident it would be the program recommended by a committee selected under the provisions of this enabling legislation.

This bushel management program would provide the needed increase in wheat producer's income by tailoring marketing of wheat for food and export to market needs. It would lower Government costs by stopping cold the buildup of CCC stocks of wheat, and begin an orderly reduction in the unneeded supplies now owned by CCC.

It would provide an orderly system under which farmers could market the high quality wheat for human food at a fair price, and utilize the lower quality wheat for feed and industrial uses.

Actually, this program would encourage the production of higher quality wheat since, with a limited quantity being marketable for food, farmers would plant the varieties which yield the highest quality berry, instead of the variety which produces the most bushels, as is done under the present program.

Under present acreage allotments, there is little incentive for producing high milling quality wheat, as CCC will accept at face value nearly any wheat grown on complying farms. This bushel management program would reverse the recent trend toward high yielding low quality production.

Under our plan, a producer who diverted 20 percent of his historical wheat acres by placing it to soil conserving uses would receive certificates entitling him to sell for food and export about 80 percent of his current production. Acreage allotments, as such, would be eliminated, but because of the mandatory land retirement feature, less total grain would be produced than is now the case. Any wheat grown in excess of the farmer's quota could be stored as insurance against future crop failure, or used for feed and seed. We would like to make it perfectly clear, however, that any acreage devoted to wheat for feed would be the same land that is now producing feed grains.

The key to the success of this program is in the allocation the farmers will receive for selling wheat for food and export. Under this plan, farmers would supply only about 90 percent of the market demand. The other 10 percent of the demand each year would come from stocks owned by CCC. The price at which CCC could sell into the market would be established at parity—by definition, a fair price. Economists tell us that under these market conditions, prices received by farmers would approach this level, and the sale price of CCC would be a virtual ceiling on the market, thus protecting consumers against gouging.

Any extra wheat produced could go into the feed market at competitive prices with feed grains. I want to repeat, any of this wheat moving into the feed market would be in lieu of the feed grains coming off these wheat farms at the present time.

I would like to discuss briefly the four principal criticisms of this plan that have been put forward in an attempt to discredit it.

1. That it constitutes a bread tax. Admittedly, this plan will increase the cost of ingredients in a loaf of bread—by about three-tenths of a cent a loaf. But, I would say in this respect that there are only two ways to increase farm income—by increased prices received by farmers or by increased subsidy from the Federal Treasury. We wheatgrowers believe strongly that the American way is to receive our fair return in the marketplace.

2. That wheatgrowers will be dumping huge quantities of wheat into the feed market.

With the mandatory retirement of 20 percent of the historical wheat acres on the farm, total production of grains will be reduced on wheat farms, and as I said before, any wheat placed in the feed market will be in lieu of other grains currently being placed there by wheat farmers.

3. This is extreme regimentation of the farmers.

This is not true. This is a matter of self-corrective measures, and this plan, developed by wheatgrowers, when placed into effect by the approval of the majority of wheatgrowers, offers a real opportunity to let wheat farmers through their own efforts, get out of the squeeze they are now in.

4. The plan is too complicated.

It appears complicated to the uninformed. I would submit, however, that our present program is even more complicated, but we are all fairly familiar with it, so it loses much of its complexity. Wheat farmers understand this new approach, and they like it. I am sure that with a little study, its seeming complexities will become quite

clear, and any unbiased person will recognize the inherent benefits of such a supply management program.

We appreciate the opportunity to have appeared before this committee. We urge that you report favorably H.R. 6400, which we believe is in the best interests of agriculture and the Nation as a whole.

Now, this concludes my prepared statement.

With the statement, however, is a brochure put out by the three supporting organizations that I would submit, and with your permission I would like to have entered into the record.

The CHAIRMAN. Without objection, it may be entered into the record following your remarks.

(The document referred to is as follows:)

THE BUSHEL MANAGEMENT WHEAT PROGRAM

The bushel management program will bring price and supply stability to the wheat industry, assure an ample quantity for consumers at reasonable prices, and reduce costs to Government.

The market for domestic food and exports will be shared between farmers and the CCC until excessive Government stocks are reduced. Market requirements not allocated to farmers will be obtained from the CCC stocks at parity prices.

The farm price will approach parity while CCC stocks are reduced.

OBJECTIVES

1. Raise wheat producer's income.
2. Reduce wheat and feed grain stocks and Government costs by gearing marketing to demand.
3. Promote individual enterprise and competition in a prosperous agriculture.
4. Improve land use and foster conservation of the Nation's soil and water resources.

WHY THIS PROGRAM

A bushel management program is the most effective and equitable way to bring available supplies of wheat in line with demand, to reduce carryover stocks in an orderly manner, and increase farm income. Continuation of the present program will result in pyramiding CCC stocks and governmental costs and no alternative program suggested will meet the desired objectives.

THIS IS THE PROGRAM

1. The Secretary shall determine the total quantity of wheat for primary use. This shall be the amount of wheat to be used for domestic food consumption and total exports for the next marketing year.
2. Establish a national wheat requirement for primary use in an amount at least 100 million bushels less than the amount determined in No. 1 above.
3. Allocate the national wheat requirement for primary use among individual wheat producers on the basis of the established wheat base acres and normal production on each farm except that if a producer has had an allotment of less than 15 acres his base shall be adjusted upward on the basis of his average planting in the past 3 years.
4. Before the start of the marketing year, each qualifying wheat producer will be issued marketing certificates for his share of the national wheat requirement for primary use.
5. To qualify for primary use certificates, a wheatgrower must retire annually an amount equal to 20 percent of his wheat base to a land-retirement soil-conserving use, to the extent funds are available.
6. Wheat sold for primary use must be accompanied by marketing certificates.
7. Marketing certificates are not required for wheat sold for secondary use such as feed, seed, or industrial use.
8. Certificates are valueless unless accompanied by wheat. They are not transferable and are valid at the producer level only for the marketing year for which they are issued.

9. No person shall be allowed to process for food or to export any wheat not covered by marketing certificates.

10. CCC shall not sell any wheat for this primary use at less than 100 percent of the effective parity price; thus the price to producers at the marketplace should approach parity.

11. The CCC inventory of wheat will be reduced in an orderly manner since at least 100 million bushels of the primary use market will come from CCC stocks each year.

12. Continuation of export subsidies, paid in cash rather than in kind, will be required through the adjustment period.

13. In order to assist in orderly marketing, a 75-percent-of-parity loan would be offered to qualifying producers only on certificate wheat.

14. When CCC stocks have reached a reasonable level, the share of the national wheat requirement for primary use to qualifying producers shall be increased to meet the market demand for primary use.

PROGRAM EFFECTS

(a) *On the consumer.*—At present wheat prices, the farm value of wheat in a 1-pound loaf of bread is 2.3 cents. With the price of wheat near parity, the farm value of wheat in that same loaf of bread would increase to 2.9 cents, or only six-tenths of 1 cent a loaf.

(b) *On the commercial wheat producer.*—Higher prices received for certificated wheat, plus compensation for land retirement would provide the needed improvement in farm income. After reducing total plantings by 20 percent of the wheat base acreage, each producer would be free to devote the rest of his acreage to the crops best adapted to his individual operations. Any wheat produced in excess of requirements for primary and secondary uses would be stored by the producer at his own expense.

(c) *On the 15-acre producer.*—His share of the primary market would be based on his recent plantings, rather than his present allotment. Thus, he would be allocated an increased share of the certificated market.

(d) *On feed grain production.*—Total grain production on wheat farms would be reduced by some 3 million tons a year, which approximates the total increase in carryover of all feed grains in 1960. Any increased quantity of wheat used for feed would be in lieu of other feed grains now being produced on wheat farms.

(e) *On the cost to Government.*—The immediate discontinuance of CCC acquisitions, and the beginning of an orderly reduction of CCC stocks will more than offset the increased costs of export subsidies, resulting in savings to the Government of about \$200 million the first year, and as much as \$500 million by the third year.

The CHAIRMAN. Any questions?

Mr. SHORT. Just one question.

It would be easy to get into a discussion of the wheat bill, but I do not think that is the subject under consideration here today.

There is just one question I would like to ask you to comment on.

You stated that you do not think acreage controls will work for wheat. Why do you think acreage controls seem to work for tobacco?

Mr. BRUNS. I don't know anything about tobacco, Mr. Short, except I use it. The reason I stated that—or we implied that acreage controls for wheat have not worked—is because it allows the areas where they can produce certain varieties that produce more bushels to the acre to do that under acreage controls. And in doing that, we get lower qualities on the market.

Mr. SHORT. Along that line, then, would you agree that the Secretary of Agriculture in administering your wheat bill should have authority to allocate quotas to individual wheat farmers in relation to the degree of domestic use of the class of wheat that those farmers produce?

Mr. BRUNS. No, we don't think this is the way it should be.

We think that the quotas would be allocated to the farmers on the basis of their past historical production, and then the trade would be in a position to utilize that which there is really a demand for.

The certificates, when they were acquired by the trade from the producer, would be transferable within the trade, you see. So we wouldn't like to see—

Mr. SHORT. From the producer of one class of wheat to the producer of another class of wheat?

Mr. BRUNS. That is right.

Mr. SHORT. That could happen under your bill?

Mr. BRUNS. Yes.

As far as that goes, under this provision the producer would get a certificate to produce wheat, and if he was in an area—for example, North Dakota—where he could produce either Durum or Dark Northern Spring, he could produce whichever he wished under this bill.

Mr. SHORT. Thank you, Mr. Chairman.

I do not like to take more time on this. We are going to have a discussion of the wheat bill.

Mr. DOLE. I just wanted to ask you about the 1962 wheat crop. You didn't mention that in your statement.

Do you understand the bill to be that the Secretary would appoint the committee without any congressional approval of the program?

Mr. BRUNS. That is the way I understand the bill, Mr. Dole.

Mr. DOLE. And what is your opinion of that proposition?

Mr. BRUNS. Well, I represent the National Association of Wheat Growers. I would assume that the Secretary would appoint a committee, and it would be done this way because of the lack of time. And I think that he would try to be as fair in appointing this committee as he could be, and we wouldn't have any opposition to this.

Mr. DOLE. The thing I was wondering about, we had an emergency feed grain bill which was passed by Congress in a short time because of the emergency, and I was wondering if you would object to an emergency wheat bill for 1962, for the 1962 crop. Do you have any objection to that approach?

Mr. BRUNS. I think not. As you know, Mr. Dole, our executive committee was in town about 2 weeks ago, and we were quite concerned about wheat legislation because of the timing element. And I know things take a long time, but if something doesn't happen for wheat pretty soon, it would appear that there may have to be some shortcuts taken to have a measure for the 1962 crop, shortcuts in time.

Mr. DOLE. Do you have any opinions as to whether or not the Secretary should raise the support price on wheat for 1961 since he has raised the corn and milo for the 1961 crop?

Mr. BRUNS. Well, I don't suppose I am a good fellow to ask, because I am a wheat farmer. I would have an opinion, yes.

Mr. DOLE. What would be your opinion?

Mr. BRUNS. I wouldn't oppose it.

Mrs. MAY. Mr. Chairman?

The CHAIRMAN. Mrs. May.

Mrs. MAY. Mr. Bruns, to carry on with that line of questioning a little further, if the Secretary with the committee representing the National Wheat Growers came up with a plan other than the plan which the National Wheat Growers Association backs for this year,

what would be your stand? Would your organization support the version of the bill Mr. Albert introduced last year, because I understand it also—

Mr. BRUNS. If I understand your question, Mrs. May, our association expressed its views about a straight acreage reduction in years past, and we still have the same opinion. We are of the opinion that bushel control is the right way to move, and that tighter acreage controls would only accentuate the evils that are present in the present acreage allotments.

Mrs. MAY. But you understand there is no guarantee this will be the plan and I did question the Secretary the other day as to what his Department might recommend this year and there is no certainty that it would be the wheat certificate plan backed by your organization.

Mr. BRUNS. Yes, I understand the uncertainty of what was coming out for wheat.

However, when the full group was in town we were assured repeatedly that the wheat plan was being favorably considered.

Mrs. MAY. One more comment.

I have been working with your organization and representing my wheatgrowers that are working with you so closely for some time now, and I have been very interested in the way this legislation has come to Congress.

You have been working, you have got together on it, it has taken some time, but there is nothing in the present law that has kept you from doing this.

And I personally think this is the right way to do it, three large farm organizations are in agreement on the bill, and you have had no trouble getting your bill before Congress, have you?

Mr. BRUNS. No.

Mrs. MAY. Would you have preferred to have had Congress consider this Wheat Marketing Act under present legislative procedure rather than have it a part of this farm omnibus bill?

Mr. BRUNS. I think I could say that I feel that we would prefer to have our wheat bill passed outside the passage of this big bill. However, we feel that there are other farm commodities that the passage of this bill might be helpful to that haven't worked as hard as the growers have.

Mrs. MAY. And other farm commodities groups are screaming to high heaven that they are included in the bill, which perhaps will have an effect on the eventual success in passing the Wheat Marketing Act, if it becomes a part of this omnibus measure.

We are between Scylla and Scylla Charybdis here.

Thank you. That is all.

Mr. BREEDING. Mr. Chairman.

The CHAIRMAN. Mr. Breeding.

Mr. BREEDING. Mr. Bruns, I would like to congratulate you and Mr. Dyess on your fine statement that you have prepared and offered to us here today.

Mr. BRUNS. Thank you, Mr. Breeding.

Mr. BREEDING. And I want to remind you that I helped organize the organization of which you are now president, as well as the Kansas Association of Wheatgrowers.

I have been a wheatgrower most of my life.

And I appreciate the remarks contained in your statement here.

But I would like to take up some of the statement here. And on page 4 it says that "We believe"—toward the bottom of the page—"We believe each producer growing wheat should have his rightful voice in the acceptance of a wheat program, which has not been the case in the past. We also believe, however, that these multitudes of sideline producers, all of whom together produce less than 25 percent" and so on, "We would apply in the commodity referendums the same voting rights which have so long been practiced in business and industry, counting each shareholder's vote in proportion to his share of the business."

Now, does this mean that if we were allowed one vote for 100 acres of wheat, and if you had 100 acres of wheat you would have one vote, and if you had 50 acres of wheat you would be entitled to a half vote?

Mr. BRUNS. I believe this is what we are saying, Mr. Breeding, that there would be some method devised of putting some weight on the vote of the individual in relation to the production that he has. I think you stated it correctly, let's let the votes be more representative of the production that the producer has.

This would then give each producer a say. And also the producer's say would have a weight in relation to the production that he is producing.

So that the little fellow—there are many more small wheat allotments than there are large ones, the little fellow couldn't enact a program that the fellow who depends solely on wheat didn't particularly like.

Mr. BREEDING. What would this do to a 15-acre farmer, a 15-acre exemption, just give him a full vote?

Mr. BRUNS. We feel that this would give him a vote as an individual.

Mr. BREEDING. But if he had 15 acres, or less, he would be entitled to a less vote than you or I if we had 150 acres?

Mr. BRUNS. That is right.

Mr. JOHNSON of Wisconsin. You are proposing a vote on both methods, aren't you?

If the regulation passed with enough acres voting for it and didn't get enough individuals, it would still become law, is that not right?

Mr. BRUNS. That is correct. We are proposing that the same thing that is proposed under the bill under one subtitle be adopted to the other subtitle.

Mr. ALBERT. Would the gentleman yield?

Mr. BREEDING. Yes, will yield.

Mr. ALBERT. Apropos the question, as to why you favor bushel controls over acreage controls, I agree that bushel control is an excellent idea on wheat, you have got a situation where you have a dual-use crop. You don't have dual use in tobacco as you do in wheat.

Your bushel allotment would go to that portion to be used for food and export, whereas it wouldn't make any difference if you were a few bushels off one way or another, and even quite a bit, if the excess could go into feed.

I think that is one reason why you would have a different kind of program for wheat, a bushel program, whereas an acreage program might work well for tobacco and some other crop.

And I would like to say before I yield back to Mr. Breeding, that I think you could improve this program.

I certainly will give consideration to it as one member of the committee, if we have a separate bill on wheat, or if we include it in the omnibus bill.

I think you have come up with some fine suggestions.

I think also that you are to be complimented on picking up a good Oklahoman there in the form of Jim Dyess, an authority on this problem, as a member of your staff.

Mr. ABBITT. May I ask a question about the referendum?

Mr. BREEDING. Yes, sir.

Mr. ABBITT. Do I understand from your statement that so far as the marketing orders are concerned, when you have a referendum it can be based and approved on volume rather than the number of producers?

I am asking about your statement on page 4, the first and second paragraphs.

Mr. BRUNS. Would you answer that?

Mr. DYESS. The statement on page 4, Congressman, is copied out of the present bill, and I went back and checked the language in the current Marketing Act, and it is the same there.

It is my understanding, although I am not an expert on marketing orders, that in some cases the vote on whether or not the marketing order is put into effect is based on volume rather than on numbers of producers.

Mr. ABBITT. So, then, in the case of say, whole milk, or poultry, if we had a whole national marketing order, as to whether or not it would be approved would depend on the volume of production, regardless of how many producers were involved it could still be approved by volume vote rather than number of producers.

Mr. DYESS. That is my understanding. And that is what we would recommend for wheat, yes, sir.

Mr. ABBITT. You want that same thing carried over to wheat. And is that in your program now for wheat that you have worked up?

Mr. DYESS. Yes, sir, to a certain extent it is. That is one of the provisions that has not been spelled out in—

Mr. ABBITT. What you are saying is that you favor this provision that permits—for instance, Wisconsin would outvote all of the eastern United States in milk production.

Mr. DYESS. Congressman, let's concentrate on wheat, because we don't know too much about milk production.

In this bill as we are recommending it to be changed, we advocate that the 15-acre producer who has been excluded all these years from voting on marketing quotas should have the privilege of expressing his views. But we do not believe that they should be the tail that wags the dog. The 15-acre producers in total produce only about 20 percent of our wheat, and yet they represent about two-thirds of all the wheat producers in the country.

So we feel that they should have a voice along with everyone else, but that their voice should not drown out the voice of the true wheat producer.

Mr. ABBITT. How would you work that?

I do not want to take up all your time, but how would you work it?

Mr. DYESS. I think it would be very simple. Before any referendum is held a quota would be assigned to each producer, and the people who are conducting the referendum know how much quota each producer has. They would vote their quota just the way shareholders in General Motors vote their shares of stock.

Mr. ABBITT. Even though I had an allotment of 12 acres and didn't exceed that allotment, I still would only have a certain percentage of voice?

Mr. DYESS. That is right.

Mr. ABBITT. It wouldn't be one grower, it would be how it was divided into the national allotment?

Mr. DYESS. That is correct.

Mr. ABBITT. Is that what your people are for?

Mr. DYESS. Yes, sir.

Mr. JOHNSON of Wisconsin. That is only just for wheat.

Mr. DYESS. Yes, sir.

Mr. BREEDING. That is, a man with 12 acres would have a 12-acre vote, and a man with 112 would have a 112-acre vote?

Mr. DYESS. That is right. And we think in order for a referendum to carry that you should have two-thirds approval of the production of those producing the crop.

Mr. BREEDING. In this proposed legislation of yours, does it produce less total grain than we presently produce from this acreage, and by what amount?

Mr. BRUNS. Well, by 20 percent, because under our proposal that was submitted last year, as you will recall, we required that there be a mandatory reduction in acres in order to obtain a certificate to sell in the food and export market.

So in order for a farmer to be eligible under this program, he would have to retire, as we have it written now, 20 percent of his historical plantings in order to—

Mr. BREEDING. The thing I am interested in is the fact that some of the feed grain people are opposing this bill because they think we are going to dump some wheat on the market.

Do we not produce less total grains under this proposal of yours even though it may be wheat than if we were growing feed grains?

Mr. BRUNS. That is true, sir.

Mr. BREEDING. And by what amount?

Mr. BRUNS. Do you have the exact figures there?

Mr. DYESS. We would produce approximately 6.6 million acres less total feed grains in the United States.

Mr. BREEDING. 6.6 million acres less feed grains?

Mr. DYESS. Less total grains.

Mr. BREEDING. Total grains?

Mr. DYESS. Of all grains.

Mr. BREEDING. This would be wheat and feed grains?

Mr. DYESS. That is correct.

Mr. BREEDING. Any wheat legislation that would be passed now, would it affect the 1961 crop?

Mr. DYESS. No, sir.

Mr. BREEDING. Last night I had a call—and people in the West don't realize that the clock is 2 hours later here, they will call you at midnight there and it is 2 o'clock in the morning here, which happened to me last night—and this fellow says:

On this year's penalty wheat—and I do have some—what can I do with my penalty wheat if I carry it over till next year?

Mr. DYESS. In the draft of the bill that we prepared that penalty wheat could go into the feed market, or he could put it into the regular market if he had certificates to cover it.

In other words, he can do the same thing with that penalty wheat if it goes into the primary market that he can do now. That is, if he underproduces his allotment he can substitute that penalty wheat for his production and sell it in the current market.

Mr. BREEDING. There wouldn't be any penalty wheat under this proposal?

Mr. DYESS. There would be no penalty wheat under this proposal. And if he couldn't deplete that penalty wheat by underproduction under the present program, he could use it as feed in the feed market without paying any further penalty.

Mr. BREEDING. I would like to ask another question and then I will close.

Mr. BRUNS. I think there is one more alternative in the case of this man that called you. He could continue to store that wheat, and at such time in that high risk country when his crop was short, he could apply that to his certificate quota for future short crops.

Mr. BREEDING. Suppose that we do pass this omnibus farm bill which we are discussing, this H.R. 6400, and that your wheat proposal would not become the wheat section of that bill, and that we did take the Albert bill or some other wheat program, would you envision that perhaps a year later that we could get back to this proposal of yours by recommendation of the committee and by a referendum and by the action of Congress, get back to this program instead of the one we may adopt at this time?

Mr. BRUNS. I certainly would envision it.

I would like to emphasize that we think that it would be wisest to just go for the certificate plan at the present time, and thus eliminate confusion by having one type of program for one year and then changing the program again and going through it all. We think it would be easier.

Mr. BREEDING. What percentage of wheatgrowers are going to be for your proposal?

Mr. BRUNS. Well, that is hard question to answer directly, Mr. Breeding. But from your own State I have a telegram that indicates a wide support of this plan.

With the chairman's permission, I would read this telegram, which expresses it better than I can say it. This telegram is dated—it is in January, I don't see the date on here:

I am happy to inform you Kansas farm groups agree on farm program in following resolution transmitted for your information and consideration. Resolution signed by Anson Horning, president, Kansas Association of Wheat Growers,

J. H. Dean, general manager, Farmers Cooperative Commission Co.; P. J. Nash, general manager, Farmers Union Jobbing Association; Martin J. Byrne, president, Kansas Farmers Union; James W. Ingursen, chairman, executive committee, Kansas State Grange.

Whereas officers and representatives of the Kansas State Grange, the Kansas Farmers Union, the Kansas Association of Wheat Growers, the Farmers Cooperative Commission Co., and the Farmers Union Jobbing Association, representing virtually every wheat producer in the State of Kansas are assembled this 5th day of January 1961 at Wichita, Kans.; and

Whereas the aforesaid organizations have discussed effective farm programs, maintaining and improving farm income, agreement among farm groups, and benefits of an effective farm program to all parts of our economy; and

Whereas the assembly has approved a motion for representatives of the various groups in the meeting to draw up a document showing agreement on principles discussed: Therefore be it

Resolved, That the assembly as a group adopt the general principles of the 1960 marketing program for wheat, supported by the National Grange, the National Farmers Union, the National Association of Wheat Growers, and other farm groups, as offering the greatest possibilities for a farm program beneficial to wheat producers and all segments of our economy, including the consumer; and be it further

Resolved, That the group agrees to give active support to informing their respective memberships and the general public of the principles of the program and the reasons it merits their support; and be it further

Resolved, That the group agrees to inform the proper legislative bodies on a State and National level of the unity of their action on this farm program.

This resolution was adopted unanimously.

Now, I think this answers the question—it is overwhelming support in the wheat area.

Mr. BREEDING. I noticed that there was only one major farm organization that you didn't read the name of. You didn't perchance overlook the Farm Bureau?

Mr. BRUNS. No, I didn't. Mr. Horning told me that they had a meeting with the Farm Bureau prior to this meeting, and they didn't wish to be included.

Mr. BREEDING. I understand that a great many Farm Bureau members in Kansas are favorable to this proposal of yours also.

Mr. BRUNS. I have been told that, too.

Mr. BREEDING. Thank you, Mr. Chairman.

Mr. DOLE. Mr. Chairman?

The CHAIRMAN. Mr. Dole.

Mr. DOLE. Mr. Bruns, have you had any assurance from Secretary Freeman that this committee might adopt the certificate plan if the omnibus bill is passed?

Mr. BRUNS. When we had the executive committee in here, Mr. Dole, we talked about a farm plan, and the Secretary at that time appeared very favorable toward the certificate plan, he believed in it, he said, and the President campaigned on it, and we were led to believe that this was the program that he favored.

Mr. DYESS. I would like to add a comment to that. Under this enabling legislation these democratically elected committees that are appointed might possibly come up with a better plan.

Mr. DOLE. Not for 1962, though?

Mr. DYESS. Well, if they are going to a committee system, the committee could very easily come up with a better plan than this, although we do not think they could, but it is possible under this procedure.

Mr. DOLE. But if the omnibus bill shouldn't pass—in other words,

if it shouldn't get out of the committee—are you prepared to move ahead with your program for 1962?

Mr. BRUNS. We would certainly like to see something done for the 1962 crop of wheat, Mr. Dole.

Mr. DOLE. And that is your primary interest, what you can do for wheat farmers in Kansas and every place else?

Mr. BRUNS. For the short run and the long run.

Mr. DOLE. Thank you.

The CHAIRMAN. Let me ask a question.

Would you and your association of members be willing to accept the Albert bill for the year 1962, and then work out another program, perhaps the ones that you have just been speaking about, to come into effect after 1962? You know what the Albert bill was.

Mr. BRUNS. That is an acreage cut—

The CHAIRMAN. Reduction and payment in kind—

Mr. BRUNS. And a rise in price supports—

The CHAIRMAN. At the price-support level.

Mr. BRUNS. We have discussed this, Mr. Cooley, at great length in our various State conventions and at our national convention, and by and large presently our association feels that a bushel control program is the way to move.

Now, if time would get short, Mr. Chairman, and this committee and the Congress would not act soon enough to get a bushel plan enacted, I don't know what their reaction would be.

The CHAIRMAN. You know we passed the Albert bill at one time, both Houses of Congress passed it. This proposal that you are now discussing or some variation of it has passed the House, I think once or twice, but it doesn't go any further than that.

As you say in your statement, your bill is not so well understood, and perhaps a little more involved and complicated than the Albert plan. I think the Albert plan is a direct, positive, effective approach to the problem, because in the first place it reduces acreage, it reduces our supply, and we think it would cost less than the President's program, far less.

I am not saying I am against this program, because I think I have voted for programs like this program in years gone by. But I would like to know if your members would accept our plan for this year, and then the provisions of H.R. 6400 for subsequent programs.

Mr. BRUNS. I think I can say, Mr. Cooley, that this is the reason our executive committee came to Washington, because they were concerned about the time element in wheat legislation. They were aware that the Albert-type legislation had passed the Houses, and as the time ran short, this would probably be the logical thing that would come out of the Congress.

So this is why we were concerned about the wheat legislation being enacted rather soon, so we could go into this bushel plan. Bushel control is a change from acreage control, and it would take more time in the Department of Agriculture and through your ASC committees to go through each farmer's records and allocate the bushels to him instead of the acres.

As to what our association and individual members think about it I think it is difficult to say, but I think they realize the seriousness of the wheat problem and the seriousness of the drop in farm income.

And I am sure they would rather see a bushel control program enacted, but if you waited until July 15, I doubt that you would have time enough to put it into effect.

So I would be inclined to think that they are positive thinkers, they realize the problem, and they would be apt to go along with some sort of an emergency measure. However, they would be reluctant to.

The CHAIRMAN. Do we have in any of our ASC offices the records as to yields in bushels?

Mr. BRUNS. Well, the farmers' normal yield is known in a great number of offices, and the farmers' acreage is known, and it is just a matter of pencil mechanics to determine his bushel allotment from those two figures.

Mr. JOHNSON of Wisconsin. When is the deadline for passing—when would the deadline be for getting the bill through for 1962 to go in effect this fall?

Mr. BRUNS. The Secretary has to make some proclamation.

Mr. JOHNSON of Wisconsin. I mean, when do they start planting?

Mr. BRUNS. When they do start planting wheat? In some areas, in the high altitude country, they plant wheat before they harvest, they start planting in July. However, I think the bulk of the wheat is planted in September, or maybe even October.

Mr. JOHNSON of Wisconsin. Then you would have to have the legislation passed and signed by the President before July, is that correct?

Mr. BRUNS. To be effective, I would think that is true, by July.

The CHAIRMAN. Mr. Short?

Mr. SHORT. Mr. Bruns, you made the statement on the first page of your statement, it has been made several times since we have been holding hearings on this bill, you refer here to the serious decline in farm income and purchasing power. That has been offered many times since we have been considering this omnibus farm bill as one of the justifications for it.

How do you relate such a statement to the information which has come out in the Department of Agriculture, farm income situation as of April 1961 that said, "Total cash receipts for farm marketing in the first quarter of 1961 were estimated at \$7,600 million, up 10 percent from the same period in 1960"?

Mr. BRUNS. I am not familiar with those figures, Mr. Short. But I do know about a Joint Economic Committee document that was prepared for Congress which points out—in a graph over quite a period of time—where farm costs rise and farm income has gone down.

Mr. SHORT. We have all seen many such graphs. All I am referring to here is apparently the facts as the Department of Agriculture compiles them from the actual sales by farmers during 1961.

Mr. BRUNS. And this refers one year to another?

Some years back there was quite a discussion about farm income figures out of the Department, and it was determined later that the farmers had withheld the crop from one year to another, and this changed the figures for that year.

But then the succeeding year the income dropped again. I don't know whether that is the case in this instance or not.

Mr. POAGE. Would the gentleman yield?

Mr. SHORT. Yes.

Mr. POAGE. Both figures are gross income figures, and have nothing in the world to do with what the farmer was able to keep, those are merely the figures of what he got, for what he produced.

The CHAIRMAN. Here are the figures.

In 1952, Mr. Short, the net income of the farmers of the Nation was \$14,416 million; in 1960 it was only \$11,649 million.

Mr. POAGE. That is net income.

The CHAIRMAN. That is his statement, that farm income has gone down.

In 1947, it was up, I guess, to an all-time high, \$17,410 million.

Mr. SHORT. Mr. Chairman, what I am trying to point out here is that as of the present time it would seem that farm income is on the incline, not the decline.

The CHAIRMAN. You mean since last January?

Mr. SHORT. I don't have the figures for 1959, but they are along the same line.

The CHAIRMAN. Are you saying that is true for 1961?

Mr. SHORT. April 1961 and for the year 1961.

The CHAIRMAN. We are on the upgrade, then, since January 1961?

Mr. SHORT. If that is part of the New Frontier, Mr. Chairman, I am for it. I hope it will continue.

And I hope these gentlemen will not keep injecting into the record that farm incomes are declining, because I do not believe that is the case.

Mr. POAGE. The gross that the farmer takes in has nothing to do with his net income—I shouldn't say it has nothing to do with it, of course it has a great deal to do with it, but it is not representative of his net income. His net income is the only thing he saves, it is the only part with which he can raise his living standard with, and it doesn't make any difference if he gets twice as much gross income if his costs have increased three times, he is still in worse shape than he was.

Mr. SHORT. If the gentleman from Texas will yield, I think we are both familiar with the figures in recent months, that this gap is tending to close, the cost to farmers isn't increasing certainly in proportion to the 10 percent increase as indicated by this departmental report.

The CHAIRMAN. I think I have the figures here, the cash receipts of farmers from farm marketing. The gross in 1960 was \$33,746 million; in 1952 it was down to \$32,632 million. Now, I just gave you the net income a little while ago.

Mr. POAGE. Will the gentleman yield right there?

From Agricultural Prices, April 15, 1961.

Mr. SHORT. I have that, too.

Mr. POAGE. Let's take this one, because it is the only one I have, it shows a summary table that prices received by farmers in 1961 stood at 243—that is parity point—as against 242 in 1960—I beg your pardon—in 1960 it is 242, and in April 15, 1961, it was 239. The parity ratio in 1960, April 15, was 80. And in 1961 it was 78. And that is the thing that counts, not the total gross income of the farmer. His parity ratio has gone down 1 or 2 points, I agree, but it is 1 point down, not 10 points up, and that parity ratio is the thing that counts, it is not how much he sells—it is, Does he make anything on it?

Mr. SHORT. If the gentleman will yield a little bit further, I found another table in this report which is most interesting. And this gets into the field of farmers total net income. And it says that in the year 1960 the total net income was \$12 billion, whereas the total rate of net income for 1961 was at the rate of \$13 billion.

And that is in terms of net income, not gross income.

The CHAIRMAN. Let's move on.

If you are finished, I would like to thank you very much for appearing. We have some other witnesses I would like to call.

Thank you very much.

Mr. BRUNS. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Paul Affeldt, and Mr. William C. Eckles.

STATEMENTS OF PAUL AFFELDT, PRESIDENT; AND W. C. ECKLES, GENERAL MANAGER, PURE MILK PRODUCTS COOPERATIVE OF FOND DU LAC, WIS.

Mr. ECKLES. Mr. Chairman, Mr. Affeldt had to go home, he is on jury duty. He sat around a couple of days, and he didn't quite get in ahead of the train home.

I am W. C. Eckles, manager of Pure Milk Products.

The CHAIRMAN. I am glad to have you present this joint statement, which I understand was prepared by you and Mr. Paul Affeldt.

Mr. ECKLES. Correct.

If it is acceptable with the committee, I will brief this and let you read it at your leisure.

The CHAIRMAN. That is all right.

Without objection, you can deliver the prepared statement to the reporter and the entire statement will be included in the record, and you may make such comments as you may desire.

(The statement referred to is as follows:)

STATEMENT OF PURE MILK PRODUCTS COOPERATIVE OF FOND DU LAC, WIS., IN SUPPORT OF TITLE I OF H.R. 6400

Mr. Chairman and members of the committee, we appreciate the opportunity to appear before you in behalf of Wisconsin's largest dairy farm organization, in support of H.R. 6400 to improve agricultural income and give farmers more control in the marketing of their farm products.

The President, the Secretary, Representative Cooley and Senator Ellender are to be complimented for their willingness to recognize and set in motion at this early date, the machinery for righting the serious agricultural situation that has progressively worsened since 1951.

Our organization is composed of grade A and manufactured or grade B milk producers, representing over 15,000 dairy farms, most of whom are located in Wisconsin.

Their milk is marketed to over 200 plants ranging in size from large national dairy operators to small proprietary plants. About one-third of the members are grade A producers and the other two-third are grade B or manufactured producers. All of the grade A members' milk is marketed under Federal milk order programs that are issued under the Amended Agricultural Marketing Agreements Act of 1937. These have worked very successfully.

We have, for several years, been proponents of a program to market the B or manufactured milk production of dairy farmers under milk orders so that producers could have more voice in the marketing of their farm milk production.

We believe the proposed legislation that would extend order programs to other farm commodities is an excellent idea.

Pure Milk Products Cooperative has, for years, proposed and supported a program of solving the farm problems on a commodity-by-commodity approach. It

insists on increasing farm income to a point where farm people can enjoy a standard of living similar to those in industry, labor, and other enterprises who have similar investments in their businesses. Our organization has also supported the principal of quotas or production controls, if necessary, to improve agricultural income when approved by producers in a referendum. Our organization's most recent resolutions related to the subjects as passed by our members last October in convention are submitted below :

"DAIRY PRICE SUPPORT POLICY

"Pure Milk Products Cooperative believes that the solution to the price support problems must come from a commodity approach.

"We believe the abundance of our American food supply has been a blessing to the Nation, but it has worked a serious hardship on the farmers in the form of low prices which have meant low farm income and decreasing farm purchasing power. We deplore the misunderstanding and erroneous opinions of farm prices and farm prosperity which consumers have drawn as a result of increasing marketing margins which have taken an ever-larger share of consumer food expenditures. We believe it is imperative that farm income be high enough to provide a living standard for farmers equal to that of nonfarm people, and to maintain our Nation's food production economy in a sound and healthy condition in order that it may adequately meet our future food needs.

"We stand ready to support and abide by effective controls on dairy farm marketings whenever such supply management is approved by a two-thirds vote of all dairy farmers. We insist, however, that marketing controls must be imposed on an effective quota basis and applied to all dairy farmers across the board and that such controls are applicable to effectuate a price level which will result in equality of income for dairy farmers in accordance with our national income.

"In the event other methods do not, in the opinion of the State board, adequately support dairy farm income, we stand ready to accept direct payments to producers as a means of price support for milk. These payments may come from Government appropriations, assessments against producer marketings, or a combination of the two. We feel that direct payments should be limited to manufactured milk marketings subject to quality standards as may be prescribed in minimum quality regulations. Such payments should be limited to that portion or prorata share of manufactured milk which is consumed on the domestic market at prices high enough to maintain full parity of income to producers who meet the required standards.

"We believe that the Government should continue the purchase of nonfat dry milk and other dairy products for relief, school lunch, foreign disposal, and other similar outlets.

"FEDERAL ORDERS

"*Be it resolved*, That Pure Milk Products Cooperative give consideration to hearings and orders of markets in other sectors of the Nation which might affect midwestern milk prices and outlets for our milk. We express special concern that some Federal orders price grade A milk used in certain manufactured products at levels far below prices paid in Wisconsin for manufacturing grade milk going into similar products. The interests of Pure Milk Products Cooperative members should be protected either by direct participation in such hearings or by representation through affiliated groups.

"FOREIGN DISPOSAL

"Pure Milk Products Cooperative urges careful consideration in foreign disposition of our dairy surplus to insure that the methods used do not jeopardize world dairy markets. We are pleased with recent suggestions that such foreign disposals be made at least in part through United Nations agencies which are in position to evaluate foreign needs and requests.

"WORK WITH OTHERS

"We compliment previous delegates for urging the board and management of Pure Milk Products Cooperative to take the leadership which resulted in the organization of Federated Dairy Cooperatives. Dairy farmers supplying milk to the Chicago market have realized substantial returns, because that organiza-

tion had been developed and was ready to take over price negotiations when needed. Therefore, the State board and management shall continue to maintain a watchful eye toward every possibility for increasing bargaining power and influence of Pure Milk Products Cooperative members in the dairy industry through affiliation, federation, or merger with other cooperatives, or to improve and increase its service by contractual relationships with other dairy organizations.

"FEDERAL ORDER MANUFACTURED CLASS PRICES

"Be it resolved, That Pure Milk Products Cooperative seek prices for manufactured milk sold in Federal order markets which are more nearly in accord with the value of such milk as indicated by grade B milk prices."

In line with these resolutions enacted by our members, we strongly support the provisions of H.R. 6400 as enabling legislation through which—

1. Farm income could be increased to give agriculture a return comparable with other branches of our economy, or parity of income.

2. Farmers by referendum would favor or disapprove programs for improving their bargaining position, incomes, and standard of living after such programs were developed by farmer advisory committees and after being subject to review and approval by Congress.

3. Improved marketing opportunities would result through market research, promotion, and development programs financially supported by all those who would be benefited, and

4. The marketing order programs would be expanded to provide other branches of agriculture the minimum price protection formerly extended only to fluid milk and some fruits and vegetables.

Although the proponents and opponents of this legislation have been heard and there is some disagreement as would be expected, we have confidence that the legislature and executive branch of our Government are willing to compromise minor differences by amending this proposed legislation so that consumers of America and our allies in these turbulent times can be assured the abundance of food and fiber that our farmers can produce.

Farmers of America are looking to you for the enactment of this enabling legislation through which the incomes and associated business expansion would be materially improved.

We of Pure Milk Products Cooperative appreciate and are honored to have the opportunity to submit to you the views of our organization on this very important problem. We feel sure your very competent committee will, as soon as possible, complete hearings and make such amendments as are needed to get this urgently needed legislation before Congress for early enactment.

We believe H.R. 6400 is basically very sound legislation. We sincerely hope you will give it favorable consideration.

Mr. ECKLES. I work for an organization of dairy farmers, more than 15,000 of them located in the Wisconsin and adjoining States, primarily in Wisconsin.

Those dairy farmers are producers of both grade A milk, about a third of them, and two-thirds of them are producers of manufactured milk or grade B that goes to outlets that are put into manufactured products such as powder, butter, cheese, and evaporated milk.

The milk of these producers is marketed to some 200-plus plants or buyers that range in size from national organizations such as the largest ones we have, National Dairy Products, Borden's, et cetera, down to small proprietary plants.

All of the grade A milk of these members is marketed under Federal milk orders.

We have been proponents of Federal milk orders to cover the production and marketing conditions under which that milk is sold. We have found that these work quite successfully, and are now proponents for additional orders for additional areas in this field.

This organization has been a believer for several years in the commodity-by-commodity approach of solving the farm program, and

believe that through an order program the farmer has a voice in the marketing of the commodities from his farm that we think is of advantage to him, and as far as I know, through no other channel would we have as much opportunity to be heard.

My position is that of manager and bargainer for these farmers' milk sales. And to tell you that it is a man-sized job unless you have an opportunity where you have an impartial hearing officer and department to listen to your story is not an exaggeration, it is a big job to try to negotiate prices without the mechanics of a marketing order or program.

We believe that the proposals here, House Resolution 6400, and the companion bill introduced in the Senate, would extend to other farm commodities an opportunity to market their products under a form or process operation that would be of value to them.

We have been for a long time proponents of increased farm income, so that farmers should enjoy a standard of living comparable to those of industry, labor, and enterprises that have similar investments in their business. Our organization has proposed and through resolutions that are made a part of our statement here for the several years past has gone on record as saying that we are willing to accept quotas if necessary to improve farm income, providing farmers are given the opportunity to vote on those, and providing that they are applicable to all farmers in that specific class of commodities across the board.

In other words, give the farmers the voice, and let their decision be put into the program.

Mr. JOHNSON of Wisconsin. Could I ask a question at that point?

Mr. ECKLES, having come from my own State, just before coming to the committee this afternoon I read a statement that a man that represents the processors here in Washington had gotten out, and he was afraid that his Federal orders were going to shut places like Wisconsin and Minnesota out of all the order areas in the United States.

Are you afraid of that in this particular bill?

Mr. ECKLES. No, I am not. My opinion is that this bill would expand the order area and the opportunity for farmers that might now under the present method of handling orders extend to more producers an opportunity to be participants in an order program and the price returns therefrom, that is my feeling.

Mr. JOHNSON of Wisconsin. Your idea is to put manufactured milk under an order as well as grade A milk, is that right?

Mr. ECKLES. Congressman Johnson, I had a comment to make on that, and you are correct.

Our organization has been proponents for years of a manufactured milk order program that might extend to producers who market milk to condensers, evaporating plants, and butter and powder plants, et cetera, the same opportunity for a marketing program that fluid milk producers have now by administrative ruling, in my opinion, in fluid markets.

I think very definitely that the farmers in the manufactured area should have the same opportunity, either by national or by regional marketing programs, an opportunity for minimum prices and minimum marketing conditions to be established in the producers vote for that.

The CHAIRMAN. Any further questions?

Have you concluded your statement, sir?

Mr. ECKLES. I would just like to say this, that we are hopeful that the committee will act favorably on this, move it to the Congress where due consideration can be given and if it is necessary for nominal give and take to reconcile differences that there may be between the executive and legislative branches of Government, that those be considered by your fine committee, and that we start down the road to further improved agricultural income as all farmers would be happy to see.

The CHAIRMAN. Thank you very much.

Mr. ABBITT. Let me ask him this, Mr. Chairman:

I notice on page 3 in the resolution you say—

We stand ready to support and abide by effective controls on dairy farm marketing whenever such supply management is approved by two-thirds of all dairy farmers.

Now, do you contemplate that you will vote by volume or by farmers?

Mr. ECKLES. Our contemplation is by farms.

Mr. ABBITT. I notice in the bill here it is by volume.

Mr. ECKLES. By farm. At the resolution writing stages when these were determined it was that a cooperative, a farmer with four cans of milk, has the same voice in our organization as one with 1,000 pounds a day.

Mr. ABBITT. You think, then, that this bill should be amended so that each farmer, each dairy farmer, regardless of his size, would have the same voice.

Now, as I understand the previous witness, he said that under the market order it is according to volume.

I want to know if the dairy farmers would have to have it that way, or they would like to amend the bill, so that each farmer would have equal voice.

Mr. ECKLES. I am not that well acquainted with the referendum provisions as proposed in the bill.

Our organization's position would be that with respect to dairying that the individual farm vote be considered paramount.

Mr. ABBITT. Let me ask you one other thing, just for my own information.

How does the volume of milk compare in your area, say, Wisconsin and Minnesota, to the eastern seaboard, the volume of it?

Mr. ECKLES. Production of milk marketed off of farms in Wisconsin last year was about 17½ billion pounds of milk, and the national marketings were about 120 billion, about 15 percent of the total.

Mr. ABBITT. So Wisconsin would have about 15 percent of the total?

Mr. ECKLES. About that.

The New York and California areas are heavy producers of milk. And then comes Minnesota and the milk bowl, so to speak, of the Midwest, Iowa, northern Illinois, Michigan, et cetera.

Mr. ABBITT. And if you put Minnesota and Wisconsin and that bowl together they would have over half of the volume of milk, would you say?

Mr. ECKLES. I think Minnesota and the other four leading States would have well over half of the volume.

Mr. ABBITT. What States would that be, Minnesota and Wisconsin?

Mr. ECKLES. California is second, as I recall it, and Minnesota and New York, those four are the top ones.

Mr. ABBITT. When you got those four you would have over 50 percent of the volume?

Mr. ECKLES. Yes.

Mr. ABBITT. Thank you very much.

The CHAIRMAN. Thank you, Mr. Eckles.

Mr. Edwin L. Richman.

STATEMENT OF EDWIN L. RICHMAN, ORGANIZATIONAL DIRECTOR, NATIONAL DAIRYMEN'S ASSOCIATION

Mr. RICHMAN. Mr. Cooley, I think I would like to have, with your permission, Mr. Eckles stay here; I feel kind of lonesome by myself.

The CHAIRMAN. All right, Mr. Richman.

Mr. RICHMAN. Mr. Chairman, I would like to submit the first six pages of my statement for the record and read the rest of it.

The CHAIRMAN. Just deliver the first six pages to the reporter, and that will be printed in the record. You can file the second part of it if you want to and speak off the cuff about it.

What I am trying to do is shorten the hearing, because the members are busy and have other things to do this afternoon.

Mr. POAGE. Do I understand that six-fourteenths of your members are in favor of the bill as written without any limitations?

Mr. RICHMAN. I don't believe I can answer that just that way, Mr. Poage.

The CHAIRMAN. I understand in your first six pages you do approve generally the provisions of the pending bill.

Mr. RICHMAN. Yes.

The CHAIRMAN. And in the other you discuss some controversial items.

Mr. RICHMAN. That is right.

The CHAIRMAN. All right, file the first part of your statement and go ahead with the second part.

(The first six pages of the statement referred to follow:)

STATEMENT BY EDWIN L. RICHMAN, ORGANIZATIONAL DIRECTOR OF NATIONAL DAIRYMEN'S ASSOCIATION ON H.R. 6400

Mr. Chairman, I should like to preface my remarks by stating that I sincerely appreciate the opportunity to present my views on H.R. 6400 and comment on various questions that your committee members presented to the witnesses that preceded me in these hearings. It was indeed a privilege for me to observe this committee function during the seven sessions last week, as you attentively followed the testimony and the statements of the witnesses. Likewise, I was most favorably impressed by the constructive interrogation and intra-committee discussions (my language for "executive committee sessions" before witnesses) in your apparent sincere efforts to determine ways and means whereby you can improve the legislative acceptability of the agricultural program (H.R. 6400) under consideration.

Perhaps at this time it would be of little comfort to you, but from my experience in the fields of developing and presenting farm programs, I can assure you that you will discover through the commodity-by-commodity approach, that plans can be more constructively developed and their acceptance more readily

gained. Thereby in my judgment the immensity of the farm problem can be reduced to its proper perspective. In other words, I am implying that an individual commodity plan will necessarily embody only those provisions that will serve the best interests of the producers affected. Consequently it will be much easier for you (Congress) to determine whether the program is legislatively sound and in the public and national interest. Furthermore, the plan will be more acceptable to the producers affected because it will be constructively developed in cooperation with Government, by people that understand the production and marketing problems involved. And I might add, that I feel confident that farm legislation would no longer be considered a monstrous perpetual burden to Congress. Instead subcommittees composed of specialized, well-informed people would review the commodity programs with their sponsors to determine their legislative practicability. This committee and Congress could then devote their time and attention to their highest function—"the consideration of broad programs and policies in their entire implications and the determination of such policies in the public and national interest" (quotes from Secretary Freeman's testimony).

Mr. Chairman, I hasten to state frankly that I personally favor the enabling type legislation suggested in the title I portion of this bill, H.R. 6400. In my judgment, it is through this type of legislation that our Government (both executive and legislative) can truly demonstrate their willingness and ability to assist and cooperate in the development and enactment of constructive legislation for the good not only of the specific group affected but also for the public and national interest. Therefore, if through your continued concerted efforts and with the full cooperation of the witnesses you can develop a sound "legislative basis under which constructive and effective commodity programs may be developed and put into action" (quotes from Herschel D. Newsom) then I would contend that the time and efforts, of all concerned, put forth here will ultimately assume an infinite value beyond present personal comprehension.

Mr. Chairman, I would appreciate the opportunity to go over the title I portion of this bill H.R. 6400 and step by step analyze the applicability of this bill to the specific commodity bills that were sponsored by the National Dairymen's Association (NDA) in 1958. Representative O'Konski of Wisconsin introduced bill H.R. 12053 titled "Commodity Stabilization Act of 1958" on April 21. On May 1, Representative Brown, of Missouri, introduced bill H.R. 12291 titled "Milk and Dairy Products Act of 1958." I should like to use the Brown bill in my analysis because it was specifically for milk and dairy products, and give you the benefit of my experience in presenting this program to thousands of farmers throughout the principal milk producing States of the Middle West.

Under title I, subtitle A, National Farmer Advisory Committees, page 4, lines 9-10, "Whenever the Secretary determines such action is necessary or desirable," would mean—that a representative group of producers of milk, that might be named, National Milk Producers Association, presented evidence to the Secretary and persuaded him that such action is necessary or desirable.

Page 4, lines 10-11, "he shall provide for the selection under this section of a National Advisory Committee for any commodity or group of commodities," would mean that the Secretary shall provide for the selection of a National Milk and Dairy Products Advisory Committee. The Brown bill referred to this action as arranging for the holding of a national convention for producers.

Page 4, lines 12-15, "The Secretary shall provide for the election of nominees from which he shall appoint at least two-thirds of the members of any such committee." The Brown bill specified that the 15 delegates to the National Convention should be elected by farm producers to represent the 15 regions each of which shall have approximately equal milk production. Assuming that the Secretary appointed these delegates to comprise at least two-thirds of the committee, then he could appoint no more than six members under—page 6, line 2-4.

(1) "the remaining producer-members of the committee from nominees of the appropriate farm organization," and lines 4-5, (2) "one (1) additional member as a representative of consumers who shall serve at the pleasure of the Secretary. Also note lines 6-10 Appointments of members from nominees of the farm organization shall be subject to the requirements of subsection (a) relating to eligibility for membership on the committee and a fair representation of geographical areas producing the commodity involved."

Which I would interpret to mean that the composition of the 22-member National Milk and Dairy Products Advisory Committee would be as follows:

At least 15 members would be appointed by the Secretary from producer elected nominees representing their respective proportionate producing areas.

Not more than six members would be appointed by the Secretary from nominees of appropriate (commodity preferred over general) farm organizations, but these too must qualify as producer members, that is they must derive more than 60 percent of their gross income from farming and a significant part of this income from milk sales.

One member appointed by the Secretary as a representative of consumers who shall serve at the pleasure of the Secretary.

Also note page 5, lines 15-18: "The Secretary may provide in such regulations for the nomination from each area of at least three nominees for each member to be appointed to the committee from that area." Which would mean that the Secretary may ask each region to qualify for appointment a director, vice director and/or secretary-treasurer or a total of at least 45 nominees from the 15 regions.

After careful study of the member components of the proposed National Farmer Advisory Committee and its practicable applicability to dairy farmers from the standpoint of:

Representation based on both volume of production and geographical considerations.

Qualifications and/or eligibility based on both income from farming and of a specific commodity.—

I would personally concur with these title I provisions of H.R. 6400 because they are so nearly the same as the basic provisions of the Brown bill. The fact that 21 of the members would be required to be farmers that were significantly dependent on their income from the production of milk, would seem to me vital for the constructive and effective functioning of this advisory committee.

As to the inclusion of a consumer representative on the committee at the pleasure of the Secretary, this too I would favor because "it" would probably contribute favorably to dairy farmer public relations. In my judgment if there is any one thing that we need to improve more than our farm income, it is our public relations. As a matter of fact, I am not so sure that it isn't a prerequisite to any substantial improvement in all farm commodity prices.

It is my considered judgment from working with thousands of farmers in my organizational efforts with NDA that these dairy farmers would willingly relinquish up to one-third of the advisory committee appointments to the discretion of the Secretary, as long as all but one of these appointees were qualified dairy farmers. In exchange for this concession they would be not only provided with the means necessary for the selection of a National Milk and Dairy Products Advisory Committee but also the invaluable assistance and guidance of the Secretary, his staff, and the many facilities of the Department of Agriculture. I might add too, that I am confident that once such a committee was provided, that their constructive efforts would result in legislation that would truly help dairy farmers. Since this should be the basic objective of any commodity program. I would conclude that the provision made for the selection of a National Farmers Advisory Committee in H.R. 6400 is an important step in the right direction for improving the income of farmers.

Mr. BEERMANN. I would like to have a question on the first 6 pages?

The CHAIRMAN. What is the question?

Mr. BEERMANN. How many people's views have been expressed in this first six pages?

Mr. RICHMAN. We have 20—about 23,000 or 24,000 members, Mr. Beermann. And there was one thing that they were quite—that they wanted to be sure of, that if there were such a thing as advisory committees, there was such a thing as someone that represented them, they wanted to have all the representatives to be farm representatives, dairy farm representatives.

And the summary of the statement that I make here is more or less to the effect that we would favor the program as it was set forth in H.R. 6400 in that respect, if we could get 22 out of the 23 members as dairy farmers, which according to qualifications set forth in that case, we would be satisfied.

Then as far as the consumer members are concerned, we would favor that.

I would personally, because I think of all things, I make the statement as I wrote it here, I would favor the inclusion of a consumer representative on the committee at the pleasure of the Secretary, because "it"—and pardon the quotation marks, but it wasn't made clear whether it was going to be a woman or not, and I favored a woman in this position—would probably contribute favorably to dairy farmer public relations.

In my judgment, if there is any one thing that we need to improve more than our farm income, it is our public relations. As a matter of fact, I am not so sure that it isn't the prerequisite to any substantial improvement in all farm commodity prices.

Mr. BEERMANN. Now, Mr. Richman, on page 3, line 6, it says, "On May 1 Representative Brown, of Missouri, introduced" such and such a bill. I don't know of any Brown from Missouri who is in the House of Representatives.

Mr. RICHMAN. You have to go back to 1958.

Mr. BEERMANN. Maybe that is why he isn't here.

Mr. DOLE. I want to ask, do you represent both sides, are you a lawyer?

Mr. RICHMAN. No, I am not. I am a dairy farmer mostly.

Mr. DOLE. Thank you.

The CHAIRMAN. All right, go ahead with your statement.

Mr. RICHMAN. Mr. Chairman and members of the committee rather than to discuss subtitle B—Marketing orders of the proposed bill, at this time, I should like to, with your permission, back up a little to take another look at our objectives.

I believe that the most imposing challenge of our time is for agricultural leadership to develop and gain the acceptance of a plan that will permanently solve the farm problem.

This solution must necessarily provide the machinery not only that will guarantee that the income of farmers from farming will attain its rightful portion of the national income, but that it will also maintain this proportion in our expanding national economy.

This, I said, at a Corn Belt farm policy discussion in Springfield, Ill., on October 24, 1959.

As I look back at this statement I have come to realize that they are simply words that probably have been repeated many times—not only here in Washington, but throughout this Nation of ours. Which would indicate that many of us agree on the objectives.

However, the more disturbing aspect of this situation is the fact that the statement was just as appropriate and applicable to our status during many periods in the last 45 years. Therefore, I am wondering if we shouldn't take another look at the "machinery" we are using to see if we can detect the real trouble. Perhaps after we find the trouble, we will discover that the machinery is beyond repair and that the expense of another overhaul job would be sending good money after bad.

About 10 days ago, I came here because I wanted to mingle with our Nation's recognized agricultural leadership and I was quite certain that these hearings would attract them here and afford me that opportunity.

I sought this opportunity to mingle with these leaders because it seemed to me that from among them was to emerge the leadership that would develop a program for agriculture that was designed to gain for farmers a fair share of our national income.

The urgency for such a program cannot be overemphasized because the decline of farm income in recent years, in my judgment, is the root to most of our domestic economic woes.

I would certainly agree with Secretary Freeman, that nothing could be more apparent than the extent to which the nonfarm public is unaware of the critically low-level of farm income. "Emphasis on surplus and subsidy have clouded the true facts." Might I add that sometimes I am not so sure that this unawareness is confined to the nonfarm public.

This leads me to comment that the remarks of several of the witnesses and the committee members caused me to have some misgivings and apprehension about the type of program that is being considered as a basis for the design of proposed legislation.

To be specific, I would point out that Federal milk marketing orders have been cited as the solution to the dairy farmers problem, the panacea of existing farm problems, as the only Federal farm program that works for farmers and doesn't need to be reenacted every year, and so forth.

Mr. Chairman, I am forced to beg to differ because most of these statements couldn't be further from the truth and I have the facts that I would like to present to bear me out.

I must admit that I hardly know where to start to make this a logical presentation.

However, I believe that the fact should be established that the dairy farmer was the first and probably the most pronounced victim of the farm-cost-price squeeze and even today with higher price supports we would find that he has not recovered from this condition.

To support this conclusion, I will flatly state that in 1958 and 1959 when manufacturing milk was supported at \$3.06 per hundredweight for average national test of 3.95 percent butterfat—that the income of farmers for their labor input in the production of this B milk did not exceed 20 cents per hour on the average for the area. To be more exact, 13–16 cents. This was computed on the basis of allowing the farmer a 5-percent return on his investment in land and buildings and a 6-percent return on his inventory investment in cattle, feed and equipment. Nothing for management—which was conceded by all authorities to be the lowest income per hour of labor input of any farm enterprise.

Your response to this statement will probably be "but this was because of price supports and not Federal milk marketing orders." That I will admit but I will further contend that during this same period that most of the farmers in that same area that sold milk under the Chicago market order No. 41 did not get anything for either their labor input or management and a questionable return on their investments.

Sad, but true beyond the shadow of a doubt.

As I have sat through these hearings I keep wondering why someone doesn't ask the question: If dairy farmers are doing all right under

these marketing orders, why then aren't more farmers going into dairying?

Answer to follow—

Before I attempt to show why dairy farmers haven't benefited materially from most of these marketing orders, I should like to definitely show that the marketing orders have done a good job based on what they were designed to do. Let's look to "Miscellaneous Publication No. 732: Federal Milk Marketing Orders," and "AMS-122: Questions and Answers" on same for our definitions and enlightenment.

1. The purpose of these orders is to make sure that an ample supply of wholesome milk is available to consumers at all times. This is done by orderly marketing of milk by farmers.

2. Federal milk orders do not guarantee a given level of price. They provide prices related to local and general economic conditions. They do not guarantee farmers a market with any buyer.

3. AMS-122—How does a Federal order attain its objectives:

These rules and procedures serve to—

(a) give farmers, milk handlers, and the public an active voice in determining minimum farm milk prices through a procedure of public hearing.

4. Does a marketing order guarantee an adequate income to all farmers?

No, it is not possible under a market order to guarantee an adequate income to all farmers, nor would it be possible under some circumstances even to guarantee an adequate income to any farmers selling to a regulated market.

5. In times of depressed prices for milk and dairy products, or for agricultural products generally, the price established under a marketing order, that would result in an adequate supply of milk for the market, may not be high enough to afford adequate incomes to any of the farmers delivering milk to the regulated market. If farmers are to have adequate incomes under conditions of generally depressed prices additional programs such as price support measures, may be necessary.

In these answers from USDA publications I believe you will find the answers to why these instruments do not satisfy the farmers needs for a higher or fairer income from his sale of grade A milk to a Federal regulated market.

Nevertheless I still contend that they fill the need for which they were designed.

However, if under this bill, H.R. 6400, anyone attempted to change the design of the instrument to fill the dairy farmers' need I would contend that it would be about as practicable as to start with a Jeep to model a Thunderbird. Their purposes and objectives couldn't be more divergent.

Mr. Chairman, as evidence of the supreme effort if not sacrifice that dairy farmers of this Nation have made, to do most of the things that our theorists contend would solve the farm problem, may I read and enter in the record this Illinois Farmers' Outlook Letter entitled "Two Million Cows 'Disappear' as Washington Revises Estimates," March 15, 1961.

Mr. Chairman, this is a release, and it is a summary of a recent release from the Department of Agriculture.

It reads as follows:

Farmers have been quitting the milking business even faster than we had supposed. This is evident from the latest report of numbers of livestock on farms.

When the census people visited farms a year or so ago, they found considerably fewer cattle than the Department of Agriculture had been estimating. As a result of the census reports, the Department cut its estimates of total numbers of cattle and calves by about 7 percent.

Largely overlooked has been the fact that estimates of numbers of dairy cattle were chopped more than estimates for beef cattle. Where beef numbers were reduced by only about 4 percent, the estimates of dairy cattle numbers were slashed 9 percent. Nearly 2 million cows "disappeared" by the stroke of a Washington pen.

Incidentally, when I read this, I thought that that was the most humane way that they could disappear.

The downward revisions in cow numbers called for some trimming of estimates of milk production. So the official estimate of milk production for 1960 has been reduced from the 125.5 billion pounds reported in December to 122.9 billion pounds. But even after considering this reduction in total milk output, it appears that the average production per cow must be about 6 percent larger than we had believed.

These figures suggest that we have not only fewer dairymen than we thought, but better ones.

Farmers have been cutting down on milk cows for 16 years. They have reduced cow numbers from 27.8 million in 1945 to 19.3 million at the first of this year. Dairymen now have 30 percent fewer cows than they had 16 years ago, but they are producing 46 percent more milk per cow.

Total milk production is only 1½ percent more than it was in 1945, 16 years ago. But our population has increased 28 percent. Milk production per consumer decreased from 893 pounds in 1942 to 670 pounds in 1960. This reduction is 25 percent.

The reduction in milk supply per consumer has caused no hardship. Consumers have cut down on purchases of butter and bought more margine.

The consumption of butter has been reduced from around 17 pounds per person per year before World War II to less than 8 pounds. As less milk was used for butter, more was available for use as fluid milk and cream, ice cream, cheese, and other manufactured dairy products.

The supply of milk in 1960 was nearly in balance with commercial demand. In terms of milkfat, purchases of butter and cheese by the CCC represented less than 3 percent of total milk production. In 1953, purchases by the CCC were equivalent to over 8 percent of all milk produced.

Practically all of these price support purchases in 1960 were in the form of butter. The CCC bought and distributed about 6½ percent of all butter produced. The price of cheese held above the support level, so purchases for price support were insignificant.

The CCC in 1960 continued to purchase large amounts of nonfat dry milk. As in previous years since 1953, the CCC bought nearly half of all nonfat dry milk that was manufactured. These purchases represented about 8 percent of all milk produced by farmers.

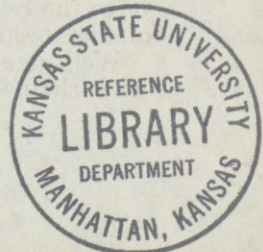
Milk production seems likely to increase a bit in 1961, and prices received by farmers may average slightly higher than last year.

One other thing I would like to add to this—and Mr. Eckles might be able to help me out—I think another figure that might be interesting to you gentlemen is, that might answer this question, how fast have people been going into the dairy business?

I think we have, as of 1960, 50 percent as many farmers in the United States selling milk as we did in 1940. In other words, we lost one-half of them in the 20-year period.

Now, to go back—

Mr. BEERMANN. Is that a stroke of the pen, too?



Mr. RICHMAN. I have at hand much other evidence that there is no solution to the farm problem in the routes suggested. However, I would rather introduce this evidence at a more appropriate time and dwell on what I feel should be included in the enabling legislation under consideration at this time.

As a basis for this discussion please refer back to 3. AMS 122.

How does a Federal order attain its objectives? These rules and procedures serve to: (a) Give farmers, milk handlers and the public an active voice in determining minimum farm milk prices through a procedure of public hearings.

Mr. Chairman, it would seem to me that farmers have been and there is a pretty good chance that they will receive in the future just that—minimum prices, without enabling legislation. Therefore, I would not favor the extension of this type of program to all of the 256 farm products.

Personally, I feel that enabling legislation should be just that and no more. In other words, if it won't pass the test of qualifying as a step toward gaining for farmers a fair share of our national income then I don't believe it should be included in and under the title of enabling legislation.

This leads me to state that in the 3. AMS 122 statement there is a clue to what truly should be included under this title of "Enabling legislation."

Note that it says that farmers are the first to be listed as those that have an active voice in determining minimum farm milk prices.

Now the sad part of this statement is that the farmer receives exactly that—minimum—as long as there is a plentiful supply of whole-some milk available to the market.

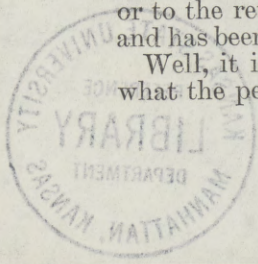
For the record, in Chicago for 72 consecutive months they got nothing less than the minimum, even though they made some efforts to do some bargaining outside of the order. And so long as the cost price squeeze is intensified by low price supports on manufacturing milk the handlers are assured that there will be a plentiful supply. Hence no possible farm milk price increase will be realized by farmers.

This fact I can support with evidence from the Federal Milk Order No. 41 Reporter.

My experience from milk order hearings would lead me to believe that there is no interest in what the farmers' cost of producing milk is and therefore, he may have an "active voice" in the hearings but nobody listens. Furthermore, since Federal market order prices are based on prevailing manufactured milk prices in the area, all remedial efforts should be directed to raising these prices. Once this is accomplished all milk prices will move up together and grade B milk will not move into the grade A market pools to further depress the blend price of grade A milk.

And here, again, I would like to add this remark. In the Chicago area there is a lot of wondering and people are trying to pursue some kinds of reason why the price of milk to the retailer keeps going up, or to the retailer customer, and the farm price stays in this low level and has been going down somewhat.

Well, it is easily explained from an economic standpoint, because what the people are really buying in Chicago is a lot of rubber tires,



they are buying a lot of gasoline, they are paying for a lot of roads and a lot of transport trucks to bring this milk from distant points instead of paying for the milk in what used to be the immediate marketing area.

As a result, the income of all milk producers will be improved.

Therefore, I recommend that legislation be included in the enabling portion of this bill H.R. 6400 to provide those farmer advisory committees, that request the information, cost of production figures for their specific commodity.

I further suggest that the pattern be followed as set forth in the NDA program in brief which reads as follows. The average cost * * * of production shall be determined by auditing actual detailed cost records from at least 100 dairy farms in each of the 15 regions of the United States. These farms will be selected by the extension departments of the U.S. Department of Agriculture and the cost production figures will be assembled and audited by the Economic Research Service—a newly created service in the Department. Much the same as the Bureau of Labor Statistics assembles and audits the cost of living items that are used in constructing the Consumer Price Index.

I sincerely believe that cost-of-production information is a prerequisite to the development of any farm commodity program that is designed to gain for farmers a fair share of our national income. Please note, I am saying that we have to have the cost before we can hope to get the price.

Therefore, anything that can be done to expedite setting this portion of the machinery in operation will be a step toward the meeting the “most imposing challenge of our time.”

Mr. Chairman, in conclusion may I suggest that in the final draft of the Cooley-Ellender bill that the Congress keep their sights trained on what I consider the “dual challenge” as their objective.

Earlier in this dissertation I referred to it as a plan that will permanently solve the farm problem. Stating further that the solution must necessarily provide the machinery not only that will guarantee that the income of farmers from farming will attain its rightful portion of the national income but that it will also maintain this proportion in our expanding national economy.

This same idea was more concisely expressed by President Kennedy when he said on June 18, 1960, that “I do believe that any Democratic farm program must both attack the current problems of surpluses and depressed prices and meet the long-range objectives of an expanding economy. This presents a dual challenge.” With this dual challenge so much more apparent today than it was a year ago, I would agree that it presents a formidable objective. However, I am confident that through the constructive functioning of these hearings and the full cooperation of the witnesses and other farm leaders that the challenge can be successfully met.

It would seem to me that it would simplify the operation, however, if the two parts were dealt with separately. That is, surpluses and depressed prices should be considered as emergency matters, which I prefer to classify as relief legislation—while the long-range problem of gaining and maintaining for farmers their fair share of our national income should be dealt with on a commodity-by-commodity

basis and considered in this Cooley-Ellender bill as enabling legislation.

This, I believe, would result in the kind of a program that Congress would act on affirmatively when it was passed down by the President and as expressed by Secretary Freeman in his testimony, would set the stage and provide the tools by which:

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

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

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

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

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

The CHAIRMAN. Thank you very much, Mr. Richman. We are glad to have your statement in the record.

The next witness is the Honorable Al Ullman from the State of Oregon. We will be glad to hear you now.

STATEMENT OF HON. AL ULLMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. ULLMAN. Chairman Cooley and members of the committee, Oregon farmers, like other agricultural producers across America, have an important stake in your consideration of H.R. 6400 and in your recommendations for a legislative program to meet the nagging problems in this basic sector of our economy. I know that you are familiar with the picture of rising farm costs and falling farm incomes that have characterized American agriculture in recent years. To underline the direct interest of Oregon farmers in this proposal, I would like to cite for the record some relevant statistics on our State's agricultural economy.

The pattern is basically the same as that in other States and regions. Between 1952 and 1959, realized gross farm income in Oregon showed a slight decline, from \$480.9 million to \$479.8 million. At the same time, production expenses in Oregon agriculture rose substantially, from \$307.3 million to \$335.2 million—an increase of just over 9 percent. As a result, realized farm income in the State fell by 16.7 percent, from \$173.6 million to \$144.6 million. It is very significant to note that the greatest rise in production costs in this period was a whopping 65.7-percent jump in interest costs on farm mortgage debt, from \$7.3 million to \$12.2 million. This reflects both the effects of the steady deterioration of our farmers' financial position and of the hard-money policy and it is a significant figure to remember in connection with title III of the bill before you, that dealing with agricultural credit.

To be most meaningful, these absolute figures should be seen in terms of individual farmers and it is here that the contrast between

the farm sector and other sectors of the economy becomes strikingly clear. While per capita personal income in Oregon, taken as a whole, was rising nearly 20 percent, from \$1,827 in 1952 to \$2,703 in 1959, realized net income per farm in our State was falling by better than 5 percent. It should be noted also that these figures are based on current price levels. If adjustment is made for the increase in prices that occurred in this period, the decline in per farm net income is even more substantial.

These figures make clear the reason that the farmers of our State have a vital interest in seeing this program enacted. In my opinion, the consumers of this Nation also have a stake in this measure and stand to benefit from the solution to agriculture's economic ills that will be made possible by the enactment of H.R. 6400. I think that it must be stressed that by providing the methods for eliminating our agricultural surplus, we can relieve the taxpayer-consumer of an unnecessary burden while giving family farmers a fair chance at a decent income. Those who produce and sell goods and services to our farm families and those who buy the output of our farms and all of us, in our role as taxpayers, must be concerned with the problem of attaining a healthy and stable agricultural economy.

Mr. Chairman, the bill before you, sponsored by you, and based on the recommendations of the President is, in my opinion, a good bill. No one knows better than you gentlemen the complexities of what is so often called the farm problem. No one knows better than you the failure that has characterized attempts to solve these complexities by policies dictated from Washington, too often without sufficient consideration of varying circumstances and differing needs. By providing, as this bill does, for the establishment of machinery to deal with these complexities on a commodity-by-commodity basis, we are, I believe, making a logical extension of the democratic approach to meet the needs of American agriculture in a sound and flexible way.

We know that there is and will be opposition to this proposal. It is already being said that it means "more regimentation" for our farmers. But, while we can expect the opposition of speculators and those who hope to profit from the continued existence of agricultural surpluses, this approach to the problem of stabilizing our farm economy has, I believe, the support of the farmers themselves. Its farmer-centered program to meet our various farm problems is the direct opposite of regimentation. Instead, this proposal calls for the utilization of our producers' knowledge of their own specific situation to formulate adequate programs to meet them. Fully adequate procedural safeguards are provided prior to implementation of the supply adjustment measures thus formulated. As Secretary Freeman emphasized in his appearance before you, this is enabling legislation which will not put into effect any specific program until it has been approved by the Congress and by the agricultural producers themselves.

The principles embodied in this measure are sound and important. The heart of the matter, in my opinion, is that this bill can be the means of providing a mechanism for real self-help by farmers in regaining their bargaining power in the marketplace. The big corporations who sell things to the farmer are, as we are well aware, in a position to adjust their production to demand and to go even beyond this in administering prices. Through the institutions of collective

bargaining, a majority of our wage earners are also in a position to work together in an effort to secure a fair return for their productive efforts. Only the farmer, among basic producers in our economy, lacks adequate means to adjust his production to demand, to achieve relatively the stability which will permit of orderly change rather than uncertain fluctuations, and which will give us, in the long run, the best hope of passing the fruits of the technological revolution in agriculture to all—farmers and consumers alike.

I am particularly pleased at the inclusion of provisions to broaden the operation of the Marketing Agreements Act. I have long felt that we could well build on the experience of this program, which has been so successful, to meet the problems of other commodities and I have sponsored legislation to extend its provisions in every previous Congress since my election. I was also a cosponsor last year of the proposed Family Farm Income Act which was based on the same concept of a commodity-by-commodity approach which characterizes the bill before you.

While I have devoted most of my time to indicating my strong support of the provisions of title I of this bill, I want to endorse fully its other titles as well. As I indicated in my initial remarks, the long period of decline in farm income has been accompanied by a deterioration in the financial situation of most farmers. The provisions for expanding and improving our program of farm credit will assist in meeting this state of affairs. Similarly, the provisions of title II are of importance not only to the more economical and productive use of our capacity for agricultural abundance, but also to the struggle for freedom in those areas of the world where we must play our part in meeting the demands of what has been called "the revolution of rising expectations."

The administration has made broad recommendations to meet our critical and longstanding needs in the field of agriculture. The situation calls for broad measures and for cooperative action on the part of producers and Government to eliminate one of the anomalies of our economy—the so-called paradox of abundance, which characterizes American agriculture. The bill before you does not claim to have the answers. It proposes the machinery for getting the best possible answers and for implementing them in the best interests of all the people. I urge that you give it your careful and sympathetic consideration and that you report it favorably to the full House for action.

Thank you for this opportunity to comment on this important proposal.

Mr. POAGE. I would like to put in the record this statement.

The CHAIRMAN. It will be inserted in the record.

Mr. SHORT. May I ask if the material the gentleman is asking to be inserted is material for the record?

The CHAIRMAN. Yes.

(The statement referred to is as follows:)

Mr. POAGE. Mr. Chairman, any sound deliberation on the merits of H.R. 6400 requires a clear understanding of the broad powers now at the disposal of the Secretary of Agriculture and the powers to be conferred, or to be limited, by this legislation.

This bill, while granting new authority to deal with farm problems on a commodity-by-commodity basis, actually brings all the powers of the Secretary—old and new—under closer scrutiny by the Congress. This legislation imposes no program upon the producers of any commodity. It suggests no specific program for any commodity. It merely sets up machinery whereby, when a commodity is in trouble, the Secretary, working with representatives of producers of the specific commodity, may develop a program dealing with the problems involved and that, with the consent of the Congress and the approval of two-thirds of the producers of the commodity, the program will become effective.

I emphasize that, under this legislation, no program involving production controls for any crop could become effective contrary to the wishes of the Congress or without the approval of an overwhelming majority of the producers. This is more restrictive than present law which permits the Secretary to set a price support on any crop and to determine the conditions of producer eligibility for such support, without any reference to Congress whatever.

Mr. Chairman, in the interest of a clear understanding of this legislation, the legal division of the Department of Agriculture, at my request, has compared the provisions of H.R. 6400 in a parallel column with the provisions of existing law, with respect to price supports, marketing quotas, and marketing agreements. I also have prepared examples of legislation requiring congressional approval or disapproval before certain action by the Executive becomes effective. I request that this material be inserted at this point in the record of these hearings on H.R. 6400.

PRICE SUPPORT

EXISTING LAW

H.R. 6400

1. Authority to be exercised solely by Secretary.

2. Maximum level of support—90 percent of parity for all commodities.

3. Minimum support level for basic commodities, other than corn, if marketing quotas are not disapproved:

Cotton, 65 percent of parity.

Wheat, 75 percent of parity.

Rice, 65 percent of parity.

Peanuts, 75 percent of parity.

Tobacco, the 1959 support level adjusted.

4. The level of support for basic commodities, other than corn, if producers disapprove marketing quotas:

Cotton, wheat, rice, and peanuts, 50 percent of parity.

Tobacco, no support.

5. Level of support for corn (no provisions for quotas):

Higher of 90 percent of previous 3-year average farm price or 65 percent of parity.

6. No minimum support level for non-basic commodities, except:

Dairy products, 75 percent of parity.

Tung nuts, 60 percent of parity.

Honey, 60 percent of parity.

Feed grains to be supported at a level comparable to support price for corn.

1. Authority to be exercised by Secretary only after consultation with advisory committee, approval by President, and review by Congress.

2. Same.

3. No minimum support levels.

4. The level of support for all commodities, if producers disapprove marketing quotas:

All basic commodities, except corn, 50 percent of parity.

Corn and nonbasics at a level not in excess of 50 percent of parity.

5. See 4 above.

6. No minimum level for any non-basic commodity.

PRICE SUPPORT—Continued

EXISTING LAW

H.R. 6400

7. Methods of support:

Loans, purchases, and other operations for all commodities, except dairy products, which are to be supported by purchases or loans only.

8. Factors to be taken into account in determining level of support not otherwise fixed by law:

1. The supply of the commodity in relation to the demand therefor;
2. The price levels at which other commodities are being supported and, in the case of feed grains, the feed values of such grains in relation to corn;
3. The availability of funds;
4. The perishability of the commodity;
5. The importance of the commodity to agriculture and the national economy;
6. The ability to dispose of stocks acquired through a price-support operation;
7. The need for offsetting temporary losses of export markets; and
8. The ability and willingness of producers to keep supplies in line with demand.

9. Terms and conditions of price support: To be determined by Secretary.

10. Conditions of eligibility for price support: Compliance with allotments, production goals, and marketing practices may be required.

11. Family-size farm: No provision.

7. Methods of support for all commodities:

In addition to loans and purchases, there are authorized compensatory payments, diversion payments, incentive payments, and other appropriate operations.

Payments can be made in kind as well as in cash.

Price support through payments are subject to following limitations:

Compensatory payments authorized only if commodity is covered by a marketing order or marketing quota.

Compensatory payments may not exceed amount necessary to support that part of production on farm necessary to maintain and strengthen family farm system.

Incentive and diversion payments may not be greater than necessary to achieve required production or diversion.

8. Same eight factors, plus a ninth, viz: The supply of the commodity which will be utilized at fair prices.

9. Same.

10. Same.

11. Secretary to give consideration to family-size farm.

MARKETING QUOTAS

EXISTING LAW

H.R. 6400

1. Marketing quotas may be established for cotton, peanuts, rice, tobacco, and wheat.

2. Only approval by producers in a referendum is required.

3. Minimum national quotas (except for tobacco) are provided which may produce in excess of a normal supply.

4. Quotas are established on the basis of acreage allotments.

1. Marketing quotas may be established for any agricultural commodity.

2. Quotas can be established only after—

(1) consultation with advisory committee.

(2) approval by President.

(3) congressional review.

(4) approval by producers in a referendum.

3. National quota would provide for normal supply subject to adjustments to prevent undue restrictions on marketing and gradual reduction of excess stocks.

4. Quotas may be established on the basis of acreage allotments or other production units or in terms of commodity units (bushels, pounds, or bales).

MARKETING ORDERS

EXISTING LAW (AGRICULTURAL MARKETING AGREEMENT ACT OF 1937)

H.R. 6400

SEC. 2(3) authorizes in above parity situations the imposition or enforcement of minimum standards of quality or maturity and complementing grading or inspection requirements.

SEC. 8c(1) limits regulations under orders to handling which is in the course of interstate commerce or directly burdens, obstructs, or affects such commerce requiring a finding with respect to such commerce based upon evidence introduced at a hearing on the order.

SEC. 8c(2) limits the use of marketing orders to specified agricultural commodities and their products, i.e., milk, fruits, certain tree nuts, tobacco, vegetables, soybeans, hops, honeybees, and naval stores, but excepting certain fruits and vegetables for canning or freezing.

SEC. 8c(6) authorizes marketing orders to contain provisions for marketing research and development projects (not including advertising) for the commodities other than milk specified in sec. 8c (2).

SEC. 111(1) in above parity situations expands the types of regulations authorized to include enforcement of standards of grade, size, pack, and container; research and development programs (including paid advertising); and the maintenance of surplus and reserve pools.

SEC. 111(3) adopts a legislative finding of interstate commerce eliminating the need for introducing evidence at a hearing and making findings regarding interstate commerce.

SEC. 111(4) expands the commodities for which marketing orders can be issued to include all agricultural commodities but not the products thereof, except as presently authorized. The principal commodities which would be added are field crops, livestock, poultry, eggs, fruits and vegetables for canning or freezing, and tree and grass seeds.

SEC. 111(5) makes the authority for marketing research and development projects available for milk and extends this authority with respect to all commodities to include paid promotional advertising to be financed by assessments under the order.

MARKETING ORDERS—Continued

EXISTING LAW (AGRICULTURAL MARKET-
ING AGREEMENT ACT OF 1937)

H.R. 6400

SEC. 8c(11) provides that no national order may be issued unless the Secretary finds that several orders for regional areas would not effectuate the policy of the act and further provides that except as to milk and its products orders must be limited to the smallest practicable production or marketing area.

No comparable provision.

SEC. 111(6) provides that marketing orders may be made applicable to any or all production or marketing areas as the Secretary finds practicable.

SEC. 111(7) would add a new section 8f providing authority for producer marketing quotas or allotments in orders with or without other controls or programs and also authorize complementary handler quotas to limit handlers' acquisitions from producers to the producers' quota. Orders containing provisions for such quotas would be issued only after consultation with a national advisory committee, approval by the President, and submission to the Congress for review. These quotas or allotments may limit the amount which each producer may be permitted to market or dispose of by market or use classification on the basis of past production or quantities currently available for marketing. They may be in terms of quantities or production from given acres or other production units and provision is made for minimum allotments as a basis for exempting small producers. Producers for whom quotas or allotments are established are subject to the provisions of the act applicable to other handlers except that a special review procedure for producer allotments is provided.

SEC. 8c, paragraphs (3), (4), (8), (9), and (10) provide that before an order may be issued there must be a notice of the proposed order and an opportunity for a hearing; the order may not contain provisions which are different from a marketing agreement upon which a hearing has been held; the provisions of the order must be based upon the evidence introduced at the hearing; the marketing agreement must be submitted to handlers and the order approved by two-thirds of the producers with the Secretary required to make special findings if more than 50 percent of the handlers do not enter into the agreement. The hearing required is subject to the formal procedural requirements for adversary proceedings under the Administrative Procedure Act.

SEC. 111(8) adds a new section 8g which authorizes the issuance of a marketing order with respect to any agricultural commodity applicable to all major production or marketing areas under a special procedure not subject to the procedural requirements of section 8c involving hearings, etc. This authority is in addition to the authority for the issuance of orders under section 8c which continues in effect. The procedure for the issuance of these orders requires that consultation be had with a national farmer advisory committee for the commodity in question in the formulation of the order; an opportunity for interested persons to submit their views with respect to the proposed order; approval by the President; submission to the Congress for review; and approval by two-thirds of the producers of the commodity voting in a referendum. Should either House of Congress disapprove the proposed

MARKETING ORDERS—Continued

EXISTING LAW (AGRICULTURAL MARKET-
ING AGREEMENT ACT OF 1937)

H.R. 6400

order within 60 days after its submission to the Congress, the order is not submitted to referendum and cannot become effective.

These orders may with respect to any agricultural commodity contain all of the provisions authorized for such commodity under 8c procedures and, in addition, orders applicable to milk or its products may contain provisions for volume and quality control, including regulation of grade, size, pack, or container and authority for management of excess supply through reserve or surplus pools which under other orders can only be applicable to commodities other than milk.

EXAMPLES OF LEGISLATION REQUIRING CONGRESSIONAL APPROVAL OR DISAPPROVAL
BEFORE CERTAIN ACTIONS BY THE EXECUTIVE BECOME EFFECTIVE

1. Reorganization Act of 1949 (5 U.S.C. 133z-15) extended to June 1, 1963, by Public Law 87-18. This act provides that a plan of reorganization of executive agencies by the President shall be transmitted to both Houses of Congress on the same day and while each House is in session. The plan shall take effect upon the expiration of 60 days of continuous session of the Congress, but only if within that time "there has not been passed by either of the two Houses a resolution stating in substance that that House does not favor the reorganization plan."

2. The Trade Agreements Extension Act of 1951, as amended, and as particularly amended by the Trade Agreements Extension Act of 1958, 72 Stat. 676 (19 U.S.C. 1364). By this act, the Tariff Commission is directed to make investigations to determine whether any product "upon which a concession has been granted under a trade agreement" is, as result of such concession being imported in such increased quantities as to cause or threaten serious injury to the domestic industry producing like or directly competitive products. If it finds such injury or threat of injury, the Commission shall recommend to the President the withdrawal or modification of the concession, its suspension in whole or in part, or the establishment of import quotas. Section 7(c) of the act provides that if the President does not take the action recommended by the Commission within 60 days, he shall immediately submit a report to the Committee on Ways and Means of the House and to the Committee on Finance of the Senate stating why he has not taken the action proposed. The subsection goes on to provide that the action so found and reported by the Commission to be necessary shall take effect—

"(A) if approved by the President, or

"(B) if disapproved by the President in whole or in part, upon the adoption by both Houses of the Congress (within the 60-day period following the date on which the report * * * is submitted to such committees), by the yeas and nays by a two-thirds vote of each House, of a concurrent resolution stating in effect that the Senate and House of Representatives approve the action so found and reported by the Commission to be necessary."

3. Section 244 of the Immigration and Nationality Act (8 U.S.C. 1254) provides that under certain conditions, the Attorney General may suspend deportation of an alien and in that event a complete and detailed statement of the facts and the law in the case shall be reported to the Congress with the reason for such suspension. This section goes on then to say:

"If * * * either the Senate or the House of Representatives passes a resolution that it does not favor the suspension of such deportation, the Attorney General shall thereupon deport such alien * * *. If neither the Senate nor the House of Representatives shall, within the time above specified, pass such

a resolution, the Attorney General shall cancel the deportation proceedings * * *."

4. The Watershed Protection and Flood Prevention Act (16 U.S.C. 1001-1008) provides in section 5 (16 U.S.C. 1005) that certain plans of construction involved an estimated Federal contribution in excess of \$250,000 or containing any structure having a total capacity in excess of a certain number of acre-feet shall first be submitted by the Secretary of Agriculture to the Congress, through the President, together with the justification thereof. Section 2 (16 U.S.C. 1002) provides that no appropriation shall be made for any such plan unless such plan has been approved by resolutions adopted by the appropriate committees of the Senate and House of Representatives.

The CHAIRMAN. The committee stands in recess until 10 o'clock tomorrow morning.

(Whereupon, at 4:20 p.m., the committee recessed, to reconvene at 10 a.m., Wednesday, May 3, 1961.)

AGRICULTURAL ACT OF 1961

WEDNESDAY, MAY 3, 1961

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

The committee met, pursuant to recess, at 10:35 a.m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

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

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John Heimbürger, counsel; and Francis M. LeMay, consultant.

The CHAIRMAN. The committee will please be in order.

The Chair recognizes Mr. T. W. McMillan, executive vice president of the American National Cattlemen's Association.

Will you come around, and if you have some associates with you, bring them around, too.

Mr. McMILLAN. We have with us this morning three additional representatives of the American National Cattlemen's Association to present our statement and testify in regard to H.R. 6400: Mr. Fred H. Dressler, president of the association from Gardnerville, Nev.; Mr. Cushman S. Radebaugh, first vice president of the association from Orlando, Fla.; and on the end, Mr. J. C. Wetzler, who is chairman of our feeder committee, from Phoenix, Ariz.

Mr. Radebaugh will deliver our testimony.

The CHAIRMAN. We are delighted to have all of you gentlemen with us and we will be delighted to hear you now.

Mr. MATTHEWS. May I just make a comment, please?

The CHAIRMAN. Yes. Mr. Matthews of Florida.

Mr. MATTHEWS. I am so happy to welcome Mr. Radebaugh to our committee. He is a personal friend of mine. I am just sorry he is not in my congressional district now, but the way the Florida Legislature has operated, it looks like I am going to get all of the offshore islands from Cuba to Alabama, so I may have you yet.

I want to say Mr. Radebaugh, I know, speaks for the cattlemen in my district because Mr. Alderman in my district was a recent president of the State cattlemen's association and he talked with me about your testimony.

It is a pleasure to have you.

Mr. SHORT. I cannot let this opportunity go by without reminding the committee of my pride in having these people before us here this morning. They represent an organization that I have had a very active interest in for a good many years; in fact, at one time I held the distinct honor of being one of the vice presidents of the American National Cattlemen's Association.

I want to add my welcome to these gentlemen this morning. I am sure they are well qualified to give us the facts of the situation in regards to the livestock industry, and I am sure that they are very well qualified because these gentlemen are actually operating ranchers and feeders. They are ready to answer any questions that might come to the minds of any members of the committee.

The CHAIRMAN. It must be very comforting to you gentlemen to have your proposition endorsed in advance. [Laughter.]

You may proceed.

STATEMENT OF CUSHMAN S. RADEBAUGH, FIRST VICE PRESIDENT, AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION; ACCOMPANIED BY FRED H. DRESSLER, PRESIDENT; C. W. McMILLAN, EXECUTIVE VICE PRESIDENT; AND J. C. WETZLER, CHAIRMAN, FEEDER COMMITTEE

Mr. RADEBAUGH. Mr. Chairman and members of the committee, the American National Cattlemen's Association is composed of 33 affiliated State cattlemen's and cattle feeder organizations, more than 100 affiliated regional, local, and cattle breed associations and thousands of individual cattle producers and feeders from throughout the Nation. We sincerely appreciate the opportunity to appear before your committee and speak in behalf of the beef cattle industry on title I of H.R. 6400.

The value of all cattle and calves sold from ranches has exceeded \$7.5 billion annually in recent years, or about 20 percent of the total cash income of agriculture. Cattle and calves produce more cash farm income than all six "basic" crops combined, and more than the combined sale of hogs, sheep, wool, and poultry and eggs.

Moreover, the rising quantity and value of cattle and calves produced and sold annually have made the cattle industry not only the largest but also one of the most rapidly growing segments of American agriculture.

Because of the relative shrink in the national dairy herd during the postwar years, and the considerably more than offsetting increase in beef cattle numbers, sales of cattle of beef breeding have approached four-fifths, 80 percent, of the total annual sales of all cattle and calves for meat. Thus the annual production and sale of beef cattle alone has become a \$6 billion industry, producing \$1 in \$6 of total farm income.

The American National Cattlemen's Association has traditionally and vigorously opposed legislative proposals that would bring cattle under any form of artificially maintained prices, or controlled marketings, or continued subsidies. This position of the association has been adopted by formal action of its governing body and by resolution at its annual meetings.

The position is supported by the overwhelming majority of the individual members and the affiliated regional, State, county, and breed associations.

At the present time, this traditional position of the association applies specifically to the provisions of H.R. 6400 that conceivably could result in controlled production and marketings of cattle and artificially maintained prices for cattle if certain procedures as outlined in the measure were to be set in motion.

The association respectfully requests, with all the vigor at its command, that this committee and the Congress proceed forthwith to delete from H.R. 6400 all provisions that would bring the beef cattle industry under any form of production or marketing controls, continuing subsidies or compensatory payments, and so forth.

We do not consider the planned scarcity that is inherent in the provisions of H.R. 6400 to be in the best interests of our customers, the consuming public. We do not believe that the potential expansion of the market for beef, the continued improvement of the product we raise, and our own long-term well-being as producers and feeders are favored by the restrictions, the planned scarcity, or the artificial prices that H.R. 6400 could impose.

We respectfully and forcefully request the committee to understand our views and to honor the wishes of our industry.

Like any other sellers in the market, cattlemen would be happy to receive higher prices for what they have to sell. However, experience which supported prices and controlled production on other commodities has taught us that these are not the roads to maximum service to consumers or to the fullest potentials of economic well-being for our industry. We do not believe the complex cattle business can fully serve its market or advance its own welfare under any system of restrictive Government licensing.

Beef is the preferred meat of the American people. Because of improvements which ranchers and feeders have achieved in the beef-making quality of their cattle, and because of the progressiveness of the processors and distributors of beef, consumer demand for beef has been increasing. Consequently, the cattle industry has been expanding its annual production in order to serve its expanding market.

We believe the market for beef can be expanded much more in the years ahead if the cattle industry continues to be responsive to market forces and aggressively strives to improve still further the quality of beef offered to the public.

These potentials will be lost to us in proportion as we permit our industry to be brought under the umbrella of guaranteed prices and restricted output. Over the years ahead, for both the present generation of cattlemen and for our children to come after us, this is too great a price to pay for the questionable benefits of a subsidized cattle market.

Historically the cattle business has experienced periodic economic difficulties coinciding with shifts in the cattle cycle. At times it might seem pleasant for us to unload these problems onto the taxpaying public. The price we must pay to have a free and competitive market for cattle and beef is at times an income position lower than is easily accepted. But we know there is a price also on the other side. We consider that price to be higher. We do not want the restricted oppor-

tunity for our industry that is inevitable in limited markets and guaranteed price.

Beef cattle are now selling for something less than 90 percent of parity (\$20.60 per hundredweight, national average, April 15, versus \$23.80 full parity). A higher guaranteed price, from the current level or any other, would be possible only from public subsidy or from restricted volume of marketings.

Any price that is higher than efficient cattlemen would find normally profitable would rapidly be capitalized into the values of cattle-raising lands. In other words, it would be built into the cost structure of the industry and thus, in income terms, would do catttle producers little good. We do not want artificial land values based on public subsidy, because such values would be uneconomic for the country and, in the end, for ourselves.

There are sections of H.R. 6400 to which we specifically object. For example, the so-called National Farmer Advisory Committee may well end up being anything except recognized statesmanlike spokesmen for any specific commodity.

The committee members would not be elected by the producers of the commodity. Rather, two-thirds of them would be nominated by the county ASC committees and the other third by "farm" organizations. And there is no assurance that the Secretary of Agriculture need accept any of these nominations.

Moreover there is no guarantee that a commodity program shall be developed in accordance with producer recommendations since the Secretary need not accept the "advice" of the advisory committee. As a matter of fact, this whole program could be set in motion by the action of the Secretary without the request or desire of any particular commodity group.

Second, the provision for congressional review of policy recommendations submitted by the President circumvents the traditional legislative processes of congressional hearings and public debate. The Congress is called upon to abdicate its legislative responsibility and to become hardly more than an acquiescent tool of the executive branch.

We view any such proposal with alarm for the future of our cherished governmental system of checks and balances. The wisdom of the Founding Fathers in providing the checks and balances has stood up well under the test of time, and cattlemen will not willingly be parties to changing the system. We do not believe that Congress should be neutralized into an ineffectual body.

Other specific objections to proposals in the bill might be further detailed. We prefer, however, only to reiterate our request that cattle be specifically deleted from coverage by the bill. We have confidence in the market to direct us always toward the production of a product that consumers accept and want. We know that restricted production and artificial price is not good for our customers—the consumers. And we know that, in the end, what is not good for our customers is also not good for us.

The CHAIRMAN. We thank you very much.

Mr. RADEBAUGH. I appreciate so much the opportunity of allowing us to present it.

The CHAIRMAN. We appreciate your presenting it. I just want to make one observation and that is that the proposal contained in

H.R. 6400 contemplates the final approval of any program by two-thirds vote of the producers affected. If the people are unanimously opposed to any program there would be no program. Everything clearly indicates that no program would be proposed for the cattlemen.

I can understand your views clearly and I think you have expressed your views very well. I think we have had similar expressions of views from others in the cattle business.

But I understand the provisions to be that the procedure provided would contemplate, first, the initiating by the producers affected or to be affected and the election of committees from the industry. Of course, the provisions in this bill are subject to change by this committee because that is the reason we are having these hearings, to decide whether or not we should change or offer amendments to it.

But you object to the program even if it is initiated by the producers themselves, or by the Secretary and finally approved by two-thirds in the referendum; do you object to that?

Mr. RADEBAUGH. We would prefer not to have cattle covered in any way under it. There is one constant fear that we have had and in stating this it is possible to give the wrong impression—very often it happens that in an industry there are a number of industry members not interested too much in the industry itself. They have other interests. Cattle, for instance, would be a sideline. They would not be too interested in this.

What we are interested in having the authority to do is to come in, as a group of producing members that make their living, that make their substance from the cattle industry and, therefore, would be intensely interested and qualified in it.

The CHAIRMAN. What related industry would have an influence in the final decision of the producers?

Mr. RADEBAUGH. I do not believe I understand.

The CHAIRMAN. What related industry could possibly influence the final decision of the cattlemen of the country? I mean by that, if I understand it, only the Secretary under these provisions could determine the eligibility to vote, and I assume that only those persons who are engaged in the cattle production would be permitted to vote in the referendum.

Mr. RADEBAUGH. I had understood that the bill provided that commodities that had similar, shall I say, ways of handling, consumption, and things of that nature—for instance, as to cattle and hogs and sheep, as you probably know, the betterment of one is not necessarily the betterment of the other. Cattle stand on one base, sheep on another base, and hogs on another base.

As I understand the provisions of this bill, those could and probably would be grouped as one commodity under "meats," for instance. And rules and regulations would be set all over the country for meat animals.

The CHAIRMAN. Do you mean you have an idea that the producers of hogs would be included with the producers of livestock, cattle and sheep and others?

Mr. RADEBAUGH. I say that my understanding of the bill is that this could be done.

The CHAIRMAN. I do not think so. I do not want to prolong the questioning, however. Any further questions?

Mr. GATHINGS. One of the greatest joys of my life is to shop for good meat and good groceries on Saturdays. That is my job on Saturday and that is the diversion I get from working throughout the week, and I do enjoy it. And for several years I have been attempting to learn how to buy a fine beef roast and really fine beefsteaks. About 10 years ago I saw some pictures in a magazine. They depicted the color of the beef—the little white spatter-spots that go through the piece of beef. And when you get that particular red color, not a deep red but a brilliant red with specks of white in the beef, you get a marvelous tender roast or steak.

I want to just say that there is nothing better to be put on the table than a good tender piece of choice U.S. prime beefsteak. And then to have a double helping of Arkansas rice with abouts two pats of the finest margarine from Mississippi County, Ark.

Mr. Radebaugh and Mr. McMillan, I want to thank you for bringing this fine statement to us and, particularly, referring to page 5 where you say there is no action needed by the committee. And you are so right. There is no election of these committeemen at all under H.R. 6400. They are nominated by the county ASC committeemen. They might send a good number up there but the choice would be made in the Department of Agriculture.

You put your finger on one of the things in this legislation that needs correction. If we are going to have a bill at all, the farmer engaged in the growing of a particular commodity should have an opportunity to elect that committee.

I am most grateful to you for bringing out that point.

Mr. RADEBAUGH. There are other members of our committee here; I am wondering if they had anything to add to the statement.

The CHAIRMAN. Mr. Hoeven.

Mr. HOEVEN. Mr. Radebaugh and you gentlemen, I want to compliment you on a very fine statement which expresses my views exactly. Furthermore, I am sure you reflect the views of the cattle producers and cattle feeders of Iowa.

Mr. RADEBAUGH. Thank you, sir.

Mr. HOEVEN. As I get the gist of your testimony, it is simply this, you want to be left alone.

Mr. RADEBAUGH. Yes, sir; that is it.

Mr. HOEVEN. Thank you.

Mr. POAGE. Mr. Radebaugh, I do not want to find fault with anything that you have said. I think you do reflect the views of many of our producers. But it seems to me that you and your colleagues and a great many others have overlooked just what the situation is today. You look at the future and say, "This is bad, to let the Secretary have any powers to establish price supports for cattle." You are opposed to that, are you not?

Mr. RADEBAUGH. Yes, sir.

Mr. POAGE. That is the law today, is it not?

Mr. RADEBAUGH. Maybe I am not following you. Are you speaking of beef cattle now?

Mr. POAGE. I mean beef cattle and all livestock. Let me read you the law—this is the law right now—section 301:

The Secretary is authorized to make available through loans, purchases, or other operations price supports to producers for any nonbasic agricultural commodity not designated in title II at a level not in excess of 90 per centum of the parity price for the commodity.

That is the present law. The Secretary has the right now to provide for price supports. More than that, the Secretary has a right to provide conditions as to those who are eligible to receive those supports.

Section 401, subsection (c), the present law:

Compliance by the producer with acreage allotments, production goals, and marketing practices, including marketing quotas when authorized by law, prescribed by the Secretary, may be required as a condition to eligibility for price support.

That is the existing law. I grant you I think that is awfully broad authority. Probably when we came up against this bill we first learned just how broad the authority of the Secretary was today.

I am not arguing with you about that. Most of us just did not realize how far the Secretary could go under existing law. Under existing law he can act without submitting his program to the Congress or to anybody for referendum; he can do these things on his own initiative. And if you say he has not done it, let us look at the facts. It has happened. I am talking about Secretary Benson and not some other Secretary. I am not talking about Dr. Cochrane or Chairman Cooley—I am talking about that exemplar of the established order of things, Secretary Benson, because Mr. Benson did establish a program of supports for live cattle through a purchase program in 1954 and I think it continued into 1955.

You remember that program. It is true he did not establish conditions of eligibility at that time but he did establish the support price. He did provide it and he used public money to pay for it, too. It has been done. It can be done again.

Mr. RADEBAUGH. Mr. Poage, at the present time would not a commodity have to go before Congress to get authority on these market agreements?

Mr. POAGE. No, sir.

Mr. RADEBAUGH. It would not?

Mr. POAGE. No, sir; it does not have to be referred to Congress. And I am calling your attention to the fact that support prices on livestock have been established. It has been done, and it can be done again if the law as it is at present is not changed. And it can and has been done without any consultation with either producers or Congress.

The CHAIRMAN. He has the money under section 32.

Mr. RADEBAUGH. I am "agin' it; I will tell you that. [Laughter.]

Mr. POAGE. The unfortunate thing is that whether he ought to have that authority or not he has it now, and even though we defeat this bill, he will still have it. Now it seems to me to be—I do not want to say unfair—but a little out of place to condemn and criticize and to suggest that the Secretary is seeking dictatorial powers, and that his powers should be circumscribed and that he should bring those programs to the Congress. It seems to me to be rather inconsistent to charge him with seeking dictatorial powers when under this bill, he at least would be required to consult with the producers.

I agree that maybe that consultation is not properly spelled out. I would go along with the gentleman from Arkansas in changing those

provisions and still further limiting these powers, but under the bill the Secretary would be required to consult with some kind of committee whereas he does not have to consult with anyone today. When you have these public meetings in our form of government it would be a legal possibility for him to ignore the advice of producers, but it would be a political impracticality for him to do it, to say the least.

The bill does require that these programs come before the Congress with an opportunity for Congress to disapprove the proposal. The present law does not require that. So that you have, as I see it, less delegation of power in this proposal than you have in the existing law. We are not arguing between perfection and something that is completely bad, we are arguing between what we have and what we will have if we pass this bill.

Mr. RADEBAUGH. I will tell you, sir, I am not up on this law you are talking about. I know two things very clearly: One is that we do not want to injure any other commodity in any way—No. 1.

Mr. POAGE. I agree.

Mr. RADEBAUGH. And the second thing is that we do not want any part of controls for any kind of cattle—No. 2.

Mr. POAGE. I understand that. And as one who has a little interest in the cattle business, I do not want such controls either. I agree with you entirely on both counts.

But let us not have somebody tell us, "Why, this fellow is trying to become a dictator and therefore we will go out and oppose him." Let us not get ourselves jousting with a windmill, as it were. Let us talk about what the law is now, and what he is proposing that it should be.

After all, when you read what the law is now, I do not think that you can say that he is proposing such a serious increase of somebody's powers.

Mr. SHORT. Will you yield?

Mr. POAGE. Yes.

Mr. SHORT. Under the present law the existing authority of the Secretary would not be repealed.

Mr. POAGE. That is right.

Mr. SHORT. This adds to the Secretary's authority to implement the consideration of the plan for any commodity, does it not?

Mr. POAGE. That is right. It does in a strictly technical way. It definitely limits what he can do in any practical way. I will say, frankly, that I think from a strictly legal standpoint he could do just what Mr. Shuman said—he could rig the committee. Mr. Shuman said he could, as you will recall. Mr. Shuman talked about rigging the committee but said he didn't think that the Secretary would do so.

Of course, that is a way of trying to implant the idea of prejudice and then saying, "I did not say that."

I quite agree with Mr. Gathings: that it might be desirable for us to go further in providing regulations for the selection of the committees. I will go along with that. I am willing to provide for the election of the committees.

The CHAIRMAN. I think that under the law he does not have to consult anybody.

Mr. POAGE. Under the present law he does not. He is not adding to his authority, even though he does not have to accept the advice of these gentlemen who make up the committees, he does not add to his authority by saying, "I will consult with some kind of committee representing the cattlemen." Maybe he will not appoint the men who should be appointed.

Mr. LATTI. Will you yield at that point?

Mr. POAGE. Not yet. He does not add to his authority by saying, "I will consult with you." He does not add to his authority by saying, "I am going to submit the program to the Congress before it goes into effect."

He does not have to do either under the present law. Mr. Benson did not submit it to Congress. He did not have to. I am not criticizing.

The CHAIRMAN. I am sure that he spent \$284 million for one program according to my recollection.

Mr. HOEVEN. I think the Congress appropriated the money so that he could spend it.

The CHAIRMAN. No, no.

Mr. LATTI. Will you yield now?

Mr. POAGE. There again, the statement just made by the ranking minority member, gives us the same kind of illustration of drawing a comparison against something that does not exist because the Congress would still have to appropriate money under the pending bill just as it has to now. The pending bill would not alter that one way or the other.

This bill does not give the Secretary money that the present law does not give him. He still has to go to the same source for the money.

I just think that you must consider if you are going to offer—

Mr. LATTI. Will you yield?

Mr. BEERMANN. Will you yield?

Mr. BELCHER. Will you yield just for that?

Mr. LATTI. Mr. Poage indicates by his statement that under the present law the Secretary now has the authority to set marketing quotas; is that what you are saying?

Mr. POAGE. The Secretary has the authority to put marketing quotas in without consulting Congress, as you well know.

Mr. LATTI. That is a point that I think you ought to clear up. The law says—

Compliance by the producer with acreage allotments, production goals, and marketing practices (including marketing quotas when authorized by law)—

and so forth. That is the only time that he can do that. Surely, he can put price supports on as you have indicated, but when it comes to marketing quotas, it has to be authorized by law. That is in subsection (c) of section 401.

Mr. POAGE. Marketing quotas are authorized by law.

Mr. LATTI. The impression has been given here that he has that authority. It has to be authorized by law before he can do it.

Mr. POAGE. They are authorized by law now. Marketing quotas are authorized by law and the Secretary does not have to submit marketing quotas to the Congress.

Mr. LATTA. He cannot under existing law bring all of these other commodities in without being authorized by law. We are now talking about price supports under section 301.

Mr. POAGE. Let me read you the law as it stands, and it says—

Mr. LATTA. What page are you reading from?

Mr. POAGE. From page 129 of the Compilation of Statutes Relating to the Agricultural Laws.

Mr. LATTA. That is the same page I am reading from.

Mr. POAGE. Section 401 (c) states:

Compliance by the producer with acreage allotments, production goals, and marketing practices (including quotas when authorized by law), prescribed by the Secretary, may be required as a condition of eligibility for price support.

In other words, that he can fix conditions of eligibility for price supports on cattle or almost any other commodity.

The CHAIRMAN. And it does not provide any penalty. No penalty is imposed.

Are you through?

Mr. LATTA. I am finished and you have established my point.

Mr. BELCHER. I have one question to ask. If the Secretary has all of this authority that the gentleman from Texas has outlined, then why in the world have we brought witnesses from all over the United States to consider H.R. 6400 to give him additional authority?

Mr. POAGE. Do you want me to answer that?

Mr. BELCHER. Yes.

Mr. POAGE. I do not think that the committee has brought any witnesses in here. I know of none that have been subpoenaed. I think the witnesses have come in here either because they understood the legislation and wanted to support it, or because they did not understand it and wanted to learn.

Mr. BELCHER. I think these cattlemen are a whole lot smarter than you think they are. They understand it pretty well.

Mr. GATHINGS. Will you yield? We in this committee and in this Congress may have erred once but that is no reason for doing it the second time because we did it before.

Mr. BELCHER. I do not think so, either. He has stated his position. If he has all of this authority now, he does not need it.

The CHAIRMAN. We thank you very much and now we will call the National Livestock Feeders Association representatives.

Mr. BEERMANN. I would like to ask a question.

The CHAIRMAN. Very well.

Mr. BEERMANN. As a member of this committee, Mr. Radebaugh, with several hundred head of cattle to provide this lovely meat that Mr. Gathings speaks of—and I see he is going out to get his steaks now—I appreciate your statement and I agree with you wholeheartedly. I would like to mention in passing the \$248 million that has been mentioned so many times to purchase beef—in that connection I would like to know how many pounds of beef we imported in that same year thereby causing a depressive factor in the market causing the Secretary of Agriculture to have to support beef.

I think I will ask this question of the chairman of the committee?

The CHAIRMAN. You asked me a question?

Mr. BEERMANN. Yes, sir. You were talking about the \$248 million that were spent for purchasing beef in 1 year.

The CHAIRMAN. I thought it was \$284 million.

Mr. BEERMANN. At least the \$248 million as I read it.

The CHAIRMAN. What about it?

Mr. BEERMANN. My question is, how much beef was imported in that same year thereby depressing the market, making it necessary for the Department of Agriculture to help an industry which is trying to compete with foreign imports?

The CHAIRMAN. Is the gentleman familiar with section 32? If the imports were a burden on our domestic program, it could happen.

Mr. BEERMANN. I think they should stop importing beef.

The CHAIRMAN. This committee provides the authority under section 32 to protect them.

I do not know whether other imports have been a burden on the hog market or not, but I do know the cattle industry when it was facing difficulties the Secretary came to their rescue.

Mr. FINDLEY. Mr. Chairman—

Mr. BEERMANN. I have just one question.

The CHAIRMAN. Mr. Poage points out that was at a time when the Mexican border was closed and we could not dispose of beef cattle from Mexico because of the foot and mouth disease.

Mr. FINDLEY. Mr. Chairman, may I direct a question to Mr. Radebaugh, please?

The CHAIRMAN. Yes.

Mr. FINDLEY. Suppose this bill is enacted and the advisory committee for the beef industry recommends a program and Congress does not turn it down and it is presented for referendum to the cattlemen, the beef industry. And suppose, also, that this referendum is approved by two-thirds vote of those who are determined to be eligible to vote in it. Do you think it is right that two-thirds vote of the industry, assuming it is a fair vote in all respects—do you think it is still right that two-thirds should be able to tie the hands of, perhaps, one-third who might object to the program?

Mr. McMILLAN. In answer to your question, I think this is one of the inherent dangers contained in the bill, because the Secretary, of course, getting back to Mr. Poage's comment, would have the power in the bill to designate who would be eligible to vote. That is my interpretation, and if it is correct, then we could assume—and I will cite an extreme case here—that he would say anybody producing beef—understanding, of course, this is an extreme case—anybody producing beef—a man with one or more cows is such—and I will again underscore that this is an extreme case and I cannot believe it would happen—but this man producing a cow would have the same vote which a man who, say, had 50 or 100 cows, and a man who was relying upon the production of cattle for his livelihood in agriculture, as contrasted with, say, one cow, who would derive his source of income principally from some other sources of agriculture, wheat or what have you.

Mr. FINDLEY. I think that is one danger. Assuming that we have fair conditions prevail in this referendum, and it does reflect the true opinion of two-thirds of the beef industry, my question is, is it right for the two-thirds to be able to implant their will upon the one-third of the industry who might prefer to operate their own industry as they see fit? Do you think that is the right way to do it?

Mr. McMILLAN. In a case like this, obviously, you would have a majority prevail, a majority of the producers prevailing. This can in the broad sense be interpreted as the democratic way.

Mr. FINDLEY. Right.

Mr. McMILLAN. But the one-third who may not approve of such a program conceivably could be the principal producers of, say, beef cattle and wish to remain free of any marketing order quotas or any other thing contained in the program.

Mr. FINDLEY. There can be a dictatorship of the majority as well as a dictatorship of a single dictator, a minority.

Mr. McMILLAN. It is entirely possible.

Mr. FINDLEY. Do you not have that provided in this bill?

Mr. McMILLAN. Yes.

Mr. HARVEY. May I ask a question?

The CHAIRMAN. All right.

Mr. HARVEY. I was very much interested in the concern expressed by the officials of the cattlemen's association over the fact that under their interpretation of this proposal that livestock (all of it) might be brought in under one order, hogs and cattle alike. I think that is possible. But even if provisions were written into this that would clarify that particular point, it is not very likely that if hogs were brought in under a marketing order that eventually the cattlemen would find themselves almost forced to come in under it in self-defense?

Mr. RADEBAUGH. Yes, that is true, Mr. Harvey.

Mr. HARVEY. I did not get that.

Mr. RADEBAUGH. Yes, sir.

Mr. HARVEY. There is one other thing that I want to mention which has to do with Department of Agriculture buying of cattle. As I recall, the Committee on Agriculture was in the Midwest in 1954 holding hearings; we were in the gentleman from Nebraska's district. We observed the beef-processing program in some of the plants. If my memory serves me correctly, the chief cause for that purchasing program was the drought condition in which many cattlemen found themselves. The cattle were purchased as an emergency program to provide an outlet for these drought-stricken stockmen. It was instigated, I think, at the suggestion of many of the members of this committee; it did not provide for marketing quotas, though, and should not.

That is all.

Mr. BATTIN. I request permission to file a statement immediately following that of the American Cattlemen's Association.

The CHAIRMAN. Without objection, you may file the statement. We will be glad to have you sit with us if you will.

(The statement follows:)

STATEMENT OF JAMES F. BATTIN, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF MONTANA

Mr. Chairman, I welcome this opportunity to express my views and those of the people of my district concerning the inclusion in H.R. 6400 of the livestock producers of this country.

It seems to me that Congress is going far afield when we include in a program a large segment of the agricultural economy when this segment emphatically says, "Leave us alone." For the last few years at their national convention,

as well as at their State and regional conventions, the stockmen have consistently passed resolutions stating that they do not wish to be regulated or controlled, and that they will look to the open market and the free enterprise system.

If Congress really desired to help the livestock industry in any appreciable way, it would be much simpler to realistically restrict the imports on meat and cattle into this country.

So far, with few exceptions, every farm program that Congress has passed has caused more problems and alleviated only a few.

While I have this opportunity I would also like to request that the extension of the Wool Act be taken out of H.R. 6400. Here again is a case where the person affected is satisfied with the operation of the act and desires that it be extended, and we should not use the obvious political pressure being placed on the wool people by including the extension in this omnibus farm bill.

I have introduced a bill for the permanent extension of the Wool Act, as have other Members of Congress, and we would like it decided on its merits rather than on the basis of having to swallow the entire omnibus bill.

I think we can all agree that any program should stand on its own feet and on its merits.

Mr. Chairman, I urge the committee to exclude from H.R. 6400 the provisions dealing with the livestock industry, and further request that the extension of the Wool Act be considered separately.

Mr. BEERMANN. I have a wire that is concerned with this hearing that I would like to read:

The Nebraska Stock Growers Association wishes to concur with the American National Cattlemen's Association re Agricultural Act of 1961. Request slow down action on bill as time insufficient to analyze bill and develop position of effect on cattle industry in Nebraska.

Signed, Charles A. Paxton, president.

The CHAIRMAN. It is "slowed down" all right.

Thank you very much.

Mr. SHORT. May I have this telegram inserted in the record immediately following the testimony of Mr. Radebaugh?

The CHAIRMAN. That may be done.

(The telegram follows:)

Bismarck, N. Dak., April 25, 1961.

Congressman DON SHORT,
House Office Building, Washington, D.C.:

Have received copy 1961 Agricultural Act and hasten to protest inclusion of cattle.

Reaffirm North Dakota Stockmen's Association unalterably opposed to price supports and production quotas on cattle.

Also opposed to all-inclusive language contained throughout entire act as so sweeping would rob Congress of responsibility and the producer of initiative.

Respectfully request you do everything possible to delay hearings until livestock people have time to study the provisions of this act and to express their opinions completely.

If this fails, request you do all in your power to have cattle excluded from the bill.

Regards.

J. L. CONNOLLY,
North Dakota Stockmen's Association.

The CHAIRMAN. Our next witness is Mr. Don F. Magdanz of the National Livestock Feeders Association.

We will be glad to hear you now.

**STATEMENT OF DON F. MAGDANZ, EXECUTIVE SECRETARY-
TREASURER, NATIONAL LIVESTOCK FEEDERS ASSOCIATION**

Mr. MAGDANZ. Mr. Chairman and members of the Committee on Agriculture:

I am Don F. Magdanz, of Omaha, Nebr., the executive secretary-treasurer of the National Livestock Feeders Association. Speaking for the organization of livestock feeders I represent, may I express our gratitude for the opportunity of appearing before you today for the purpose of expressing the views and opinions of our members as they relate to H.R. 6400, the Agricultural Act of 1961.

Since the National Livestock Feeders Association is a commodity organization, the statements I present here on this occasion will be largely confined to those portions and parts of the measure under consideration which apply to livestock; namely, cattle, hogs, and lambs.

While the situation relative to other agricultural products, particularly feed grains, has been discussed at length in meetings of our membership, a policy has never been declared.

In order that you may be apprised of the character of the National Livestock Feeders Association, I submit it is a nonprofit, nonpolitical organization of people engaged in the business of feeding and finishing livestock for the slaughter market. Its general purpose is to provide the livestock feeders in the Nation with an association through which the members may work together to improve and protect the economy of the industry and combine their efforts toward the solution of problems confronting the livestock feeders.

Specifically, its purposes are to formulate and declare policy on matters affecting the feeding business; to use the influence of the organization to obtain recognition and acceptance of these policies; and to counsel in the solution of problems confronting the livestock feeders.

The association is supported by voluntary members and it is engaged in no business enterprises involving products or services other than the preparation of a regular publication to the membership, which is for the purpose of supplying them with valuable information relating to their business.

The association has membership in 17 States, including, of course, all of the States in the heavy feeding area of the Midwest, and comprises some 83 affiliated State and county livestock feeders associations. May I emphasize that the views and opinions expressed hereafter are those of a good cross section of people in the feeding business.

The membership includes small or modest farmer-feeders, some who are classified as larger farmer-feeders, commercial feeders, as well as the entire range between. Regular or voting members must be actual operators of a feeding business.

And I might add that I have personally been an active livestock feeder all of my adult life, except in the period beginning about 5 years ago when I assumed the responsibilities of my present position.

From the beginning, the National Livestock Feeders Association has taken a firm position against the inclusion of livestock in any Government program that would provide for marketing quotas, pro-

duction controls, marketing orders, price supports, or other interferences with the traditional and established freedom of operation by the stockmen. While this position has been consistent throughout the years, it has been reaffirmed on several occasions, the most recent being the annual meeting in Omaha, Nebr., on February 10, 1961, when the following proclamation was unanimously approved:

Inasmuch as there are those who consistently make attempts to involve the livestock industry in some form of a Government program that would include price supports, production controls, incentive payments, subsidies, or a combination of these factors, and bills are invariably introduced in the Congress of the United States designed to implement some program on livestock; and

Since the association has consistently objected to any measures that would create artificial prices and threaten the freedom of operation of the livestock people; Be it

Resolved, That the National Livestock Feeders Association reaffirm its strong opposition to Government programs pertaining to livestock and continue to do its utmost to see that no such programs are put into effect.

It is for this reason, Mr. Chairman and members of the committee, that I am here today to register strong resistance to the application to livestock of the provisions of H.R. 6400. In years past under various acts of the Congress, we have witnessed the development of circumstances with respect to individual agricultural products which conceivably may be labeled as emergency situations. Some may allege that the inadequacies of these previous acts have contributed to the undesirable circumstances which have developed. At any rate, surpluses of a few products have accumulated and returns to farmers from some areas of agriculture have declined.

However, the act referred to and the pursuant programs have not directly included livestock, and I submit that we do not have circumstances in the livestock economy which justify the kind of treatment the Agricultural Act of 1961 provides for and would permit.

Despite some rather regular fluctuations in numbers, production, and prices, the livestock industry has generally remained in a state of good health, and the industry is not burdened with surpluses of products which exert a depressing influence on the market. In fact, the records show that even the stocks of meat and meat products in cold storage April 1 of this year were 110 million pounds below April of 1960 and 125 million pounds below the 1956-60 average for April 1.

Admittedly, these figures represent only a very small percentage of our annual production of meat, but have a significance in these facts: They represent the only amount of product in storage; they are held by private industry as a normal procedure; and they are actually below normal by about 25 percent.

It would be possible to present a host of figures, charts, and data to prove the contention that those in the livestock-feeding industry are not in need of the Government assistance provided in H.R. 6400.

Briefly, though, an examination of the record of livestock prices will not reveal a long history of depressed figures that would cause grave concern for the producers of these products, and might seem to indicate the desirability or necessity of Government intervention in the business.

For instance, for the past 11 years, according to USDA data, the average price of beef cattle was 95.4 percent of parity. In only 1 year did the average price of beef cattle go below 75 percent of parity,

and for the past 3 years—1958, 1959, and 1960—prices have averaged 94 percent, 97 percent, and 87 percent, respectively.

During the same 11 years, hog prices have been somewhat lower, but still have averaged 85 percent of parity. In only 4 years have they averaged below 75 percent of parity.

As of January of 1961, parity on hogs was \$21.30 per hundredweight and the market price on all hogs on January 15 was \$16.50 per hundredweight with most butcher hogs selling in the \$18 range. Now then, while it would be highly desirable if butcher hogs sold in the free market at \$21.30 per hundredweight, nevertheless there is still substantial profit in hogs which move into the trade at \$17 to \$18 per hundredweight.

In the same period, 11 years, the price of lambs has averaged 82 percent of parity and only twice in the years since 1950—1959 and 1960—has the price of live lambs dipped below 75 percent of parity.

I want to submit again, emphatically, that this history and pattern of prices does not, in our estimation, indicate that any grave emergency exists in the livestock business requiring the emergency treatment embodied in the measure under consideration.

Perhaps more important and significant than the figures and data is the consideration of a basic philosophy prevalent among livestock people. Those who choose to enter the livestock business must be keen in their judgment, adept in the use of scientific methods, inspired in their work throughout the entire year and under all kinds of weather, willing to take the necessary risks of production, management, and investment, and must be genuinely and profoundly attracted to handling animals. The livestock business does not lend itself to the irregular and inconsistent operator, but successful conduct of the business requires the continuous process of growing and feeding.

It stands to reason that an industry having and requiring these characteristics will attract people of a rugged nature, people who abhor conformity, people who are individuals, and people who are willing to face up to the challenges which may constantly arise. The respect these people have for the prevailing atmosphere under which the industry is operating has been the major contributing factor to the strength and stability of the livestock and meat business.

At this point I would like to make an observation which should be of prime importance to consumers of the United States. Livestock growers and feeders have been providing the most valuable and important food to the American people that is available to them. And it has been supplied to them in sufficient quantities to enable the consumers of this Nation to be the best fed of any in the world. This has all been done under a system of free enterprise when a decline in volume stimulates production and more than consumers desire at a fair price causes production to decline and adjust itself.

I will predict that this Nation will continue to be supplied with sufficient quantities of meat if the industry is not subjected to control by the Government. On the other hand, I submit the dangers of interrupted or possibly insufficient supplies to satisfy the wants of the people should the industry be subjected to production controls and marketing orders.

Should there be any sympathy for an encouraged expanded production of livestock and meat so the latter would sell at lower prices

to the consumer, and it would be intended to subsidize the livestock industry to an extent sufficient to make up for losses incurred plus a reasonable profit, I have this to say. Not only does our organization violently oppose such a maneuver, but no real benefit would accrue to the American people through lower prices realized in this way.

The Government, in effect, would be giving them part of their food bill and here is a fundamental principle that is as true today as it ever has been. The Federal Government, nor its agencies or segments, cannot ever give anything to the American people unless it takes it away from them beforehand, at the time, or afterward.

We could go into the various aspects of H.R. 6400 in general, but as I stated in the beginning, my remarks would be confined to the application of the measure to livestock. We respectfully request that the committee acknowledge our wishes and desires and take the necessary steps to strike livestock from the bill and insert a clause specifically eliminating its application to cattle, hogs, and lambs.

Our organization appreciates the courtesy of this audience and will be grateful for your consideration of our position and opinions.

The CHAIRMAN. Thank you very much, Mr. Magdanz. Mr. Hoeven.

Mr. HOEVEN. Mr. Magdanz, I have received some complaints of late from lamb producers, complaining about the difficulty which they find themselves in. Is there a decline in the market on lambs?

Mr. MAGDANZ. Yes, sir; that is correct. At the moment the market is not very favorable on feed lambs.

Mr. HOEVEN. What is the cause of that?

Mr. MAGDANZ. I wish I could answer that question for you accurately. The question has been posed to us frequently lately and it is difficult to say.

I can give you perhaps several factors that we think, at least, have contributed to it.

In the first place, lamb is not a widely distributed product such as beef and pork. The total production of it in the United States is very small. If I am correct, I believe the annual per capita consumption is somewhere in the neighborhood of 4 to 5 pounds.

With this inadequate distribution and small quantity, local factors can have a decisive effect on the price structure. For a long time a high percentage of the lamb was consumed in the city of New York or the metropolitan area of New York. And any particular circumstance in an area like that which changed could affect the total price structure.

Another thing, I am sure that the imports of lamb have had more effect on the price of lamb than the imports of some of our other meat products.

Then here, too, is a speculative factor, and I say speculative because we do not as yet know this to be a fact, but we are sure it has had an influence. Just recently, the grading standards on lamb were lowered. From all information we have been able to gather, this lowering of grading standards as much as they were lowered, has also had a depressing effect on the lamb market.

Those are the factors that I can give you that we think have caused this situation.

Mr. HOEVEN. The cessation of the Government buying program also is affecting the price structure, is it not?

Mr. MAGDANZ. Probably.

Mr. HOEVEN. I made some inquiry on that point and was advised by the Department that the Government had reached the saturation point in buying feed lambs and there was no need of any further purchase program. Apparently, no further buying program is contemplated at the present time.

Mr. MAGDANZ. That could very well have an effect.

Mr. HOEVEN. Could that be one of the factors?

Mr. MAGDANZ. That could be one of the factors.

Mr. HOEVEN. I want to thank you for your explanation of the lamb situation.

The CHAIRMAN. Thank you very much.

Mr. BEERMANN. Since Mr. Magdanz stated that the policy had never been declared, at this point I would like to ask permission to insert in the record following his testimony several letters that I have received from both directors and members of the National Feeders Association.

The CHAIRMAN. All right, without objection they will be inserted in the record.

(The letters follow.)

WEST POINT, NEBR., May 1, 1961.

HON. RALPH BEERMANN,
Member of House of Representatives,
Washington, D.C.

DEAR RALPH: I'm concerned about the bill the "Agriculture Act of 1961." I see this bill includes livestock—"cattle, hogs, and lambs."

I'm firmly opposed to having livestock in this bill and wish you could help us to exclude livestock out of this bill.

As I see it, if feed is controlled this automatically controls meat because feed is what makes meat.

Again I say, let livestock out of this bill, H.R. 6400.

Yours truly,

LEO KNIEVEL,
Director of National Feeder Association.

STANTON, NEBR., May 1, 1961.

Re Agriculture Act of 1961, H.R. 6400.

HON. HAROLD D. COOLEY,
Chairman, Committee on Agriculture, House of Representatives, House Office Building, Washington, D.C.

DEAR MR. COOLEY: I am an active farmer and feeder of cattle and hogs and wish to express my unalterable opposition to having livestock included in the above bill.

As director of the Nebraska Livestock Feeders Association I am certain that I speak for the overwhelming majority of Nebraska farmers and feeders, who beg to be spared the ordeal of Government regulation.

We of the livestock industry are now supplying the American consumer with an abundance of the highest quality meat in history at the lowest prices in history compared to average personal income.

There is no emergency in the livestock industry at the present time. We desire no Government supports or subsidy. All we ask is to be allowed to run our business as we have in the past.

Sincerely,

M. J. HANKINS,

MEADOW GROVE, NEBR.,
April 29, 1961.

HON. RALPH BEERMANN,
Member of House of Representatives,
House Office Building,
Washington, D.C.

DEAR SIR: We are opposed to the Agricultural Act of 1961. We urge you to present our position to the Agricultural Committee and the Congress.

We feel there is no emergency in the area of livestock. It is the healthiest segment of agriculture. There are no surpluses of either livestock or meat.

We wish the livestock industry to remain free of Federal control. "Situations" have corrected themselves quickly and will continue to do so.

I've had 30 years' experience in livestock feeding.

We feel the overall act violates the legislative procedure and denies Congress its responsibility.

Writing for myself and in behalf of the Madison County Feeders Association of Nebraska.

ERNEST KLEIN, *Secretary.*

The CHAIRMAN. The next witness is Mr. Carroll Dunham, president of the Northeastern Poultry Producers Council.

Mr. ABBITT. I request permission for Mr. W. V. Rawling, executive secretary of the Virginia Peanut & Hog Growers Association, and J. Paul Williams of the Virginia State Poultry Federation to file a statement at a later date for the record.

The CHAIRMAN. Without objection, you may file the statements. (The statements follow:)

STATEMENT OF ASSOCIATION OF VIRGINIA PEANUT & HOG GROWERS, INC., CAPRON, VA., BY WILLIAM V. RAWLINGS, EXECUTIVE SECRETARY

The Association of Virginia Peanut & Hog Growers, Inc., endorses and supports the principles, objectives, goals, and the general direction for agriculture as proposed in H.R. 6400.

Virginia peanut producers are heartened and encouraged by the leadership of Secretary Freeman and the administration.

Our association has long advocated a commodity-by-commodity approach and direct farmer participation in the development of and administration of their programs.

We recognize there are areas in which H.R. 6400 can be constructively improved as it moves through the normal legislative processes and our association hopes there will be a sincere effort on the part of all to constructively improve the bill as contrasted to an attitude of faultfinding as an excuse to stifle badly needed agricultural legislation.

It is the opinion of our association that the bill as introduced is a vast improvement over what we have had in the past and we wish to make it clear that if the choice is H.R. 6400 as initially introduced or a continuation of what we have had in the past, our association supports the enactment of H.R. 6400.

However, there are several areas in which we suggest consideration be given for possible improvement of the legislation. They are as follows:

1. Provide that the Congress may amend specific commodity programs presented under the terms of the bill and thereby give an additional alternative to acceptance or rejection as submitted.

2. Where existing programs are in effect, provide that in event a new program is proposed and submitted to referendum and the new program is defeated in referendum, then in such event, the producers of that commodity would revert to the program initially in effect, rather than be without a program (50 percent of parity price supports) for at least a year.

It may be that rather than extend such a provision to all commodities, it would be more desirable to spell out specific commodity programs now in effect, to which producers would revert in event of an unfavorable referendum vote on a proposed new program.

Frankly, this provision does not bother us as we do not believe that committees would be stacked, that the Department of Agriculture would act in an underhand manner, that the Congress would be totally asleep for a period of 60

working days; all of which would have to happen before the proposal was submitted to growers in a referendum, but our suggestion is based on the thought it would take some of the ammunition, although farfetched, from the hands of the opposition.

3. Consider a method of obtaining nominees for appointment to the producer advisory committees from a direct vote of the producers of the commodity concerned, or provide for the direct election of advisory committees by the producers concerned. This suggestion is made for the same reason as the foregoing suggestion.

4. The next suggestion is rather far reaching, but we feel strongly that it should be given serious consideration. At the present, the legislation is being abused to a fantastic degree by ridiculous cost estimates.

Whether the proposed legislation was being attacked on this basis or not, in view of the terrific cost to the Federal Government of the program of the past few years, we feel that it would greatly strengthen the bill in the eyes of the public if there is a practical way to put a cost ceiling on any commodity program developed under the terms of the new legislation or a continuation of an existing program.

For example, for the first year of a new program or a continuation of an old program, the cost to the Federal Government could be limited to the cost of the program during the preceding year. Thereafter, require that for a program to continue under the proposals of this bill or existing legislation, a satisfactory (we suggest for illustration only a 5 percent) reduction in the cost to the Federal Government be required each year until such time as the program cost to the Federal Government would be reasonable and defensible. Suggest (for illustration only) the goal of not to exceed 50 percent of the cost to the Federal Government during the immediate year prior to adoption of this legislation. Provision will be needed to take care of commodity programs, at present costing nothing or relatively little, may relate goal to a percent of the value of the commodity.

We have some reservations as to whether it would be practical to spell out such a cost ceiling and provision for satisfactory reduction in cost to the Federal Government, but in our opinion, it would greatly strengthen the bill.

We assure you that our association considers the bill in its initial form a great improvement over what we have at present. At the same time, we recognize there is always an opportunity for constructive improvements and/or amendments.

We appreciate this opportunity to make known to this committee the views of Virginia peanut producers regarding H.R. 6400 and urge that the committee report the bill favorably and seek its early enactment into law.

STATEMENT OF THE VIRGINIA POULTRY FEDERATION RELATIVE TO H.R. 6400, THE AGRICULTURAL ACT OF 1961, BY J. PAUL WILLIAMS, EXECUTIVE SECRETARY, RICHMOND, VA.

This statement is made on behalf of the board of directors of the Virginia State Poultry Federation, representing some 3,000 members. This membership is made up primarily of farm producers of broiler chickens, turkeys, and eggs, but also includes representation from hatcheries, feed companies, poultry and egg processing and marketing firms, and allied industry groups that make up the total production and marketing team.

As background, we would like to point out to the committee that Virginia farmers were among the first to produce broilers and turkeys on a commercial scale and, therefore, were the pioneers of the commercial poultry industry as we know it today. At the present time, Virginia is the largest turkey producing State east of the Mississippi River and fourth largest in the Nation. Just 10 years ago, the State was the fifth largest producer of broiler chickens but now ranks 12th because production in Virginia has been more or less stable in recent years when newer production areas were growing by leaps and bounds.

Comparatively speaking, Virginia poultry and egg producers are small to medium-size operators and many of them live on small farms which are incapable of producing a family income from any other type of farming operation. They have, in many cases, perhaps been too conservative about expanding their pro-

duction units and, therefore, have experienced some difficult times when broiler, turkey, or egg prices reached such low points as to return only a very small margin even to the efficient producer.

The Virginia Poultry Federation, with the cooperation of the Agricultural Extension Service and the Virginia Department of Agriculture, has been working on a long-range development and marketing program designed to aid these producers in improving their competitive position. Imposition of production or marketing quotas based on recent production history as visualized under H.R. 6400 would have the effect of freezing these small commercial producers at a comparatively inefficient level of production and would prevent them from taking advantage of future opportunities to supply a growing consumer market in Virginia and the nearby metropolitan areas along the eastern seaboard.

We are sympathetic with the general aims of H.R. 6400 as they relate to improving farm income and the bargaining power of producers. However, we do not believe these goals can be accomplished within the framework of the bill as it is presently written or under any program of strict regimentation by the Federal Government.

Our industry has made phenomenal progress under a system geared to free enterprise. In spite of the severe "growing pains" that have been experienced from time to time, we are not convinced as yet that a Government program offers a satisfactory solution to our problems. We do not wish to close the door on the possibility of coming to the Congress at some future date to ask for assistance with some type of program which we as an industry may not be able to accomplish entirely on our own initiative. We would prefer, however, that any request for assistance would come from the industry and any programs considered would have been worked out by representative industry groups concerned with the long-range future of the industry.

More specifically, we are opposed to the following provisions of H.R. 6400:

1. The eligibility requirements for appointment to the national farmer advisory committee and the manner in which the nominees would be elected.

We feel that any national committee charged with the responsibility of drawing up a proposed program should be truly representative of the agricultural commodity group in question. In the case of poultry, this would include hatcherymen, feed contractors, and processors as well as farm producers as each of these play a vital role in the total production and marketing structure and each has a considerable investment at stake.

Nominees for a national poultry advisory committee, we believe, should be selected by local and State associations representing the particular commodity group or by direct vote of such groups. In our case this would be broiler or turkey growers or egg producers and allied industry members. Incidentally, we feel that each of these should be considered as separate commodities.

Poultrymen are not generally represented on the county ASC committees and the county committeemen as a rule are not intimately acquainted with poultrymen or the problems of the poultry industry. "Appropriate farm organizations" which would be able to select one-third of the nominees, under the terms of H.R. 6400, should be more clearly defined.

Terms of service on the national advisory committee, we believe, should not be at the discretion of the Secretary of Agriculture but should be for a specified period of time.

2. Our second major objection to H.R. 6400 is that it would take away the power of Congress to amend such programs as might be developed and approved by the Secretary and the President.

We do not believe it would be wise to transfer such legislative powers to the executive branch of the Government. Rather, we believe that any programs developed should require positive action and approval by Congress before they could be offered to producers in a referendum. We do not feel that the power of Congress to veto such programs is sufficient.

3. Our third major objection to H.R. 6400 is the manner in which a producer is defined. In the case of a poultry producer, we believe this should be broadened to include all of those who are risking capital in the growing operation.

In closing, I would like to emphasize our desire to cooperate with the Congress and the Department of Agriculture in formulating and promoting such research, regulatory and market development programs as are within the proper scope of the Federal Government and in the national interest.

The CHAIRMAN. We will be glad to hear from you now, Mr. Dunham.

**STATEMENT OF CARROLL DUNHAM, PRESIDENT, ACCOMPANIED BY
RICHARD I. AMMON, EXECUTIVE SECRETARY, NORTHEASTERN
POULTRY PRODUCERS COUNCIL, TRENTON, N.J.**

Mr. DUNHAM. Mr. Chairman and members of the committee, I would like to have sit with me Mr. Ammon, the executive secretary of our association.

My name is Carroll Dunham. I reside on a farm near Southbury, Conn., where I am engaged in the production of market eggs.

I am testifying today as president of the Northeastern Poultry Producers Council, more commonly known as NEPPCO.

NEPPCO is a nonprofit trade association whose basic membership consists of the recognized State poultry associations from the States of Main, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, and Ohio. These organizations represent a combined total of over 20,000 poultrymen.

In addition to these State association members, NEPPCO also boasts over 2,000 direct, dues-paying members, 81 percent of whom are poultry, egg, and turkey producers, the balance being farmer cooperatives, local associations, and companies that supply or service the poultry industry.

By request, this testimony is also being presented on behalf of Delmarva Poultry Industries, a nonprofit trade association of some 3,000 broiler and egg producers located on the Delaware-Maryland-Virginia peninsula.

To preface our views on H.R. 6400, known as the Agricultural Act of 1961, may I take the liberty of quoting briefly from NEPPCO's agricultural policy as adopted by our board of directors, October 5, 1960:

We, the directors of NEPPCO, have reviewed the problems of the industry during the past few years and realize the need to revitalize the northeastern poultry industry and to assist the industry to remain competitive not only with other areas but also with other food products.

We recommend action that will reverse the present depressed outlook of the northeastern poultrymen and will utilize to the fullest the natural and economic advantages of the northeastern area due to our nearness to market and favorable climate; action that will adhere to our fundamental belief that American farm policy should be based upon the principles of freedom of enterprise and individual effort.

This council will foster the development of a program for better organization and increased cooperation among all segments of the poultry industry to the end that production and marketing will be on a sound, business-like basis, the bargaining power of producers improved and individual independence maintained throughout the industry.

Quite obviously, Mr. Chairman, this statement of NEPPCO's policy is incompatible with the basic concepts of the legislation under consideration. Freedom of enterprise and individual effort, the right of independent action, the right to produce on our own land as much or as little of whatever commodities we choose, the right to freely bargain in the marketplace independently or cooperatively, the right

to succeed or to fail would be severely abridged if not totally revoked by the powers implicit in this bill.

Contrary to many declarations made before this committee and in the public press, H.R. 6400 would not give farmers the opportunity to "formulate their own programs." Instead, the authority of the Secretary of Agriculture would be absolute.

He would select the national farmer advisory committees from nominees proposed by his own staff personnel. He could accept or reject the committees' recommendations as he saw fit. He could control the outcome of farmer referenda. He could decide at his discretion just about how much each one of us could earn for any given period.

If anyone doubts that the Secretary and his top echelon staff would use these dictatorial powers, let me quote from page 97 of the hearings before a subcommittee of the Committee on Agriculture and Forestry, U.S. Senate, 86th Congress, 2d session, on S. 2516, a bill to provide for stabilization and orderly marketing in the poultry industry, February 25 and 26, 1960.

This quote is from a speech by Willard W. Cochrane, one of the architects of the legislation we are considering today. It was given in Trenton, N.J., in January 1960. It was inserted in the record of the February 1960 hearings by Senator McCarthy of Minnesota:

I must confess that one administrative aspect of S. 2516 does bother me—that is the role of the Marketing Program Advisory Board.

As I read the bill, this committee is not advisory, it would administer the program with the consent of the Secretary.

I do not like this—an advisory committee can perform a useful role in the capacity of offering advice; but in my opinion, administration should reside within the Department of Agriculture.

We find it inconceivable, Mr. Chairman, that any one man or group of men could perform the high-wire balancing act necessary to make a nationwide commodity-by-commodity supply-management program come out right.

Instead, we believe the net result of this program would be to eliminate the beneficial aspects of competition and the existing balances of power in the marketplace.

There are other ways of maintaining a sound balance in our agricultural economy than delivering it to the tender mercies of one man, regardless of who he may be.

The poultry industry is a dynamic one. As such, it has had and continues to have many problems. NEPPCO is especially engrossed at this very moment in solving the problem of making free enterprise work. We believe we have found workable solutions, programs that require no further governmental assistance, control, or intervention.

We cannot, of course, speak for other commodities or other segments of our agricultural economy. If they desire such controls as are proposed in H.R. 6400, that is their prerogative.

But we sincerely believe that our inclusion in this bill will drastically curtail our ability to place ever better, more economical products on the dinner tables of our Nation's consumers; it could, in fact, destroy us as an independent industry.

Secretary Freeman has described the American farmers' ability to produce as one of this Nation's greatest assets. Our problem is to

learn to live with this asset. It's a strange and wonderful problem—a problem for which most of the world envies us. We need to recognize that we're going to have agricultural abundance for a long time, and that if a product is to be abundant, it cannot successfully be priced as if it were scarce.

The impractical aspects of marketing orders and production controls for the poultry industry are best illustrated in the work of Prof. John W. Mamer and Thomas C. Morrison of the University of Connecticut in their Bulletin 351 of December 1959, entitled, "Feasibility of Marketing Orders and Production Controls for the Poultry Industry," a copy of which I should like to submit for the committee's perusal.

In conclusion, Mr. Chairman, NEPPCO is unequivocally opposed to H.R. 6400 and its companion bill S. 1643. We contend that present governmental statutes give to the American poultryman all the opportunity he needs to compete effectively and successfully in today's economy. We further believe that the present major problems of overproduction and undermarketing in the poultry industry can be solved by poultrymen, themselves, working through their responsible and established organizations.

NEPPCO adheres to the basic principles of free enterprise and the free market system upon which this Nation was founded and by which property is privately owned, privately managed, and operated for profit and individual satisfaction—the system in which supply and demand are the ultimate determinants of market price.

In the words of a distinguished former official of the Department of Agriculture, Dr. Earl Butz:

Our bill of rights guarantees equality, but it is equality of opportunity, not necessarily equality of reward.

Leave the poultry industry with its opportunities, Mr. Chairman. It will develop its own rewards.

On behalf of the organizations and the thousands of poultrymen I am privileged to represent here today, may I thank the committee most sincerely for this opportunity to present our considered views and opinions on this vitally important subject.

The CHAIRMAN. It will be received for the files of the committee. (The booklet will be found in the files of the committee.)

The CHAIRMAN. Thank you very much.

Mr. Poage.

Mr. POAGE. May I introduce into the record at this point a telegram received this morning from Palomar Poultry Cooperative, Inc., which reads as follows:

Palomar Poultry Cooperative, Inc., board of directors in meeting assembled unanimously voted support for H.R. 6400 and wish to be recorded accordingly. Sincerely request that your committee act favorably H.R. 6400 to enable farm producers to shape their own destiny.

The CHAIRMAN. Without objection, the telegram will be made a part of the record at this point.

(The telegram follows:)

VISTA, CALIF., May 2, 1961.

Hon. W. R. POAGE,
House Office Building, Washington, D.C.:

Palomar Poultry Cooperative, Inc., board of directors in meeting assembled unanimously voted support for H.R. 6400 and wish to be recorded accordingly. Sincerely request that your committee act favorably H.R. 6400 to enable farm producers to shape their own destiny.

PALOMAR POULTRY COOPERATIVE, INC.
ED BENDER, *President.*
EVA WEINER, *Secretary.*

The CHAIRMAN. Mr. McIntire.

Mr. McINTIRE. This is the first opportunity I have had this morning to speak. I have been trying to conserve the time of this committee. May I just ask, at your convenience, Mr. Dunham, if you would supply for the record the membership of the State poultry associations you have listed here—I mean the total membership for each State and also the State distribution of your 2,000 direct dues paying members.

Mr. DUNHAM. Yes, sir.

Mr. McINTIRE. May I also say that I know that your organization has a very broad representation in the area which is referred to in your statement. I appreciate the forthright statement you have given us this morning. I think it states the position of your organization very clearly and we appreciate it very much.

Mr. DUNHAM. Thank you, sir.

(The information requested follows:)

Membership of State poultry associations affiliated with the Northeastern Poultry Producers Council

Maine Poultry Improvement Association.....	181
New Hampshire Poultry Growers Association.....	393
Vermont Poultry Association.....	90
Massachusetts Poultry Association, Inc.....	125
Poultry Producers Association of Rhode Island.....	70
Connecticut Poultry Association, Inc.....	100
New York State Poultry Council.....	380
New Jersey State Poultry Association.....	4, 824
(Actual membership consists of 21 farmer cooperatives and 14 county boards of agriculture. The cooperatives pay dues for their patrons who total 4,824.)	
Pennsylvania Poultry Federation.....	711
Delaware Poultry Improvement Association.....	152
Maryland Poultry Council, Inc.....	350
Virginia Poultry Federation.....	2, 128
West Virginia Poultry Association.....	345
Federated Egg & Poultry Sales, Inc., of Ohio.....	8, 714
Total State membership.....	18, 563

Direct dues-paying members of NEPPCO by States

Maine.....	69
New Hampshire.....	69
Vermont.....	25
Massachusetts.....	173
Rhode Island.....	10
Connecticut.....	100
New York.....	234
New Jersey.....	137
Pennsylvania.....	431
Ohio.....	845
Delaware.....	19
Maryland.....	41
Virginia.....	23
West Virginia.....	11
Outside.....	28
Total direct membership.....	2,215
Total NEPPCO producer representation.....	¹ 20,778

¹ NEPPCO membership also includes 24 poultry- and egg-marketing cooperatives which represent over 12,000 poultrymen. Since we have no way of checking duplications on the cooperative's patron lists, the State association's membership lists and our direct membership list, the cooperatives were not included in any of the above figures.

The CHAIRMAN. We thank you very much.

Mr. DUNHAM. Thank you.

Mr. BEERMANN. Mr. Chairman, I have one letter from California which has the opposite philosophy of the one Mr. Poage read, and I would like to ask permission for it to be inserted in the record at this point.

The CHAIRMAN. Without objection, it will be inserted.
(The letter follows:)

DELHI, CALIF., April 26, 1961.

Representative RALPH F. BEERMANN,
House Office Building,
Washington, D.C.

DEAR SIR: As an egg producer with 6,000 hens, I am opposed to President Kennedy's "self-determination" farm program.

Several of those in the top echelon of the Agriculture Department favor Government control of poultrymen. With passage of this farm bill, it will be possible for them to use their position to influence a program that they favor.

Those of us who desire to operate our own farms, free of Government interference, hope that you will vote against this bill.

Sincerely,

OSCAR HILL.

The CHAIRMAN. Our next witness is Mr. Thomas Stark, president of the Virginia State Dairymen's Association.

The Chair recognizes Mr. Abbitt of Virginia.

Mr. ABBITT. I would like to introduce Mr. Stark, the president of the Virginia Dairymen's Association. He is one of my constituents, and a very fine gentleman.

The CHAIRMAN. Thank you.

We shall be glad to hear from you now.

STATEMENT OF TOM STARK, JR., PRESIDENT, VIRGINIA STATE DAIRYMEN'S ASSOCIATION, ACCOMPANIED BY LEON J. STECK, ECONOMIC CONSULTANT

Mr. STARK. Mr. Chairman and members of the committee, my name is Tom Stark, Jr., president of the Virginia State Dairymen's Association, an organization of approximately 2,700 Virginia dairy farmers.

The board of directors of the Virginia State Dairymen's Association in session on April 28, 1961, were unanimously in favor of the land retirement approach to solving the agricultural problem, because it will be entirely voluntary on the part of the producers and it will cost the taxpayers less to administer than proposed programs.

The board, after careful consideration and study of H.R. 6400 and S. 1643, voted unanimously to oppose those sections of the farm legislation which provide for nationwide marketing quotas, direct payments, and for the exemption of small producers from regulation made applicable to other farmers.

Present individual farm production would be placed in a static condition without the ability to adjust to changing economic conditions in various areas of the Nation. The voluntary plans and land utilization plans that keep production under control so that excess surplus production will be discouraged will best assist in solving the Nation's agricultural problem.

The board particularly opposed the bill in that it requires the producers of each commodity to support a single legislative plan, while the problems of all commodities are not geared to a single solution. We do not approve provisions of this legislation for a referendum and the alternative penalties provided if the referendum is disapproved by the farmers producing a specific commodity.

It embraces many American farmers into supporting the programs contained in this legislation.

The board of directors further opposes provisions throughout the legislation which tends toward Federal control of farmers and destroys local and State administration of marketing farm commodities.

The board is opposed to the Congress of the United States further relinquishing its duties and responsibilities to the executive branch of Government. We are opposed to the elected representatives of the people of the Nation further relinquishing their part in formulating the policies of any segment of the Nation's economy. The board is also concerned that the proposed legislation provides no limit or estimate on the amount of financing that may be done through the Commodity Credit Corp. to take care of the cost of administering the proposed program.

Thank you.

Mr. POAGE (presiding). Thank you, Mr. Stark.

Mr. ABBITT. Is your association opposed to this bill?

Mr. STARK. Yes, sir.

Mr. ABBITT. Thank you.

Mr. POAGE. Thank you, Mr. Stark. We are very glad to have your statement.

We will hear now from Mr. Miller Manford, president of the American Poultry & Hatchery Federation.

**STATEMENT OF AMERICAN POULTRY & HATCHERY FEDERATION
PRESENTED BY L. MILLER MANFORD, NIXON, TEX.**

Mr. MANFORD. Mr. Chairman and members of the committee, let me say, that many members of our association have been here since Sunday to consider this bill, coming from the States of Wisconsin, Indiana, Massachusetts, Virginia, Kansas, and myself from Texas, as well as others. They have charged me with the duty of delivering our statement, and to answer any questions that you may have.

My name is L. Miller Manford, poultry hatcheryman, broiler grower, turkey grower, and egg producer of Nixon, Tex. I am here today in my official capacity as president of the American Poultry & Hatchery Federation.

This organization is the national trade association of poultry hatcherymen. It was organized in 1916. Its paidup membership represents over two-thirds of all the poultry hatcherymen and breeders in the Nation. They produce three-fourths of the chicks and poults hatched annually.

The American Poultry & Hatchery Federation and, indeed, the poultry industry in general has maintained steadfast opposition to legislation which would foster production controls, marketing quotas, and price supports.

We have felt that the risks inherent in the poultry business are in supplies. While this system has not prevented recurrent overproduction and low prices, our industry does have an excellent record with respect to moving its products into consumer channels. We seldom are burdened for any length of time by surplus supplies. We enter new market periods with low carryover stocks to weight on market values.

On the other hand, it is apparent that in some farm commodities where artificial methods have been applied to protect the industry from production excesses, there are huge surplus accumulations that exist over extended periods of several years. This not only creates questionable storage costs but serves to depress markets as well.

H.R. 6400 offers a new approach to the farm problem in that each producer commodity group would be enabled to write its own plan, so to speak. This, of course, has a certain appeal to us as it must to other farm groups. Yet let us not close our eyes to the fact that because he is a producer does not necessarily cloak a man with more knowledge of the forces of economics than many who have made a lifelong study of this science.

We feel that the primary and sole responsibility for this task should not be left entirely in the hands of a single industry segment. There are certain technical aspects which could call for advice from industry members other than producers. We are told, for example, that in the event a program should be devised which would call for production quotas or marketing orders in the poultry business, the most logical point of application would be at the hatchery level. Yet the bill as written would prohibit seating a hatcheryman or hatcherymen on the advisory committee. Who would be in a better position to advise on the hatchery business? We cite this merely as an example.

Further, we believe that section 141(a)(3) subtitle E should provide not only for congressional review but also congressional ap-

proval and modification before a commodity plan becomes operative. It is our belief that only Congress is authorized by the constitution to write legislation and that the procedure set up under section 141 is contrary to this intent. We feel this to be true not only in the case of agriculture but any other segment of the economy that might come forward to propose its own plan while seeking to establish stability.

The bill in general places vast powers in the hands of the Secretary of Agriculture. In this instance he is given virtually life and death powers over the food production machinery of the Nation.

We wish to stress also that H.R. 6400 is somewhat incomplete in that there is no definition of "appropriate farm organizations" in the section dealing with naming nominees from which the secretary would select one-third of the membership of a particular advisory committee.

Are these general purpose national, regional or State farm groups? Are they national, regional or State commodity groups made up of producers as well as other members of a particular industry?

For these reasons, the American Poultry & Hatchery Federation cannot endorse the bill in the present form.

I would like to make these additional remarks. It is my general feeling that no segment of our economy should have the right to foster regulation or regulations on our economy simply by default of Congress to act within a given 60-day period. My emphasis is on the right of Congress to modify any program, that it would not have to accept it or to reject it in this entirety.

We feel that any agricultural program will effect other segments of our economy. The cheap labor of the South, the cheap electricity of the South encourages the movement and bid of the textile industry into the Southern States, where the reduced acreages of cotton, tobacco, and peanuts have driven the workers from the farms into the cities where they were available as cheap labor. This brought the textile industry from the New England area.

Today, the southern textile mills are in competition with the Japanese mills which have been subsidized with taxpayer money, in the rebuilding of that industry in these foreign countries, where cotton is bought at a lower price than it is supported in this Nation.

So that any program developed for one single commodity must, of necessity, be the responsibility of Congress, so that they can prevent its influence, its undue influence and improper influence in other fields.

I thank you.

Mr. POAGE. Is that the end of your statement?

Mr. MANFORD. Yes, sir; thank you.

Mr. POAGE. Mr. Findley?

Mr. FINDLEY. I take it that you are opposed to the referendum idea contained in this bill?

Mr. MANFORD. It is our opinion that if a segment or a commodity were given the authority to vote restrictions and production controls upon itself that it would be harmful to other segments of the economy, to the other segments of agriculture, and if in a period of need, in their desperation of the moment, they should vote such controls it would, eventually, do the same that it has in the South where the acreage controls have restricted the volumes to the point that the people have had to seek their livelihood in other fields. That is the

reason for the expansion of the poultry business in the South. The farmers lost their tobacco, cotton, and peanut acreages. They had to have other means of income. So they sought that income in the field that was not controlled. So that controls in some segments of agriculture would, eventually, force controls in all segments for its own preservation.

Mr. FINDLEY. I concur in your thoughts. Do you see anywhere that this referendum provision could be amended to provide adequate safeguards?

Mr. MANFORD. It seems that for some 28 years we have tried to find a way to adjust by legislation the economy of 256 farm commodities. I feel that there is no program that is equal to the economic forces of supply and demand.

Mr. FINDLEY. Mr. Chairman, I should like to have permission at this point to insert a further statement in the record.

Mr. POAGE. Without objection, that may be done.

(The statement follows:)

Since H.R. 6400 was first introduced I have received over 900 letters and telegrams, all of them from farmers in Illinois, each expressing opposition to the bill. Two hundred and eighteen of these messages were telegrams and many of the letters were airmail-special delivery. I examined these letters carefully to determine whether they were stereotyped. I found very little evidence of this. During that same period I received only two communications favoring H.R. 6400. This seems to me to be conclusive evidence that the farmers of Illinois are overwhelmingly opposed to this bill.

Mr. POAGE. Are there any other questions?

(No response.)

Mr. POAGE. If not, we thank you very much and we appreciate your statement.

Mr. MANFORD. Thank you.

Mr. POAGE. Now we have with us an old friend, a former distinguished member of this committee. We are delighted to have him here, Jerry Voorhis. We will be glad to hear you now.

He served on this committee for many years with great distinction, and we are very glad to have him back here.

STATEMENT OF JERRY VOORHIS, EXECUTIVE DIRECTOR, COOPERATIVE LEAGUE OF U.S.A., ACCOMPANIED BY MR. TOWNSEND, DIRECTOR OF THE WASHINGTON OFFICE

Mr. VOORHIS. Mr. Chairman and members of the committee, I would like to have with me the director of our Washington office, Mr. Townsend, who has spent a lifetime managing farm cooperatives and working for the biggest supply cooperative in the country.

I am not going to read my statement, Mr. Chairman. I should like to have it made a part of the record, however.

Mr. POAGE. Without objection, it will be made a part of the record at the conclusion of your remarks.

Mr. VOORHIS. I will try to summarize it.

Our principal interest in this legislation is its effect on cooperatives, needless to say, but we have naturally enough of an interest in the total welfare of agriculture, because the majority of the farmers of the country are affiliated with our organization through one or another of our member organizations.

I want to say that I would subscribe to a good many of the statements made by prior witnesses this morning, provided that the cooperative farmers were strong enough and big enough to really put the farmer on a basis of competitive equality with other elements in the population. But I approach it from a somewhat different point of view, because I think we are in trouble. I think we are in deep trouble.

I do not know of a single nation in the history of mankind that has permitted its independent farm population to be decimated or eliminated and still retained its national strength. I do not think we are going to be an exception to this.

I would only like respectfully to suggest that I think there is one strain of opinion with regard to many of these questions which I consider to be a dangerous one; that is, just let the independent farmer go down the drain, tell him, in the face of rising technological unemployment, to go to the city and find a job, and let the great big farms take over. And I think that this in the back of people's minds affects their thinking to some extent, and I do not agree with it, and I think it is a very dangerous type of point of view.

Again, on a somewhat different subject, one of the witnesses this morning made the statement:

If a product is abundant, it cannot be priced as if it were scarce.

If that statement were true of the American industrial economy, we would not be worried about agriculture. All kinds of prices are made for products that there could be very readily made in great abundance at high prices, despite the fact that those products are not scarce at all, but the point is that the producers of those products are in a position to control the price and the output.

The individual farmer is not. He is a completely helpless economic unit. Only if he acts together, either through cooperatives or by some such means as this bill would provide, does he have half a chance of getting his fair chance at the national income.

As a matter of fact, even when a farmer takes very low prices, it does not increase his market, nor does it bring prices that the consumers pay down. Between 1949 and 1959, for example, the consumers were paying \$100 more per year for food; the farmers were getting \$57 less, so that in short, the consumers paid 10 percent more, and the farmers received 15 percent less, and the middleman took the 25 percent gap.

This is the kind of a situation that I think we are up against.

I think this bill does not add to the powers of the Secretary, nor would it give him dictatorial power. I think quite the contrary; I think that the bill states unequivocally it is support of the family farm as an efficient, economic unit. I do not mean just any old family farm now; I mean an effective one, that is big enough so that the farmer can have an economic operation. I think this is good.

I think that the bill does give to the Nation's farmers opportunities and the responsibility to work out and decide some of their own programs. I would agree that, I think, amendments are needed here. For example, I think that on the so-called advisory committees that farmer cooperatives ought to have a right to nominate some of the members, and I think if they did, you would get a good democratic election. But I also believe that is a practical matter.

Anybody who thinks that the Secretary of Agriculture would put into effect programs that were against the interest or contrary to the will of the Nation's farmers is mistaken. I happen to believe that it would be a good idea to have representatives of marketing cooperatives on all of those committees, and I think it would be all right to have representatives of consumers on them for political reasons. I think it would help to make the program acceptable generally.

The bill, as I understand it, provides for a wide variety of ways in which marketing quotas, or other methods, could be used to try to bring supply and demand into conformity, into closer adjustment, but I do not read in the bill that it is a bill to provide or to be a program of scarcity.

On the contrary, as I understand it, it is a bill that would take into account the full needs of the hungry world for food.

In establishing quotas, this would be taken account of.

And I notice that the first act of the present Secretary of Agriculture, that he has already taken in many cases, is part of an intensive drive to improve the nutritional standards of all of the American people, beginning with the schoolchildren.

So I do not believe that in the administration of this bill there would be a scarcity bill.

I think the bill turns its back on the discredited idea that low income for farmers will result in less surpluses. I think the lower the return the farmers get per unit, the larger the number of units the farmers are going to try to produce, you know, because after all, farmers try to take care of their families, the same as anybody else. If they are getting 50 cents per unit, instead of \$1, they will try to produce twice as many units.

And I think the history of the United States proves this over and over again.

Mr. POAGE. If I may interrupt, when support was at 52 percent of parity, we got a larger production, did we not?

Mr. VOORHIS. You got the biggest crop of all, and it cost the Government more money than it ever had before, I suspect; at least we spent more money in the period when we were following this policy than we had in all previous history, I think.

So I am glad to see that the bill turns its back on that idea.

I am not going to say that I know or understand or approve all of the provisions in this bill. I think there are a good many improvements that could be made. However, I would like to point out that no matter what kind of quotas you impose—and by the way, I think that marketing quotas are, in general, a good deal sounder way to do it than acreage restrictions, because I do not believe that we are going to control production, but I do think that we might have a system whereby the number of units that could be marketed would be in some way agreed upon. I think farmers will produce a surplus always. I think we have got to expect them to do so.

I would like respectfully to suggest the possibility that those surpluses might be handled by the farmer cooperatives themselves, in order that they might have some control over the disposal of the surpluses, with some compensation for doing so, so that we could carry out still further the idea implicit in this bill, at least as I understand

it, of giving responsibility to the farmers or developing their own programs.

In conclusion, Mr. Chairman, although there is a lot of material in this statement I would like to read, I am not going to do so, but part of the bill that we are naturally the most interested in of all is title IV.

In this title Congress would reaffirm unequivocally the national policy of guiding and encouraging the organizations, operations, and sound growth of farmer cooperatives to the end that farmers of the Nation may through group action conduct a business operation effectively to obtain a fair share of the Nation's income.

And then the bill provides and says, that cooperatives shall have the right to grow somewhere nearly as fast, we hope, as their competitors.

It says that two or more cooperatives can jointly act either in a federation or two common agencies to do anything which one cooperative may lawfully do. It says cooperatives can act together, that they can acquire additional facilities, that they can grow until they can stand up to such giants as Borden, General Foods, National Dairy Corporation, and the rest, so long as monopoly is not created nor competition substantially lessened in the process.

We would like to see something put in the bill to the following effect in determining whether monopoly is created or competition substantially lessened, for example, who is going to determine this, and on the basis of what facts. And we would like to see the bill provide that the Secretary of Agriculture would be under such circumstances requested by the Department of Justice to make an economic study of the facts in the situation, not a legal opinion, but an economic study of the facts upon which a finding might be based. We would like to see the co-ops have opportunity to secure a prior ruling from the Department of Justice, or a prior opinion from it as to whether or not a merger or an acquisition would be, in the Department of Justice's opinion, in violation of the antitrust laws.

There is a lot more that I would like to say, Mr. Chairman. I would hope initially in the years ahead that above all things the cooperatives, freely and voluntarily conducted, can be encouraged and given an opportunity for very substantial growth, because this is the one wholly constructive answer to this difficult problem.

Farmers suffer fundamentally an injustice for the reason that they must as a lot of independent economic producing units produce abundance and they take their chances on the price they get—they are up against industry where it buys from farmers and sells to farmers, most of which industry is in the position to control production and fix prices, regardless of the supply of the commodity.

And this is an economic problem of such depth that we cannot just dismiss it. Something has got to be done and the thing that has to be done is to strengthen the economic bargaining power of the farmers if we want to preserve the independence of the American agriculture.

Finally, I would like to point out that if you let the number of farmers go down to 1 million—it has already gone down to 3,600,000—and if it goes down to 1 million, those 1 million farmers would confront precisely the same kind of economic problems that the 3,600,000 confront today.

Thank you.

(The prepared statement follows:)

TESTIMONY OF JERRY VOORHIS, EXECUTIVE DIRECTOR OF COOPERATIVE LEAGUE OF U.S.A.

Mr. Chairman and members of the committee, my name is Jerry Voorhis and I am executive director of the Cooperative League of U.S.A. The cooperative league is a national federation of consumer, supply and service cooperatives. Its affiliated member organizations include in their membership approximately 14 million different families who own cooperative businesses of various kinds through which they obtain farm supplies, insurance, consumer goods, electric power, savings and credit, health services, housing and other needs. These people are working toward the solution to their own economic problems and supplying their own economic needs without relying upon the Government or any other outside agencies.

Cooperation is the little man's chance in a world of bigness.

Cooperation is the small community's chance in a world of great cities.

Cooperative enterprises are businesses that belong to the people who use their services. Therefore they are and must always continue to be locally owned institutions.

A majority of the farmers of the United States are affiliated with the cooperative league through one or another of our member organizations. And we believe one of the greatest of all present values of cooperative ownership is the opportunity it offers to the independent farmer to join with other farmers in owning off-the-farm related enterprises and thus regaining some of the economic bargaining power of which our present-day economy has so largely robbed him.

The legislation under consideration by the committee appears at first reading to be long and complex. I shall not take the committee's time attempting to discuss it in detail. There are, however, certain broad features of the bill which in my opinion commend it for support.

First of all the bill states unequivocally that it shall be the policy of Congress to recognize the importance of the family farm as an efficient unit of production and the economic base for a vigorous, worthwhile rural culture. This means that the bill recognizes, as a grave danger now confronting our country, the decline both in number and in economic strength of the independent farm. The history of mankind does not record a single case of a nation once great which permitted replacement of its self-dependent farmers with collectivized agriculture—and still retained its greatness. Our country is not likely to be an exception.

Second the bill gives the Nation's farmers opportunity and responsibility to work out and decide, subject to the will of Congress, what methods they believe are best for solution of their own problems. This is a bold provision. But it should not seem a new one to Americans. A moment's reflection reveals it as in the best tradition of our country.

Third, the bill aims at adjustment of the supply of farm commodities to the demand for them. But in determining national marketing quotas, there would be included not only the requirements of our own country but the needs of a hungry world. This, as I understand it, would be no program of scarcity. Rather it would be a program of calculated abundance and food for peace. And coupled with it, as the Secretary of Agriculture has already demonstrated by a number of acts, will go an intensive drive to improve nutritional standards for all the American people, beginning as is proper, with our schoolchildren, and the school lunch and special school milk programs.

Fourth, the bill turns its back on the discredited idea that low prices will cause farmers to produce less. It recognizes what we should have always known: that the lower the unit price, the harder the farmer will try to produce more units in order to support his family. H.R. 6400 aims at higher, not lower, prices for farm crops, and a better income for farm families. It is time we undertook this effort in earnest. For the fact is that although productivity per man-day has been increasing in agriculture about three times as fast as in the rest of economy, nonetheless the incomes of farmers have been falling farther and farther behind those of the nonfarmer population. This is rank economic injustice.

Fifth, the bill makes possible great flexibility in the methods that can be used to bring about the desired adjustments. Many of these methods are far from new. They have been employed heretofore with varying success. But one thing

in this bill is new and I think, wise. The bill's provisions for the possible broad use of marketing quotas would result in far less effort being expended to control directly the production of farm crops, and far less Government expense for the handling of surpluses. Instead the aim would be to apportion fairly among farm producers the amount of each crop which they could market at the support price. Inevitably most farmers would actually produce somewhat beyond their quotas. They would have to do that if for no other reason than just to be sure they produced their full quota. But such excess production would be the farmer's responsibility to store or dispose of as best he could without Government assistance or cost to the Government.

There is ample reason for this legislation. American farmers have been suffering long enough from a basic economic injustice. That injustice arises from the fact that agriculture remains a highly competitive enterprise, whereas much of our industry is now monopolistically controlled. Agriculture produces as much as it can and takes its chances on what the market will bring. Industry on the other hand can and does, in most instances, control production and thereby maintain its price structure quite regardless of what the demand-supply relationship may be. The result is that, in general, industry has been able to retain within its corporate structure most of the increment resulting from technological advance. This is a root cause of the failure of our economy to grow at a more rapid rate. Agriculture however has passed and does pass on the results of improved technology. Agriculture tries to pass this on to the Nation as a whole and farmers have not retained very much financial benefit from their vastly improved production methods.

But the benefits from this do not reach consumers. They are siphoned off along the way into increased earnings of the "toll gate" companies that stand between farmers and consumers.

The committee is well aware of this. But just to sharpen the point, the Bureau of the Census, Statistical Abstract shows these figures:

The retail cost of all farm products bought by the average family annually increased from \$940 in 1947-49 to \$1,040 in 1959. But farmers received for these same products only \$399 in 1959 compared to \$466 in 1947-49. Consumers paid 10 percent more; farmers received 15 percent less; the middlemen took 25 percent more, in round figures.

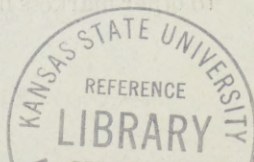
In simple justice we should either compel industry to share with the community in lower prices the fruits of technological advance; or else we must protect farmers by enabling them to benefit by at least the amount of the increased prices paid by consumers.

Had this simple difference been effected in the 10-year period referred to above, farm income would be well above parity today.

The key to correction of these inequities is apparent. The economic bargaining power of farmers must be increased. Individually each farmer is a completely helpless economic agent. Acting together however they can be strong enough to gain economic justices for themselves. This to my mind should be conceived as the central purpose of agricultural legislation. But there is a way to accomplish it without action by anyone excepting only farmers themselves.

How do farmers act together? They do so by organizing their own supply businesses and their own marketing agencies. When they do this, they can control their production costs, together. They can add some of the earnings from the petroleum, electricity, fertilizer, feed, credit, and other supply businesses to the income of agriculture. They can own their own storage facilities and market their crops in an orderly way, together. The so-called farm problem will never be well solved if we try to deal with it only in terms of individual sales of farm crops at the farm gate. It will only be solved as we conceive agricultural production as one part of a highly prosperous and profitable total food and fiber business and enable farm producers to share in ownership of the more prosperous parts of that business. Every major line of business in this country is so integrated, why not agriculture? But it should be done through farmer-owned not absentee-owned businesses.

These farmer-owned businesses are cooperative businesses. They are the best single means we have, the best means the farmers of this country have, of correcting the economic injustice I referred to and of regaining some of the economic bargaining power they have lost. If our cooperatives were large and strong enough the farmers could and would solve their problems through their cooperative action.



Therefore from the viewpoint of the cooperative league, the most important part of this bill in many ways is title IV. In that title, if the bill is passed, Congress will reaffirm unequivocally "the national policy of guiding and encouraging the organization operations, and sound growth of farmer cooperatives to the end that the farmers of the Nation may through group action conduct their business operations effectively to obtain a fair share of the Nation's income." More than that, this title spells out the right of cooperatives to grow—somewhere nearly as fast we hope as their competitors. It says that two or more cooperatives can jointly act either in a federation or through common agencies to do anything which one cooperative may lawfully do. It says cooperatives can act together, that they can acquire additional facilities, that they can grow until they can stand up to such giants as Borden, General Foods, National Dairy Corp., and the rest, so long as monopoly is not created nor competition substantially lessened in the process.

Of course there remains the question as to how it is to be determined whether or not competition would in fact be "substantially lessened" by the merger of two or more cooperatives or the acquisition by one or more of them of additional facilities or enterprises. Here we would like to suggest an amendment. We would like to suggest that the bill provide that before a merger or acquisition takes place, it be made possible to secure a prior ruling from the Justice Department as to whether or not monopolistic conditions would be created. And further that in the making of such a ruling the Justice Department shall request the Secretary of Agriculture to make an economic—not a legal—study to develop the facts. Such studies would bring out, among other facts, the size and power of the competitors which cooperatives, however strengthened, have to face.

It is to be hoped the committee will think well of our suggestions and incorporate such an amendment into the bill.

These are dark and fearsome days for us and for all mankind. If, however, by wise action the Congress, the Nation and its farmers can develop a way to lift the evident injustice that now burdens our primary production industry—agriculture—the outlook will be measurably brighter. It is said with truth that mankind cannot continue to live part rich and part poor. Neither can our country continue to live with its nonfarm economy becoming more and more prosperous at the expense of a depressed and exploited agriculture. We have been complacent far too long.

Mr. POAGE. We thank you, Mr. Grant.

Mr. GRANT. Let me add my voice to that of the chairman, Mr. Poage, which he made a moment ago, that we always are glad to have Mr. Voorhis with us. I recall his services on this committee. He was a very important member of the committee, one who was diligent in this work in the interests of the farmers of his section and in the welfare of the rural people in this Nation. It is always good to have you here.

Mr. VOORHIS. Thank you very much.

Mr. POAGE. Our next witness is Mr. John York, secretary of the Eastern Milk Producers Cooperative Associates.

**STATEMENT OF JOHN C. YORK, SECRETARY, ACCOMPANIED BY
LEON J. STECK, ECONOMIC CONSULTANT, EASTERN MILK PRODUCERS COOPERATIVE ASSOCIATION, EAST SYRACUSE, N.Y.**

Mr. YORK. Mr. Chairman and gentlemen of the committee, my name is John C. York, I am the executive secretary of Eastern Milk Producers Cooperative Association, whose offices are situated in East Syracuse, N.Y. The statement I am about to read is being presented on behalf of that association.

Eastern Milk Producers Cooperative Association has a membership of approximately 9,000 dairy farmers. Our member-producers ship milk to the New York-New Jersey market, to the Boston market, and to other markets in the Northeast.

Our association is a bargaining cooperative, as distinguished from operating cooperatives which are themselves engaged in the manufacturing and distribution of milk and its products. In contrast with the operating cooperatives, our principal function is to secure higher returns to producers for milk. This is achieved through bargaining with proprietary milk dealers, and by representing producers at Government hearings on milk marketing orders.

While bargaining cooperatives are most extant in fluid milk markets, they are also to be found among producers of sugarbeets and of fruits for canning.

Turning now to the bill before this committee, I should like to say that, in general, Eastern Milk Producers Cooperative Association favors this proposed legislation. There may be some provisions which, upon further study, might not be favored by us. As will be noted presently, we would like to see some changes made in the provisions dealing with the subject of farmer advisory committees. Also, at this time we are not able to take an unequivocal position with respect to the proposed quota provisions. Many of our producers have on previous occasions opposed quotas on milk production. Considered, however, within the framework of the entire bill, I believe that a goodly number of these producers will now change their mind. I should also like to emphasize that many of our producers have always favored production quotas, and I am certain that they would welcome the enactment of the proposed quota provisions.

Aside from these reservations, I wish to emphasize that our member-producers are vitally interested in the enactment of new farm legislation. They are interested in the enactment of legislation which would relieve their present desperate plight. Hard times has been the lot of dairy farmers for many years, but frustration on the farm is now being fed by the contrast of booming conditions in the cities.

I will not attempt to describe in detail the unfavorable economic situation affecting dairy farmers and most other farmers. This has been cogently done by the Secretary of Agriculture in his appearance before this committee.

I do, however, wish to add one statistical item, which I hope will supplement what the Secretary has said. I want to show the hourly returns obtained by dairy farmers for their labor and for the labor of their families. According to Department of Agriculture statistics, the return per hour to the farm operator and family labor was 67 cents during 1959 for dairy farmers in the central Northeast, exclusive of returns to capital. For dairy farms in eastern Wisconsin the return was 23 cents per hour, while for western Wisconsin it was 40 cents. For southeastern Minnesota the return was also 40 cents per hour.

While comparable data for 1960 are not yet available, it is not likely that the hourly returns would be significantly higher. Cash receipts for milk and dairy products were higher in 1960 than in 1959, but production expenses were also higher.

The low rates of hourly returns for the labor of the farm operator and his family are best comprehended when viewed in the light of the fact that Congress is now considering legislation for raising the minimum wage for nonfarm labor to \$1.25 per hour.

To proceed now to a discussion of some of the provisions of the bill, specifically, the provisions dealing with the establishment of farmer

advisory committees, and the selection of nominees and members of these committees: The proposed provisions are set forth in section 102 of title I of the pending bill.

First, some modification of the proposed eligibility requirement for committee nominees and members would appear to be necessary. It seems to us that the way the bill is written the farmer advisory committees would be deprived of the services of a good many farm leaders. Many of these people receive compensation and reimbursement of expenses from farm organizations in amounts which exceed their income from farming. Because of this, they would not be eligible to serve on the committees. Accordingly, we would suggest that a producer be made eligible to serve on a committee if more than 60 percent of his gross income is derived from farming and from income from farm organizations.

Second, we find paragraph (c) of the proposed new section 17, contained on pages 5 and 6 of the bill, unsatisfactory. To avoid friction between farm organizations, and to reduce pressures upon the Secretary of Agriculture, it would be advisable to include in the bill some method of allocating the number of nominees among farm organizations. As an illustration of what we have in mind, we would suggest that every bona fide farm organization, or group of farm organizations, having not less than a specified number of members be allowed to designate one nominee.

Third, and finally, we would suggest that some rules be included in the bill for the purpose of guiding the Secretary of Agriculture in selecting the members of committees from the designated nominees. In the past, the same names showed up time and again whenever a committee was organized. While it would be logical to see outstanding men selected more than once for service on committees, it cannot be said that this was always the reason. In proposing this change, we are not looking for glory for ourselves. Rather, we are seeking provisions which would assure that farmers are adequately and competently represented. Aside from that, it would, as a general thing, be desirable to see new men with new ideas come forward and take part in this work.

As a concluding word, I want to urge the committee and the Congress to act speedily in the consideration of this bill. Farmers everywhere are watching the course of the bill, and are hoping that help will come soon.

Mr. POAGE. We are very glad to have had your statement. We thank you.

Mr. YORK. Thank you.

Mr. POAGE. The committee will now stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 12:20 p.m., the committee recessed to reconvene at 10 o'clock on Thursday, May 4, 1961.)

AGRICULTURAL ACT OF 1961

THURSDAY, MAY 4, 1961

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

The committee met, pursuant to recess, at 10 a.m., in room 1310, New House Office Building, Hon. W. R. Poage, presiding.

Present: Representatives Cooley, Poage, Gathings, Albert, Abbitt, Thompson, Jones of Missouri, Hagen, Johnson of Wisconsin, Jennings, Stubblefield, Inouye, Harding, Hoeven, Dague, Belcher, McIntire, Teague of California, Short, Mrs. May, Latta, 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.

Mr. POAGE. The committee will please come to order.

Mr. Russell E. Dennis, who is president of the Dairymen's League Cooperative Association, who asked to appear today, has asked permission to file a statement. Without objection his statement will be made a part of the record.

(The statement follows:)

STATEMENT OF RUSSELL E. DENNIS, PRESIDENT OF DAIRYMEN'S LEAGUE
COOPERATIVE ASSOCIATION, INC.

We recognize the administration farm bill to be the most important agricultural legislation to be considered since the enactment of the Agricultural Marketing Agreement Act of 1937.

As the Nation's largest milk marketing cooperative we are anxious to take an active and constructive role in the development of sound and forward-looking agricultural programs. We see in this bill an earnest attempt to come to grips with basic problems confronting our Nation's farmers.

We favor the basic intent of this proposed legislation. What this bill provides is permissive, enabling, standby legislation so producers may have a choice, the choice of freely determining themselves whether they want continued supports with quotas or virtually no supports without quotas.

The important thing, it seems to us, is that farmers be given this choice. I cannot answer how producer members of my organization would respond today to a quota program. Before such a program can be effective, however, it is necessary that individual producers have the opportunity to accept or reject it. The bill under discussion here provides for such a referendum.

The Dairymen's League Cooperative Association, Inc., has close to 18,000 producer members, principally residing in the States of New York, Pennsylvania and New Jersey, with lesser membership in neighboring New England States. The milk of our members is marketed under six Federal milk-marketing orders and also under numerous State regulatory agencies within this northeastern region.

Regionally, and nationally through the National Council of Farmer Cooperatives and the National Milk Producers Federation, we have at all times assumed responsibility in the formulation of agricultural and milk marketing programs.

On legislative proposals as important as these we believe that in addition to our representation in these national organizations we had a duty to speak directly to this committee, and the views herein expressed are our own.

1. We believe strong cooperatives are the backbone of milk marketing in this country, and we welcome the endorsement and recognition given to cooperatives in this bill. The Dairymen's League contributed through its attorneys to the writing of the Capper-Volstead Act, the cornerstone of cooperative recognition and in the drafting of the Agricultural Marketing Agreement Act of 1937, under which the marketing orders have been developed. Now we are here to give our best efforts to the development of agricultural programs for the 1960's. This is a responsibility which should be shared in by all cooperatives.

It is a tribute to the success of the Federal milk order program that the authors of the Agricultural Act of 1961 have relied heavily on the experience gained from the operation of this program. The intention to build on this program with greater flexibility to be provided is apparent throughout the bill.

Milk marketing orders have served producers well. Federal Milk Marketing Order No. 27 prices the milk of producers in the New York milkshed. It has been operating since September 1, 1938. This order has been run by the Department of Agriculture in partnership with the State of New York's Department of Agriculture and Markets through complementary orders. This dual relationship, well liked by our producers, is provided for in the Agricultural Marketing Agreement Act of 1937. It has been a highly successful joint venture of combined Federal-State Government. On August 1, 1957, this milk order program was extended to New Jersey, where again the State was included as one of the governing agencies.

The existing New York-New Jersey milk marketing order prices \$1,300,000 worth of milk each day. This involves one-twelfth of our Nation's milk supply and the milk directly of approximately 50,000 dairy farmers. The marketing or consuming area for this order takes in 17 million people, one-tenth of our country's population.

Here is a farm program that has been little publicized. It deserves full recognition for it has worked, and worked well. It has benefited producers through the assurance of orderly marketing. It has benefited the public through the assurance of adequate supplies of pure and wholesome milk. And its operation has been industry financed, and not from public funds.

I believe it important to state these particular facts about the milk order program—not only as an answer to those who are loud in their criticism of all agricultural programs—but more importantly so this committee would appreciate the tremendous significance of these orders to producers.

Our producers very naturally seek the assurance that the benefits they have gained from the milk orders will be secured in the amendments now being proposed to the Agricultural Marketing Agreement Act of 1937, which I will henceforth refer to as the 1937 act.

With this thought in mind, I would like to discuss provisions of the proposed bill having a direct impact on producers, and more particularly on milk producers in the area represented by the Dairymen's League.

We welcome the addition of definite statutory authority, making possible the development of milk marketing research and advertising programs, by the hearing process, that can be shared in and financed by all producers under a milk order through uniform deductions. It has been our contention that sufficient authority presently exists under the 1937 act for this type of program, but in any event we are glad to see the matter resolved.

There is immediate and pressing need for the type of across-the-board research and promotion program, which can be developed if this proposal is adopted, and the requisite numbers of producers signify their interest.

Per capita consumption of fluid milk in the New York-New Jersey area has fallen 5 to 6 percent in the last 3 years. This is a serious concern to all of us. Research and consumer education programs are the best method of meeting the continuing cholesterol and other unfounded consumer scare attacks.

We would suggest one improvement in connection with this proposal. When the Secretary of Agriculture issues amendments to a milk order, following a hearing, producers are called upon to approve or disapprove the entire amended order and not just the proposed amendments. This is understandable in light of the essential price-fixing provisions of an order, and because the Secretary, acting in the public interest, is directed to issue an order that contains all provisions necessary to effectuate the basic purposes of the 1937 act. In the case

of milk research and advertising provisions proposed to be incorporated in an order, though important, such provisions may yet be considered as ancillary or supplementary to the essential price-fixing provisions. Therefore should producers fail to support a proposed milk research and advertising amendment they should have the assurance of the continuance of the basic order. Though it is understood this was the intention in the drafting of the bill, it is not clearly provided.

2. The same question would arise in connection with the producer vote on an amended price-fixing order that included quotas in accordance with the proposed new section 8f of the act. Again, if producers did not want the proposed quotas and they voted against the amended order, they would then lose the entire order. In this area, undoubtedly, there is a much closer interrelationship between quota and the essential price-fixing provisions of an order. Would it not, however, be desirable, as with the research and advertising provisions, to provide producers with a separate vote on the quota provisions, so that if they voted against such provisions they would not lose the order entirely?

3. Questions arise concerning the procedures proposed for the inclusion of quotas in existing orders. It is proposed that whenever quotas are to be used, the approval of the appropriate national farmer advisory committee, of the President and of Congress must be sought. The considerations involved may be of a strictly local character. For example a recent petition of a Florida co-operative sought to amend the Miami milk order to provide for quotas. There are only some 100 producers under this order. It would appear that in such case the Secretary alone should be empowered, as he is today with all order amendments, to take appropriate action in the light of all the facts before him developed in the hearing record. We believe that the experience gained from the development of an actual program such as that proposed in Florida would be beneficial to all of us. The Department of Agriculture has ruled that authority for such a program does not now exist. What we suggest is that permissive authority be granted for producers to seek and obtain such programs without unnecessary and burdensome additional requirements. It is also uncertain whether it is contemplated that the normal type of order amendment hearing would be held prior or subsequent to the obtaining of the necessary approval by the national committee, the President, and Congress. Further study should also be given to the impact of quotas, added to an existing order, upon the pricing standards of the present act and to the possibility of a separate quota order operated in conjunction with one or more existing price-fixing orders.

4. It is also proposed to broaden the 1937 act as to milk and its products to provide for the possible use of grading and inspection requirements. We believe these matters are outside the basic marketing provisions of a milk order, and therefore we see no necessity for providing this permissive authority. We have always looked upon questions of health inspections as being the subject of separate legislation and administrative regulation by health authorities.

5. I have discussed the importance that producers attach to the complementary milk marketing orders issued by the States of New York and New Jersey in conjunction with the Federal milk marketing order issued by the U.S. Department of Agriculture.

It is proposed to remove the "interstate commerce" limitation from the policy section of the 1937 act. We do not see the need for this, believing that the other proposals to amend the 1937 act can be carried out without this change and we are fearful that the removal of this limitation may work to the disadvantage of the complementary State orders.

6. Although much has been said about the broadening of section 8c(11) of the 1937 act so as to provide for national orders, it should be realized that under the act as presently drawn it would be possible to have a national milk order based on a hearing record without being subject to the approval of a national committee, the President, and Congress, as is now proposed.

In the promulgation of a national marketing order, as proposed, however, the more informal procedure of the submission of data, views, and arguments by the industry would be substituted for the hearing procedure presently provided. What must here be weighed is the importance of providing a full opportunity to be heard by all interested parties against the possible unwieldy hearing procedures.

7. We believe there should be guaranteed sufficient commodity representation in the membership of the proposed national farmer advisory committees. We therefore strongly recommend that at least one-half the members of the com-

mittees be named from appropriate farm organizations including marketing and bargaining cooperatives of the commodity affected on a representative geographical basis.

8. In the producer referendum on national marketing quotas we recommend that the necessary approval be obtained both on the basis of volume of the commodity affected—we suggest 51 percent—and by number of producers—two-thirds as proposed. This would be more representative of the needs of the particular industry.

9. We also believe should the national quota method be used rather than a national order, there should be permission for the submission of data, views, and arguments.

10. There appears a possible defect in the national marketing quota sections of the bill because of the absence of pricing provisions for over-quota milk.

11. Further clarification is also suggested as to the inter-relationship of a national milk marketing quota and/or a national milk order with the existing milk orders.

12. It is our general appraisal of the proposed Act that Title II dealing with Agricultural Trade Development and Title III—Agricultural Credit—are constructive steps in stimulating our agricultural economy and encouraging our farmers to build for the future. Developing our foreign markets is a healthy and challenging opportunity. Improving and enlarging our farm credit facilities is a mark of confidence in the future of agriculture in this Nation.

13. Finally, we commend the encouragement of cooperatives inherent in proposed sections 401–403. We believe that strong cooperatives offer our farmers their best opportunity to gain their rightful place in this Nation's economy. With due respect to the regulatory powers of the Federal Government in the field of commerce, however, we suggest that these proposed sections be revised to more aggressively permit stronger cooperative action in the market place. Specifically, we proposed that cooperatives be allowed to merge, consolidate or acquire the facilities of other cooperatives or corporations under circumstances where the review and prior approval by the Secretary of Agriculture of the proposed action thereafter would preclude antitrust prosecution. Otherwise, the good intentions of these sections may have little realistic value.

This is a long and complex proposal. In the time available to me, it is difficult to do justice to the details contained therein. Certain basic principles, however, are encouraging to me as a spokesman for 18,000 hard-working dairy farmers.

First, I subscribe to the stated intent of this act to give farmers the opportunity to participate directly in the determination of agricultural policies.

Secondly, I commend the realistic commodity-by-commodity approach to the "farm problem" and the recognition that farmers individually or through their cooperatives should have the opportunity to obtain their fair share of this Nation's income.

Thirdly, our farm economy is a total, interrelated picture, and this legislation, or any revisions thereof, should and can provide the comprehensive tools for all farmers to prosper and to make a vital contribution to our Nation's well-being.

We cannot expect that the proposal before us contains all the answers. On the other hand, those of us who speak for farmers must be prepared to make responsible contributions to implementing a Declaration of Policy, with which it is hard to disagree.

I pledge myself to the acceptance of this responsibility.

Mr. POAGE. Our first witness will be Mr. P. O. Wilson, secretary and general manager of the National Live Stock Producers Association.

Mr. HARVEY. Mr. Chairman, I would just like to say that Mr. Wilson is a longtime friend of mine. I want to welcome him.

Mr. POAGE. We will be glad to hear you now, Mr. Wilson.

STATEMENT OF P. O. WILSON, SECRETARY AND GENERAL MANAGER, NATIONAL LIVE STOCK PRODUCERS ASSOCIATION

Mr. WILSON. Mr. Chairman and members of the committee, my name is P. O. Wilson. I am secretary-general manager of the National Live Stock Producers Association.

We appreciate this opportunity to present National Live Stock Producers Association's views on the administration's bill, H.R. 6400, and since we understand that this particular hearing is confined primarily to title I of this bill, we will make no attempt to state position on the other three sections of the bill, in order to be as brief as possible. And I think the committee appreciates that.

In general, we support the statement presented to your committee on April 28 by Charles B. Shuman for the American Farm Bureau Federation. In that statement he went into much detail and we believe he is sound in his recommendations and we support, in general, his statements.

The National Live Stock Producers Association is a federated cooperative serving approximately one-half million livestock producers and feeders through its 22 cooperative livestock marketing associations which render market service to livestock producers and feeders on most of the principal markets of this country. Our livestock producer and feeder members operate in practically all sections of the country which produce and feed livestock in substantial numbers.

H.R. 6400, in our opinion, represents control legislation which would pass to the Secretary of Agriculture and the executive branch of Government almost unlimited authority to understate, subject to congressional veto and farmer referendum, any type of production adjustment or control program and to apply any method or means of supporting farm income at any level of price support he may determine up to 90 percent of parity. This, in our opinion, goes further down the road of controls than any proposal that has been offered Congress up to this time.

The livestock industry has prospered and grown in this country, and like all other segments of our economy, it has experienced its periods of low prices and hard times and has also enjoyed periods of prosperity. A great majority of the livestock producers are more concerned with the future than with the past, or with the position held at the present moment by those who produce, feed, process, or distribute the basic food for the consumers of this great country. Never before has the world witnessed a production and distribution system of food which even comes close to the high level provided by this country. Never in the history of the world have so few been able to feed so many so well.

This production and distribution program has been the result of an agricultural plant developed for the most part in a free economy. Our livestock producers desire to maintain, insofar as possible, this freedom in the operation of their production and marketing program. It is true that an industry the size of our agricultural plant will not find all segments prospering on a high level at all times. Failures will be experienced by some, while others will succeed. This is true in the general business economy of this country and is not in the least confined to agriculture.

The freedom of our farm people to shift their production programs from one crop to another in order to meet the market demands of our people has been basic to our past success and should not be discarded at this time for any plan of controls, even though the offer of subsidies, guarantees of price, or any other type of sugar coating may hold out rewards for the immediate future in return for such controls.

A controlled economy takes from the individual the desire and drive needed for advancement. A controlled economy serves to bring all to a level below the potential or capabilities of the average. It is recognized that a controlled economy does offer some security, but at a level which would be most unsatisfactory to the bulk of the individuals who are accustomed to a free economy and most certainly unsatisfactory to an aggressive people.

H.R. 6400, under title I, subtitle A, provides for farmer advisory committees, but places the final selection of these committees in the hands of the Secretary of Agriculture and the executive branch of the Government. The majority of the committee for any commodity or group of commodities is to be selected by the Secretary from nominations submitted by the county committees serving under the agricultural stabilization and conservation program.

Without any criticism to these committees, we submit that they are serving under the Soil Conservation and Domestic Allotment Act, and as such their selection was not made by the farmers on the basis of their qualifications to make decisions with reference to controls and regulations which may be applied to any particular commodity or group of commodities as set forth, or which may be developed under this bill.

Livestock producers have developed, over the past years, organizations that have assisted them in their production and marketing programs. These organizations truly speak for them, and if there is to be any committee to advise and counsel with the Secretary of Agriculture on programs pertaining to livestock, the decision as to who is to be included on these committees should not be left to livestock producers or their recognized organizations, not passed to a committee or to anyone else who is not directly associated with the livestock production and marketing industry.

We call your further attention to the fact that this bill leaves the initiative for the selection or establishment of a national advisory committee with the Secretary, and makes no provision for the producers of any commodity to take the initiative in developing an advisory committee.

It also states that the final authority will rest with the Secretary and the committees will be available for consultation and advice. The livestock producers of this country, at least a great majority of them, are opposed to granting this much authority to the Federal Government.

Subtitle C of title II passes to the Government the authority to use marketing quotas for any commodity or group of commodities. This, we interpret to mean, will provide the Department of Agriculture with the authority to regulate the number of livestock—I guess I should say there the pounds of meat—which each farmer or rancher may produce within a marketing year and give further authority to provide penalties for overproduction in case he is unable to control the sows, cows,

and ewes to make sure that he gets the exact number of offspring from his breeding herd yearly. I am sure that I do not have to expand on that section of my statement. If you could get 90 percent on your calf crop each year, I think most of your Texas friends would be pretty well satisfied, but what about in the bad year when they drop to 65 or when they go to 95 percent—how do they control the pounds? And if they are penalized for marketing more than their quota they have had the expense of producing that calf. And how can they carry it on without going to further expense? I think you will understand the involvement that you get into.

Take a man on the farm whose quota, say, was 30,000 pounds of pork, what if he produces 35,000 pounds, what is he going to do with the 5,000 pounds; he is going to be penalized if he sells it. But he has had the expense of producing it.

You must go back to the start of the breeding program, how many sows does he breed in order to meet the Secretary's regulation on the number of pounds of pork that he can market? I say it is quite a problem, and one will have to give the farmer a little more control over his breeding program than he has ever been able to work out. It is rather difficult as a problem.

To proceed: This we consider not only impossible, but completely undesirable so far as successful operation of livestock production is concerned.

In the past, Congress has applied special programs to the so-called basic commodities in an attempt to bring production in line with market demands. Chiefly, these programs have applied to cotton, wheat and a few other so-called basics and the producers generally have been, in one way or another, paid a guarantee price as a reward for reducing their plantings of the particular crop.

These programs have succeeded to the degree that they reduced production, but the high volume of some of these commodities which has been purchased by the Government would indicate that on the reduced acres the producers were able, through better seeds, more fertilization, and improved farming to increase the yield per acre on the reduced number of acres planted and to some extent maintain their production at or near its former level.

Congress should not overlook the fact that the great majority of the acres removed from the production of basic crops in all of these programs was shifted to the production of feed grains and roughage, and already you have found feed grains have gotten you into trouble. You have attempted to handle this problem in the feed grains bill which was recently passed by Congress. It is intended that the acres taken out of feed grain production be completely taken out of the production of any crop for commercial purposes. How well and how completely this program will be policed remains to be seen.

If we interpret the new feed grains law correctly, the Secretary, through the Commodity Credit Corporation, has the power to release out of the Commodity Credit Corporation's surplus supply, feed grains in a volume sufficient to provide the income to pay cooperators who sign up an amount equal to 50 percent of their benefits to be derived from reducing their acreage planted to feed grains. This, I believe, is the gimmick to get them to sign up.

This gives the Secretary the power to release surplus grains into the market in sufficient volume to be a very definite factor in making the market price for feed grains. It has already begun to show its head.

For the livestock which is now in the feedlots or is available to move into feedlots in the immediate future, cheap feed will be a factor in determining the profitability of their finishing operation. In other words, if the farmer has his livestock, either in the feedlot now or he has it ready to move in, cheap feed offers an opportunity for him to make a good profit on that which he has—the livestock which he already has in the feedlot.

Cheap feed in the past has not proven profitable to livestock producers over a period of time, and has served to put many a livestock producer into serious trouble. A favorable corn-hog or corn-steer ratio serves to overexpand production. It brings the dealers, the traders, the "in and out" type of livestock producer—the drugstore operator, the lawyer, the doctor, and all that you want to name into the livestock producing and feeding business—and throws out of balance the production program for those dedicated livestock men who make this industry their business, year in and year out.

I hope with this brief statement that you will understand, Mr. Poage, without my going into greater detail, just what the dumping of the commodity, including feed grains, into the market might mean to this industry, and the livestock industry is the one that I refer to.

Up to this time, the livestock producer has been able to adjust his program in such a way as to avoid disaster even though he has been required to use increased feed grains and roughage produced on acres which the Government has paid farmers to take out of production of the basic crops. How far the livestock producer can go in increasing the demand for his products in this country and finding additional markets in foreign countries for his finished product is questionable. And I say to you that he has done a good job up to this time.

The National Live Stock Producers Association believes that any attempt to control and regulate the production of meat by the Government will fail. I want to repeat that: The National Live Stock Producers Association believes that any attempt to control and regulate the production of meat by the Government will fail.

The program outlined in H.R. 6400 will retard the development of more efficient production. It will increase costs and reduce markets, both domestic and foreign for meat products. There is a strong possibility that control programs provided under this legislation would bring back the black markets which were so prevalent during the period of World War II controls.

For these reasons, the National Live Stock Producers Association wishes to be recorded as opposed to this bill, H.R. 6400, and, of course, recommends that it not be approved.

We appreciate, Mr. Poage, the opportunity which this committee has presented to us. We recognize that in order to be brief, we have skipped over many points which might be brought out.

Mr. POAGE. We thank you very much, Mr. Wilson.

You mention in your statement, "Cheap feed in the past has not proven profitable to livestock producers over a period of time." That has been the basis of my agricultural philosophy for a good many

years. It is challenged by a great many people. I guess many people in the livestock business do not believe in it. They think they want cheap feed. I think cheap feed is bad—bad for the livestock producer.

As you pointed out, it is all right for a short period of time. If they can buy their feed at a lower price, they can anticipate that they would gain as a result of that. But in the long run, any program which results in low-priced feed, will result in low-priced livestock, will it not?

Mr. WILSON. That is exactly right.

Mr. POAGE. I do not think there is any doubt about it. I think that the fact that the Government held 4 billion bushels of feed off the market has contributed materially to the present relatively healthy condition of the livestock industry. I think when that feed goes on the market it is bound to hurt the livestock industry. It will be converted into meat.

You did mention something that I could not understand—you referred to the feed grains bill and said that the volume could be a very definite factor in breaking the market price of feed grains. You say the volume of Government grain on the market has already been increased as a result of this bill.

We have had intimations of that before and we have tried to run them down. I wonder just what information you have. Has the price of feed dropped?

Mr. WILSON. Yes, the price of feed has dropped.

Mr. POAGE. We were given figures a little while ago on the national average which showed that the price of corn has not dropped.

Mr. WILSON. I do not know what the national average is. I do know that when the feeder buys it, if he was paying \$1.10 and he gets it at a dollar now, he figures it has dropped.

Mr. POAGE. Where is that happening?

Mr. WILSON. In the Corn Belt.

Mr. POAGE. All over the Corn Belt?

Mr. WILSON. I would not be able to say. I have not checked all over.

Mr. POAGE. We were given the national figures which show that there had not been any drop. And I think the local figure in my area shows the same thing. My partner called me last week and said he was buying some oats, and I asked him what he was paying and he said "a dollar." I thought he was paying altogether too much. He said it was the cheapest feed he could buy.

That does not convince me that the price of a feed has dropped. I thought oats should be bought for less than that.

Mr. WILSON. It depends upon possibly where you were buying, that it was that.

Mr. POAGE. We were just buying feed in central Texas, but we had to pay more, not less, than we did several months ago.

Mr. JOHNSON of Wisconsin. About 2 weeks ago a farmer told me that because of the feed grains bill the farmers have to pay more in northern Wisconsin.

Mr. POAGE. That is the peculiar thing about this claim that the price of feed has gone down. I do not mean to question Mr. Wilson's sincerity or accuracy in what he is stating. We have had similar

testimony before this committee time and again in the last few weeks on that point.

Mr. WILSON. I expressed the effect that if you get reports from across the country there will be still some conflict on it. The point I am making here with this is that your feed grains bill permits the dumping of feed on the part of the Secretary in order to get his funds to pay for the sign-up. And the amount that he feeds into the market gives him a control over that market. I am not going to argue with you where the market is today. He can feed it in.

Mr. POAGE. That is what the bill intended to permit but the Secretary, up to the day before yesterday, I was informed, had not sold one of these certificates. And there is no way under the feed grain bill for him to put feed grain into the market without selling the certificates.

Mr. WILSON. I am not backing up on my statement yet, because I do know that I bought corn cheaper than I bought before. Now, why, I do not know. I did not try to get the national average.

But the point I am trying to make in my statement here is that it gives the power to one man to feed into the market a tremendous tonnage of grain which has been produced on acres taken out of cotton, out of wheat, out of peanuts, out of tobacco, and these other crops, and all we want is to be sure that is not fed in so fast as to disturb the livestock production of this country. We do not think we ought to have that.

Mr. POAGE. But the fact is he would not be able to put as much feed grains into the market over the next few years as has been put in the last few years, because if you do not produce it, you cannot put it in the market. And it was reported this morning we have some 7 million acres of production already signed up; and 7 million acres is almost 10 percent of your total feed grains acreage—of corn and grain sorghums.

There will be substantially more. That must mean a reduction in the total amount of feed grain that will be available in the next few years. There is not any way of getting around it.

That is exactly what we want to do—to reduce the volume of feed grain for the exact reason that you suggested: that we do not want cheap feed.

Mr. WILSON. That is right.

Mr. POAGE. It seems to me that you are telling us because you think that we are going to have relatively cheap feed during the next 6 months, and because the feeders can make some money during the 6 months, that you feel that we made a mistake in passing the feed grains bill—not the farm bill—you are talking about the feed grains bill. You seem to feel we made a great mistake in passing that, but you recognize that in the long run it will maintain substantially firmer prices for feed grains, therefore, firmer prices for livestock; and down the long road under your argument, it is perfectly clear that this feed grains bill be the greatest blessing to the livestock people that has ever come along, but you are willing to deny them that blessing because somebody is not making money out of it right now.

Mr. WILSON. Mr. Poage, I stand on my statement.

Mr. POAGE. I know you do.

Mr. WILSON. I think you are trying to make it mean something entirely different.

Mr. POAGE. I am not trying to change your statement but sure I think the bill does mean something entirely different from your statement. And I want to know now just who you figure will get hurt by the feed grains bill. You think it will hurt the people instead of helping them. Who is getting hurt?

Mr. WILSON. I have not admitted the latter part of your statement.

Mr. POAGE. You do not?

Mr. WILSON. No, sir.

Mr. POAGE. You just admitted it. I read your statement here that, "Cheap feed in the past has not proven profitable to livestock producers"——

Mr. WILSON. I stand on that.

Mr. POAGE (continuing). "Over a long period of time."

Mr. WILSON. I stand on that.

Mr. POAGE. And you agree in the future that cheap feed cannot help the livestock industry. You agree that this bill is reducing the production of feed grains. And you agree that, therefore, the price of feed grains will be more stable.

The only thing you have not said, the next step, is that the building up of feed grains supplies means the building up of livestock supplies. Do you deny that?

Mr. WILSON. Your statement made here is your statement. My statement appears in this printed copy that I have presented to you. You are talking down a different road. I am talking of this program that any time Congress gives to the Secretary of Agriculture, regardless of who he is, the authority to go into the market and control the market, you take away from the market the factor which today is determined more or less in a free economy.

And my position here—and I mention the feed bill primarily because we do not yet know what you are going to do with it—who is going to police them, who is going to see that they are not used and to what extent they are used. Those things are all questions yet to be answered. But when you get and you take your next step on this bill that is before you now, when you take that and you give the authority to go clear down to the livestock and meat and every agricultural commodity and bring it under controls, you are placing terrific authority——

Mr. POAGE. That is the road I started down because that is the road I want to go down. I will come back to the other. But I did not raise the issue of the feed grains bill. You raised it in your statement here.

Mr. WILSON. That is right—that is right.

Mr. POAGE. So let us talk about that feed grains bill and let us see if I understand you, because I thought I understood you. Let us find out, first, do you agree that cheap feed means cheap meat in the long run?

Mr. WILSON. What it does is that cheap feed attracts additional operators into this production activity. You have seen it, all of us have. The "in and out" comes in when he gets cheap feed and the drugstore operator, even the packers themselves, and the retailers get into the feeding game and everybody goes into it.

What happens then? Heifers are held back for breeding purposes, sows are kept back for breeding purposes. There is for the immediate future less meat in the killing channels and the price of your meat will go up in the near future, immediately, because of the holdback, the buildup of breeding herds, the great raft of people coming into the field.

And by the time they all get in, this cheap feed begins to turn around and go the other way. And then your meat business takes the other turn.

It is not good for the industry, Mr. Poage. You know it and I know it. Cheap feed will attract many new operators in because the holdback of those additional breeding animals cuts down the meat into the retail channels, raises the meat level, brings more in, and by the time they all get in then down she goes. I do not think there is any disagreement on that.

Mr. POAGE. I do not think it takes me as long to say it as it did you. I think that cheap feed in the long run brings about cheap livestock. In the short run, you bring about a higher price.

Mr. WILSON. I do not get to talk to you fellows very often, that is the reason I take longer.

Mr. POAGE. We have a long way to go and these gentlemen are all pressing me to be heard, but I want to discuss with you just a moment this bill that you came up here to oppose.

Frankly, it seems to me you might just as well have signed your name to Mr. Shuman's statement.

Mr. WILSON. That would be a pleasure.

Mr. POAGE. And, of course, you said that you agree with everything that he said.

Mr. WILSON. I say, generally, we agree with it.

Mr. POAGE. He expressed your views?

Mr. WILSON. Yes.

Mr. POAGE. So now I am back to this bill. You expressed a great deal of concern over any kind of regimentation of the livestock industry and I agree with you.

You expressed a great deal of concern over a possible limitation on the number of calves or the poundage, and I agree with you.

And I think that those are matters of great concern. But it seems to me that inevitably your concern indicates that you have no confidence in the world in, shall I say, the "horsesense" or the "cow sense" of the cattle people. It is true that under existing law the Secretary can prescribe conditions of eligibility for price supports for anybody.

But under the proposed legislation, which you find so unacceptable, the Secretary must, if he establishes any program for the livestock people, submit the program to them.

Whether he has the committee properly selected, and I think we can agree that we may make changes in the way the committees are selected. He does have committees. He does not have them under the present law. He does have to consult them under this bill, but he does not under the existing law.

I think we ought to expand the powers of the Congress under this proposed legislation. But the point is that under the existing law he does not have to come to Congress. Under the proposed legislation he does have to come to Congress.

Do you object to him having to call in the producers before he proposes a program? Do you object to the producers being called in, whether we have proper representation or not? I am not arguing the point. I will let you write the way he will get those producers on the committees.

Do you object to having the producers come in and being considered and advising on the program?

Mr. WILSON. Do I object to the producers coming in and being consulted?

Mr. POAGE. Yes.

Mr. WILSON. On any program?

Mr. POAGE. Yes.

Mr. WILSON. Certainly not. If I did, I would not be here. I am representing producers.

Mr. POAGE. The present law does not require that, does it? The present law does not make any such requirement does it?

Mr. WILSON. Which law are you talking about?

Mr. POAGE. I am talking about section 301 and section 401. The present law says in section 301:

The Secretary is authorized to make available through loans, purchases, or other operations, price supports to producers for any nonbasic agricultural commodity not designated in title II.

That would include livestock, would it not?

Mr. WILSON. I think it would.

Mr. POAGE (reading):

Not in excess of 90 per centum of the parity price.

That is the law of the United States today, Mr. Wilson.

Mr. WILSON. That is right. You and I both know that the livestock producers have opposed any effort in there to bring the money in.

Mr. POAGE. I do know that. I do know that but that is what the law says.

Mr. WILSON. That is right.

Mr. POAGE. The Secretary has that power right now.

Mr. WILSON. I think he has.

Mr. POAGE. That has not been repealed or modified.

Mr. WILSON. I think that is it.

Mr. POAGE. That is the law now.

Mr. WILSON. Yes.

Mr. POAGE. It is perfectly true that livestock producers do not want controls under this program.

Mr. WILSON. Either under the old one or under this one.

Mr. POAGE. That is right—that is right. But now I am asking, do you object to his consulting with the livestock producers?

Mr. WILSON. I answered that. If I did object, I would not be here today because I am here speaking for them.

Mr. POAGE. All right.

Mr. WILSON. And I do not object to their being consulted. I think they should be.

Mr. POAGE. That is required under the proposed law.

Mr. WILSON. I do, consulting them. The committees selected by the Secretary of Agriculture are from the committee appointments by these committees out in the counties. I am not opposed to those

committees. But they are not representing the livestock producers. They are in another field.

Mr. POAGE. Mr. Wilson, I suggested that I was perfectly willing to accept an amendment so far as I am concerned, and I am not dogmatic about keeping the wording of the Secretary in here. I think I agree, we can improve upon that, but whatever the method of selecting those committees, do you find that that is more objectionable than the present law?

Mr. WILSON. I would have to go into the present law. I would have to check it to see——

Mr. POAGE. Do you object?

Mr. WILSON. Let me answer you this way; we certainly do not object to the livestock producers of this country being consulted or their organizations being consulted in that.

Mr. POAGE. You do not object to that?

Mr. WILSON. We do object to somebody else writing it.

Mr. POAGE. You object to the method in which this is brought to the Congress?

Mr. WILSON. Yes.

Mr. POAGE. I do, too. I think there ought to be changes in the method of submission to the Congress. But do you feel that the submission to the Congress in any method is more objectionable than the present law which does not require submission to the Congress?

Mr. WILSON. Mr. Poage, I would not object to submitting anything to the Congress. I think that is our way of life in this country; and Congress is the place.

Mr. POAGE. I understand that you object to this in that you feel the producers should have more voice and the Congress should have more voice. And I will go with you on both of those things. But, actually, both the producers and the Congress have more voice under this proposed legislation than they have under the existing law.

Mr. WILSON. I do not like the existing law even.

Mr. POAGE. That is all right. I have no quarrel with you. I agree that it should be changed. But rather than coming here and saying that because we are making a step in the right direction, but in your opinion not going far enough—and I will agree with you that it is not going far enough. You agree to that?

Mr. WILSON. I sure do not.

Mr. POAGE. You do not agree?

Mr. WILSON. Certainly, I said two or three times in this statement this goes further than Congress has ever considered giving the authority to the Department of Agriculture to control agriculture. Mr. Poage, in my statement here the livestock producers generally in this country are more interested in a free economy than they are in Government controls, regulations, subsidization, and what have you.

I said in my statement, my printed statement here, you go further in this bill than you have in any of them.

Mr. POAGE. I think you will find it does not.

Mr. WILSON. I am not finding that.

Mr. POAGE. Do you think——

Mr. WILSON. I do not agree with you.

Mr. POAGE. Do you think that the further we go down the line when we require consultation with the producers and require action by the Congress—

Mr. WILSON. You are taking two statements out of the whole thing requiring that. I certainly want to agree that producers of livestock should be considered in any program which is adopted. And that the Congress should be passing the laws of this country. I agree with both of those.

Mr. POAGE. Do you think that the livestock—

Mr. WILSON. Let me finish on this. But I do contend that with your approval this gives to the Secretary of Agriculture and gives to the executive branch of the Government more authority, more power, to go down the road to controls which we oppose, more than any bill that you have had in the past.

Mr. POAGE. With the approval of the Congress and the committees.

Mr. WILSON. Yes.

Mr. POAGE. But he has that power right now without anybody's approval.

Mr. WILSON. No, sir.

Mr. POAGE. Mr. Wilson, he does.

Mr. WILSON. He does not take it. He has not taken it.

Mr. POAGE. He has the power.

Mr. WILSON. Not on livestock.

Mr. POAGE. It has been exercised on livestock. Secretary Benson did establish a support program for live cattle and did buy live cattle as well as hogs with Federal funds without any special authorization from Congress. He did do it. He did spend our money and the money is gone. And he did help the livestock industry—some if it. There is argument about how far the aid extended. But it has been done. The power is there. The power has been exercised, and it has been unchallenged.

Now if you want to be the instrumentality of denying to producers that opportunity to express themselves, why, obviously, that is a matter only on which you have a perfect right to express yourself, but I do not want to do it. I want the producers to have a voice in their programs. This bill gives them a voice for the first time. And I do not have the fear that you have: that the producers of cattle or any other livestock will burden themselves with the kind of controls that you talk about.

To my mind that is not in keeping with the cattlemen that I know. I think they are more sensible people than you indicate they are. I do not think that two-thirds of the cattle people would ever vote for the kind of program that you suggest. But you are suggesting to this committee that we should be afraid of something that you do not know will take place. I do not think they will vote that way.

Mr. WILSON. Mr. Poage, I certainly do not want to belabor this question, but I do not agree with your last statement here, that the program that I suggested—and I am not suggesting a program here—I am suggesting staying away from this program—

Mr. POAGE. You talk about the possibility of a program—said we could have one under which we would have to sell little calves and that sort of thing. You went into a good deal of detail to tell me about that. I agree with you wholeheartedly that such a program would

be bad but I cannot agree there is any possibility in the world that this will happen as you suggest. I would like for producers to have the opportunity to say whether they want it.

I will yield to Mr. Hoeven.

Mr. HOEVEN. Mr. Wilson, I want to compliment you on a very comprehensive statement. I think you do reflect the thinking of the livestock producers in the State of Iowa and the Corn Belt in general. You fully realize that all we have before us now is H.R. 6400—that is the bill you are talking about.

Mr. WILSON. That is right.

Mr. HOEVEN. Mr. Poage talks about proposed amendments. We do not have the benefit of those amendments. You have given your views on the bill H.R. 6400, which we are now considering, and that is all you can do.

Reference has been made to Secretary Benson exercising the authority under present law to help livestock producers. That is true, but let us be fair about it. That was done in the case of a serious drought situation in which the Secretary did invoke the powers that he had to help out the livestock producers; and properly so.

You realize, I am sure, that under the provisions of the present bill, a commodity program is submitted to the Congress through a self-picked committee—set up of advisors. When you boil it all down it is actually the proposal of the Secretary of Agriculture himself. The program under the provisions of this bill then is submitted to the Congress on a take-it-or-leave-it basis without the opportunity of the Congress to change it or to amend it.

I assume that is what you are objecting to?

Mr. WILSON. Right.

Mr. HAGEN. Let me point out that although the Secretary would not have the authority at the present time to put cattle under a marketing order, he could institute a subsidy program but only one which did not include marketing quotas on acreage controls.

Mr. HOEVEN. You are correct. That is an innovation in this bill which could put cattle under marketing quotas and provide for compensatory payments, as an example.

I want to correct the record as to the market price on corn. It is true, as Mr. Poage said, and as far as I know that none of the certificates have as yet been sold under the provisions of the so-called feed grains bill. But the fact does remain that prior, or immediately after that bill was enacted into law, there was a dumping of a considerable amount of grain on the market. In the opinions of some, this was done deliberately in order to force farmers into the feed grains program.

In some areas the price of corn dropped from 12 to 15 cents a bushel at about the time the feed grains bill was passed.

The question arose as to whether or not the Secretary was actually selling spoiled corn or not. Some contend he was dumping good corn.

For the record, the average prices received by farmers for corn, as of April 15, 1961, according to the Crop Reporting Board of the Department of Agriculture, shows that on April 15, 1960, the average price received by farmers for corn was \$1.05 a bushel. And that on February 15, 1961, it was \$1 a bushel. And on March 15, 1961, it was \$1.01 a bushel. And that on April 15, 1961, the latest information available, it was 96 cents a bushel, which does indicate that the price

of corn was down about 10 cents over a year ago and down about 4 cents since March 15 of this year.

I think the record should be clarified on that point.

The CHAIRMAN. (presiding). I recognize Mr. Heimbürger, counsel for the committee, who has obtained information in response to my request regarding the price of corn. Do you have that Mr. Heimbürger?

Mr. HEIMBURGER. Yes, Mr. Chairman. Since the question of the corn price was brought up, I have obtained from the Grain Branch of the Agricultural Marketing Service the day-by-day cash price of corn at Chicago, beginning February 1 and ending yesterday, May 3. The prices quoted are the midpoint or daily average of the cash price for No. 2 yellow corn in Chicago. And it bears out to some extent what Mr. Hoeven just said that there was a flurry in the corn market at the time of the passage of the bill.

The figures clearly show, however, that so far as the Chicago market is concerned, corn has regained the price level that prevailed before the bill was introduced.

On February 1, in Chicago, the midpoint price for No. 2 corn was \$1.15¾.

The price rose gradually then until on the 9th of February it was \$1.17.

Then it began a decline and on the first market day after H.R. 4510, the feed grains bill, was introduced—the bill was introduced on the 17th—on the following Monday, the first marketing day after, the cash price of corn at Chicago was \$1.12¼, down 3¾ cents from the first of the month.

It rocked along between that figure and \$1.14. And on February 28, the day after H.R. 4510 was reported favorably by this committee, it was up 2½ cents to \$1.14¾.

The price on March 1 was \$1.14¼.

Thereafter, the price rose slowly. On March 9, the day that H.R. 4510 passed the House, the Chicago price was \$1.16¾, up 2½ cents from the first of the month.

It reached a high of \$1.17¾ on the 14th, 5 days after the bill passed the House.

On the day the bill was signed by the President, March 22, the price was \$1.14¼.

It remained at about that level the next day, but the day following a rather sharp selloff in corn began, and it dropped to \$1.08¼ on the 28th, \$1.05¾ on the 29th, and \$1.06½ on March 30.

On the 3d of April, the first market day in April, it hit a low of \$1.06.

Thereafter, it started back up, and on the 10th, a week later, it was \$1.07¼; on the 17th it was \$1.10. A week later, on the 24th of April, it was \$1.15¼. And it has stayed at about that price.

On May 1 it was \$1.15¼. And yesterday the midpoint price was \$1.15 at Chicago.

That price of \$1.15 on yesterday compared to \$1.14¼ on the 1st of March and to \$1.15¾ on the 1st of February.

(The table follows:)

Cash No. 2 yellow corn—Chicago

February 1961:

1	1. 15 $\frac{3}{4}$
2	1. 15 $\frac{3}{4}$
3	1. 17 $\frac{3}{4}$
6	1. 18 $\frac{3}{4}$
7	1. 16 $\frac{3}{4}$
8	1. 16
9	1. 17
10	1. 15 $\frac{3}{4}$
13	1. 15 $\frac{1}{4}$
14	1. 15 $\frac{1}{4}$
15	1. 14 $\frac{3}{4}$
16	1. 14 $\frac{3}{4}$
17	¹ 1. 13 $\frac{1}{4}$
20	1. 12 $\frac{1}{4}$
21	1. 13 $\frac{1}{4}$
23	1. 14
24	1. 14 $\frac{1}{2}$
27	² 1. 12 $\frac{3}{4}$
28	1. 14 $\frac{3}{4}$

March 1961:

1	1. 14 $\frac{1}{4}$
2	1. 14 $\frac{1}{4}$
3	1. 14 $\frac{3}{4}$
6	1. 16 $\frac{1}{4}$
7	1. 16 $\frac{1}{4}$
8	1. 16 $\frac{3}{4}$
9	³ 1. 16 $\frac{3}{4}$
10	1. 16 $\frac{3}{4}$
13	1. 17 $\frac{1}{2}$
14	1. 17 $\frac{3}{4}$
15	1. 17 $\frac{1}{4}$
16	1. 16 $\frac{3}{4}$
17	1. 17 $\frac{1}{4}$

¹ H.R. 4510 introduced.² H.R. 4510 reported.³ H.R. 4510 passed House.

March 1961—Continued

20	1. 15 $\frac{1}{4}$
21	⁴ 1. 14 $\frac{3}{4}$
22	⁵ 1. 14 $\frac{1}{4}$
23	1. 14 $\frac{1}{4}$
24	1. 13 $\frac{1}{2}$
27	1. 11 $\frac{1}{4}$
28	1. 08 $\frac{1}{4}$
29	1. 05 $\frac{3}{4}$
30	1. 06 $\frac{1}{2}$

April 1961:

3	1. 06
4	1. 07 $\frac{1}{2}$
5	1. 07 $\frac{3}{4}$
6	1. 08
7	1. 08 $\frac{1}{4}$
10	1. 07 $\frac{1}{4}$
11	1. 09
12	1. 08 $\frac{3}{4}$
13	1. 09
14	1. 09 $\frac{1}{2}$
17	1. 10
18	1. 10 $\frac{1}{2}$
19	1. 12 $\frac{1}{2}$
20	1. 14 $\frac{1}{2}$
21	1. 14 $\frac{3}{4}$
24	1. 15 $\frac{1}{4}$
25	1. 15 $\frac{3}{4}$
26	1. 15
27	1. 14 $\frac{1}{2}$
28	1. 15 $\frac{1}{4}$

May 1961:

1	1. 15 $\frac{1}{4}$
2	1. 15 $\frac{1}{4}$
3	1. 15

⁴ Conference report adopted.⁵ Signed by President.

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

Mr. HEIMBURGER. Yes.

Mr. HOEVEN. I think the record should also show that the country market prices are from 10 to 12 cents lower than the Chicago market.

The CHAIRMAN. Any further questions?

Mr. McINTIRE. Mr. Wilson, I, as one member of the committee, am delighted to hear you further, because this is the first opportunity I have had to meet you again since about 15 years ago. And I know from your background the tremendous respect in which you are held and the fact that you are respected highly in the livestock industry.

In connection with the existing law and your comment thereon, I am sure that when you have the opportunity you will be reviewing that.

I would simply point out to you that you will find under the existing law that there is no provision whereby the Secretary can even suggest to any commodity group other than those concerned with the five basics. Nor can the Secretary incorporate in a referendum any program as a requirement or as a condition of any activity in connection with price supports because the law does not permit that authority at the present time, so far as quotas are concerned.

I think you will also find, as you examine this situation, that the legislation before us, on page 39, which is section 604—while it is not an amendment to existing law in section 301—this provision here does include quotas on the same commodities which are now in title III, where the Secretary has no authority to bring in quotas as an element of requirement in a price supporting activity.

I think you will also find that the action of the previous Secretary in relation to the purchases of livestock in connection with the drought situation was not done under section 301 but was done with section 32 funds. That is entirely a different authority, in connection with meat and in connection with the economic situation.

I think I should call that to your attention because I think you will have a chance to examine it rather closely at your earliest opportunity.

Again, may I say that I am appreciative of your statement and happy that you are here to represent your people.

Mr. TEAGUE of California. Am I correct, Mr. McIntire, that as to the statement that you made the laws that you cited, that this is true of the proposals in H.R. 6400?

Mr. McINTIRE. Basically I think the observation Mr. Poage made so far as he went is accurate, but my only point was that he did not go far enough.

Mr. TEAGUE of California. Is it true here that this would give the Secretary authority in the marketing quotas field that he does not now have?

Mr. McINTIRE. It does that.

The CHAIRMAN. Any further questions?

Mr. HARVEY. I have a question.

The CHAIRMAN. Very well.

Mr. HARVEY. First of all, I did want to compliment Mr. Wilson on his appearance here this morning. Also, to say that as a Midwest livestock producer I am aware of the fact that producers in our great Midwest listen to him when he broadcasts and respect his leadership in the livestock industry.

I think it possibly could be said that the producers of livestock of the Middle West, by and large, will concur in the statements of Mr. Wilson; that he does speak for the rank and file of the livestock producers of the Midwest.

And for that reason his appearance here should carry a great deal of weight with the committee.

Mr. Wilson, I would like to ask you if you think that the American livestock producers in the Midwest are aware of the implications of H.R. 6400 and what it holds for them?

Mr. WILSON. Mr. Harvey, I doubt if the rank and file have been able to unravel from the press reports and other places just what this bill would mean, all the way through. I doubt it they do, the rank and file.

Mr. HARVEY. One other thing that I would like to bring out: I would suggest, if I might humbly do so, that your organization make a very earnest endeavor to apprise the livestock industry of just what the issues are as stated here. I want to say that I, certainly, think that they, in my opinion, are not aware of it and I think that it is an important thing that should be done.

I would also like to make this comment concerning the figures that have been shown about the price of corn. I followed the market rather closely in recent weeks and I am aware of the fact that there was a movement of corn. Possibly I should not call it dumping, but at least there was a very substantial movement of corn which did affect the cash market price.

I would not impugn the good faith of the Secretary to say that he deliberately caused this break in the corn market. But at any rate, I do know that insofar as the farmers in my area are concerned—this was reflected in my correspondence—they were much alarmed about it. And many of them felt that it indicated a desire to drive them into the feed grains program, thereby, possibly to use a lefthanded device in order to impose the program upon them.

That is all.

Mr. HOEVEN. Will the gentleman yield to me?

Mr. HARVEY. Yes.

Mr. HOEVEN. Commenting on Mr. Harvey's observation, Mr. Chairman, I think the record should show that in addition to the figures given by Mr. Heimberger, as to the price on corn on various dates, the record should also show the amount of corn which was released by CCC on approximately those respective dates. It is my understanding that the reason why the price of corn has increased of late is due to the fact that the Government has stopped its dumping program of late.

I would like to have such information made a part of the record.

The CHAIRMAN. Certainly, we will have that in the record. I doubt if Mr. Heimberger is in a position to file that now.

Mr. HOEVEN. He can secure it and insert it in the record at this point.

The CHAIRMAN. We will request the Secretary to provide that information for the record.

I remember that he said that more corn was put on the market 2 years ago than at this time. I will make a note that we do have that information in the record at this place.

(The information follows:)

U.S. DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation domestic corn sales, by crop year

[Millions of bushels]

1958-59 crop year					1959-60 crop year					1960-61 crop year				
Period week ending—	Total sales	Cumulative sales	Percent of cumulative sales to Jan. 1, 1959, inventory	Market price ¹	Period week ending—	Total sales	Cumulative sales	Percent of cumulative sales to Jan. 1, 1960, inventory	Market price ¹	Period week ending—	Total sales	Cumulative sales	Percent of cumulative sales to Jan. 1, 1961, inventory	Market price ¹
Oct. 3, 1958	4.9	4.9	0.4	1.27½	Oct. 9, 1959	2.2	2.2	0.2	1.21½	Oct. 7, 1960	1.9	1.9	0.1	1.13
Oct. 10, 1958	2.8	7.7	.7	1.31	Oct. 16, 1959	1.6	3.8	.3	1.09½	Oct. 14, 1960	1.6	3.5	.3	1.12¾
Oct. 17, 1958	2.4	10.1	.9	1.20¾	Oct. 23, 1959	1.3	5.1	.4	1.09½	Oct. 21, 1960	1.4	4.9	.4	1.09¾
Oct. 24, 1958	2.2	12.3	1.1	1.12¾	Oct. 30, 1959	1.6	6.7	.7	1.10½	Oct. 28, 1960	1.4	6.3	.5	1.04½
Oct. 31, 1958	2.6	15.0	1.3	1.11¾	Nov. 6, 1959	1.5	8.4	.8	1.14	Nov. 4, 1960	1.5	7.8	.6	1.03¾
Nov. 7, 1958	2.2	17.2	1.5	1.13¾	Nov. 13, 1959	1.1	9.9	.8	1.14	Nov. 11, 1960	1.1	8.9	.9	1.02¾
Nov. 14, 1958	3.4	20.6	1.8	1.15¾	Nov. 20, 1959	1.6	11.0	.9	1.13	Nov. 18, 1960	1.1	10.0	.7	.96
Nov. 21, 1958	1.6	22.3	1.9	1.18¾	Nov. 27, 1959	1.0	12.6	.9	1.12	Nov. 25, 1960	1.1	11.1	.8	.96¾
Nov. 28, 1958	1.1	23.5	2.0	1.16¾	Dec. 4, 1959	.9	13.5	1.0	1.11¾	Dec. 2, 1960	1.0	12.1	.8	1.01½
Dec. 5, 1958	1.1	24.5	2.1	1.20¾	Dec. 11, 1959	.9	14.4	1.2	1.13¾	Dec. 9, 1960	.9	13.0	.9	1.02½
Dec. 12, 1958	2.3	26.8	2.3	1.20	Dec. 18, 1959	.9	15.3	1.3	1.13¾	Dec. 16, 1960	.6	13.4	.9	1.09
Dec. 19, 1958	1.1	28.1	2.5	1.17	Dec. 25, 1959	.4	15.8	1.3	1.13¾	Dec. 23, 1960	.3	13.9	.9	1.10¾
Dec. 26, 1958	2.3	30.4	2.6	1.16½	Jan. 1, 1960	.0	16.1	1.3	1.16½	Dec. 30, 1960	.9	14.2	1.0	1.12
Jan. 2, 1959	1.4	31.8	2.7	1.20¾	Jan. 8, 1960	1.0	17.1	1.4	1.17½	Jan. 6, 1961	1.1	15.2	1.1	1.11¾
Jan. 9, 1959	2.0	33.8	2.9	1.19¾	Jan. 15, 1960	1.0	18.1	1.5	1.18	Jan. 13, 1961	1.1	16.2	1.2	1.12¾
Jan. 16, 1959	2.4	36.2	3.1	1.20¾	Jan. 22, 1960	1.2	19.3	1.6	1.18½	Jan. 20, 1961	1.2	17.4	1.2	1.15¾
Jan. 23, 1959	2.8	39.0	3.3	1.19¾	Jan. 29, 1960	1.2	20.5	1.7	1.17	Jan. 27, 1961	1.2	18.4	1.5	1.13½
Jan. 30, 1959	3.6	42.7	3.7	1.17½	Feb. 5, 1960	1.3	21.8	1.8	1.16	Feb. 3, 1961	1.7	20.1	1.7	1.18
Feb. 6, 1959	4.4	47.1	4.0	1.20¾	Feb. 12, 1960	1.3	23.0	1.8	1.15	Feb. 10, 1961	1.7	21.8	2.0	1.16
Feb. 13, 1959	3.8	50.9	4.4	1.19	Feb. 19, 1960	1.5	24.5	1.9	1.14	Feb. 17, 1961	1.8	23.6	2.4	1.13½
Feb. 20, 1959	3.6	54.5	4.7	1.21¾	Feb. 26, 1960	2.3	26.8	2.1	1.13½	Feb. 24, 1961	1.8	25.4	2.8	1.15¾
Feb. 27, 1959	2.9	57.2	4.9	1.23¾	Mar. 5, 1960	2.3	29.2	2.4	1.15¾	Mar. 3, 1961	1.4	26.8	3.2	1.15
Mar. 6, 1959	3.7	61.1	5.2	1.21¾	Mar. 11, 1960	1.9	31.1	2.6	1.17½	Mar. 10, 1961	1.4	28.2	3.5	1.17½
Mar. 13, 1959	3.8	64.9	5.6	1.23¾	Mar. 18, 1960	2.2	33.3	2.8	1.18½	Mar. 17, 1961	1.1	29.3	3.9	1.17
Mar. 20, 1959	5.3	70.2	6.0	1.23¾	Mar. 25, 1960	2.6	35.9	3.0	1.21¾	Mar. 24, 1961	1.1	30.4	4.3	1.14
Mar. 27, 1959	3.5	73.8	6.3	1.25¾	Apr. 1, 1960	2.0	37.8	3.1	1.23¾	Mar. 31, 1961	1.1	31.5	4.8	1.17
Apr. 3, 1959	2.9	76.7	6.6	1.28¾	Apr. 8, 1960	1.9	39.7	3.1	1.25¾	Apr. 7, 1961	1.1	32.6	5.5	1.08½
Apr. 10, 1959	3.8	80.4	6.9	1.30¾	Apr. 15, 1960	2.8	42.5	3.6	1.28¾	Apr. 14, 1961	1.1	33.7	6.1	1.09¾
Apr. 17, 1959	4.2	84.6	7.2	1.30¾	Apr. 22, 1960	3.4	45.9	3.6	1.24	Apr. 21, 1961	1.0	34.7	6.8	1.15
Apr. 24, 1959	3.9	88.5	7.5	1.29¾	Apr. 29, 1960	3.5	49.4	3.8	1.23	Apr. 28, 1961	1.0	35.7	7.5	1.15½

¹ Chicago high for No. 2 corn on last day of week.

² National average price support.

Marketing year 1958-59, \$1.36 compliance corn only.

Marketing year 1959-60, \$1.12.

Marketing year 1960-61, \$1.06.

³ Nov. 10, 1960.

⁴ Dec. 23, 1959.

⁵ Dec. 24, 1958.

⁶ Jan. 13, 1961.

⁷ Mar. 26, 1959.

⁸ Apr. 14, 1960.

Mr. FINDLEY. Suppose H.R. 6400 does pass and the advisory committee comes forward with a program for the livestock industry, and suppose also the Congress does not reject the program, it will then come before the livestock producers in referendum.

My question is, in your opinion, who should be entitled to vote in that referendum? In other words, do not all Americans have a stake in the livestock industry? Can you restrict it just to the fellows who are raising livestock? Do not the feed dealers have a stake in it? Do not the consumers and the smalltown merchants have a stake in it? Is it fair to exclude any Americans from the referendum?

Mr. WILSON. Let me go back to the other program, on the basis of those who produce the basics, who are privileged to vote if they had a certain number of acres, there is one factor in that, Mr. Findley, it seems that they should have the control but yet they are producing for America, and it seems like maybe there ought to be more votes in it than that.

I am inclined to believe that if it comes down to the place to the question of who is to vote, that is, who should vote, if we follow the pattern that you have adopted in the past, leave it to the livestock producers, I am not so sure that it is the American way.

Mr. FINDLEY. You are not so sure?

Mr. WILSON. I am not sure that is the American way—that it should be, because everybody has a stake in the food basket of this country, everybody has a stake in it, and meat is the basic food in this country—it is basic. Meat makes up a big part of our daily food supply of the American people.

To say that you confine the vote to the livestock producer would be following the pattern that you have with your control programs up to this time. To say that you let everybody vote on it would be more the American way.

I would like to express it this way: I hope it never comes to the time when he have to present to the American livestock producer or to the country, whether they are going to be controlled by this Government or by an act of Congress. I hope it never comes to that.

Mr. FINDLEY. Most of us believe in the right of the individual, that we have to protect the minority rights against the unrestrained action of the majority.

Mr. WILSON. Yes.

Mr. FINDLEY. Suppose we do have this referendum and two-thirds of the producers should approve the program; do you think that the livestock producers have the inherent right to produce and market as much as they like? That is an inherent right that they have by virtue of being Americans.

Mr. WILSON. I think so.

Mr. FINDLEY. Then do you think that two-thirds should be able to inflict their will upon the one-third who might choose not to go along with the program?

Mr. WILSON. I think it is all in a controlled economy wrong. I think we are a standing example of where free people are not controlled. Never in the world have so few fed so many so well at so low a cost. And to give even a small percentage of them the power to vote them out of that freedom would be wrong, in my opinion. I hope we do not come to that.

Mr. FINDLEY. Thank you.

Mr. BEERMANN. Mr. Wilson, it is hard for me not to call you P. O., as most of the livestock producers affectionately do. When Mr. Heimbarger testified that February 1, 1961, corn at Chicago was \$1.15, I want to say that in the country on the farms the price was 10 cents a bushel less. That on March 22 when the bill was signed by the President it was \$1.14 $\frac{3}{4}$, and 15 days later, after it had become law, it was \$1.05. My observation of that is that in Nebraska there was quite a large amount of grain sold by the Department, thereby depressing the price.

Do you feel that this price depression had any effect on the signup of the 1961 feed grains bill?

Mr. WILSON. I do not even have available to me, Mr. Beermann, the figures on the signup. I feel that any individual with authority to feed into the market great quantities of the surpluses now held could be effective in forcing individuals who were undecided on whether to sign or not, they could be affected.

Mr. BEERMANN. With this power to regulate prices, there is a possibility that people who normally market corn and sorghums will next year feed livestock, namely hogs, that they can get into very fast, thereby causing a depression of the pork market, and those who are in the hog business might necessarily have to come to the Secretary and ask for help because it caused a problem for them.

Mr. WILSON. Mr. Beermann, I think what you are asking me is to the changes in the production program brought about by this bill, plus the feed bill, plus the law under the basics, might be steps which would eventually force the livestock man of this country to his knees where he would have to approach the Government and say, "Uncle, what will you do for me?" That is what we want to avoid. Those are the steps that have been taken. I tried to bring out, Mr. Cooley, in my statement when they went out of cotton, when they went out of other products, they moved not to take those completely out, but they moved into corn and sorghums and the other feed grains.

You paid them to take the acres out of cotton.

The CHAIRMAN. What?

Mr. WILSON. You paid them to take the acres out of cotton and wheat. They moved into feed grain production. That was the step that brought the grain man to the place—

The CHAIRMAN. Just a minute. Under what program did we pay the cotton farmer to reduce his acres?

Mr. WILSON. It is in the guaranteed price in the Commodity Credit Corporation purchasing.

The CHAIRMAN. In the support program?

Mr. WILSON. Yes; exactly right. I am not criticizing that—I am saying when they took those acres out and paid for them, if you had been able to police and to provide they could not put those acres into anything else, all right. But you did not do that; they moved into feed grains.

The CHAIRMAN. That is exactly why we passed the feed grains bill.

Mr. WILSON. They moved into feed grains, and then feed grains are in trouble. This is the point I want to make—and I think Mr. Beermann has helped me—you move into feed grains to try to put this farmer into a place where he will eventually be forced to lose his

freedom and his independence and ask that all commodities be treated alike. That is the thing we are testifying against. That is what we are opposed to.

Mr. BEERMANN. Then by Government intervention and controlling the market, the Government is controlling it. That is my statement. You do not have to answer it if you do not like. I see grain sorghums where normally they have been raised in what we normally call the Corn Belt, they are now being produced all over.

Mr. WILSON. That is right.

Mr. BEERMANN. I have a letter that came to me this morning which reads:

DEAR SIR: More and more, grass root observations indicate a growing suspicion that the administration proposed farm program is not destined to help agriculture, but rather to impose a blueprint for collectivism.

I hope this Congress will not sacrifice our agricultural economy by such experiments in socialism.

Do you think this gentleman has a good point?

Mr. WILSON. I think he is expressing the feeling that exists in the minds of a lot of farmers and livestock producers.

Mr. BEERMANN. Do you think if we have hearings long enough on this bill we will get any more of this kind of testimony?

Mr. WILSON. Yes, sir.

Mr. BEERMANN. Thank you.

Mr. LATTA. We have heard a lot of talk this morning about the producer being able to write his own program. Have you had an opportunity, Mr. Wilson, to study this bill and to ascertain whether the producer himself would actually write this program?

Mr. WILSON. Mr. Latta, I tried to put my statement as briefly as possible this morning. I will say it bluntly here: This bill from start to finish is not a bill intended to permit livestock producers to establish their program and to continue their freedom, but to bring the livestock industry under Government controls and regulations. The bill provides the committees and all of that, that we have discussed before, but it does not provide for the livestock man to write the program. It provides for the Secretary of Agriculture and the executive branch of the Government to write the program. That is the part that we are opposed to.

Mr. LATTA. Let us point out for a moment what is provided in this bill as written today, H.R. 6400, these committees would not be elected by the producers; is that not correct?

Mr. WILSON. That is right.

Mr. LATTA. The language is on page 4, beginning on line 12:

The Secretary shall provide for the election of nominees from which he—
meaning the Secretary of Agriculture—

shall appoint at least two-thirds of the members and alternate members of any such committee.

Actually, after the county committee, and before them, the township committee have made these recommendations and it has gone up and the advisory committee has made its nomination, they would not elect them, but the Secretary would select from this group of nominees the advisory committee he wanted. So actually when we talk about

the producer himself electing these individuals, we are not being consistent with the way this bill is written.

I think it is also important to point out about this other one-third of the membership on this committee, it says on page 5, beginning on line 25: "In addition to members appointed from nominees, the election by county committees"—and the county committees are elected by the township committees, so we have a situation where the advisory committee is thrice removed from the farmer—"The Secretary shall appoint (1) the remaining producer-members of the committee from nominees of the appropriate farm organizations and (2) one additional member as a representative of consumers"—and this is the clincher I think we ought to point out—"who shall serve at the pleasure of the Secretary."

So even on this other one-third the Secretary shall have direct control over what they do because if they do not do what he wants, under the terms of this bill, he can remove them at his pleasure, and it does not even say for cause.

So he will control the entire committee.

Then after the committee presents the program to him, he does not have to take it—he can reject it. And if he does not like what the whole committee is doing under the terms of this bill, at page 7, line 5: "The Secretary also may dissolve any such committee."

So this power to write programs that we hear talked about is not vested in the producers. It happens to be vested in the Secretary of Agriculture.

Do you agree with that statement?

Mr. WILSON. I certainly do. And I covered that in my statement when I said that this goes further than any bill ever presented in Congress for agriculture to place the power and control—

The CHAIRMAN. You have said that about four or five times. I dislike to break in but we have four or five witnesses remaining to be heard and we must get finished in 45 minutes. Have you finished?

Mr. LATTA. I have finished.

Mr. BEERMANN. May I insert a letter substantiating Mr. Magdanz' testimony and the testimony of Mr. Wilson?

The CHAIRMAN. Where are the letters?

Mr. BEERMANN. One I just read is from North Dakota, and another one is from Nebraska from a director of the National Livestock Feeders Association; and the third is from a farmer in Nebraska.

The CHAIRMAN. Without objection they may be included in the record.

(The letters follow:)

VALPARAISO, NEBR., May 1, 1961,

HON. RALPH BEERMANN,
Member, House of Representatives,
House Office Building, Washington, D.C.

DEAR MR. BEERMANN: As an officeholder of the Saunders County Feeders Association and as a board member of the Nebraska Livestock Feeders Association, I wish to express my opinion on proposed bill H. R. 6400.

Having been a livestock feeder for 40 years I see no justifiable reason for emergency treatment in the area of livestock. Never in the past has the livestock industry been under price supports, production controls, marketing orders, etc. There is no surplus backed up of either meat or livestock and for this reason is one of the healthiest segments of agriculture. It is true that on occasions

the livestock industry has suffered depressed prices because of overproduction but these situations have always corrected themselves quickly and will continue to do so if the industry remains free of Federal controls and devices.

Yours truly,

A. A. SABATKA,
Secretary-Treasurer, Saunders County Livestock Feeders Association.

JAMESTOWN, N. DAK., May 2, 1961.

RALPH F. BEERMANN,
Member, House Agriculture Committee,
Washington, D.C.

DEAR SIR: More and more, grassroot observations indicate a growing suspicion that the administration's proposed farm program is not designed to help agriculture, but rather to impose a blueprint for collectivism.

I hope this Congress will not sacrifice our agricultural economy by such experiments in socialism.

Sincerely,

A. F. SCHIRBER, *Public Accountant.*

WISNER, NEBR., May 2, 1961.

Congressman RALPH BEERMANN,
Washington, D.C.

DEAR RALPH: I am writing in regard to the Agricultural Act of 1961. It is designated as H.R. 6400. I am writing as a director of the National Livestock Feeders Association. I am chairman of our grading committee and am a farmer-feeder. I feed about 5,000 cattle a year and therefore I am opposed to including livestock in this bill. Our association has always voted to keep livestock free and we must keep it that way.

Sincerely yours,

HERBERT ALBERS.

The CHAIRMAN. Our next witness is Mr. Joseph Creed, representing the American Bakers Association and the Biscuit & Cracker Manufacturers' Association. We will be glad to hear you now.

STATEMENT OF JOSEPH M. CREED, COUNSEL, AMERICAN BAKERS ASSOCIATION AND THE BISCUIT & CRACKER MANUFACTURERS' ASSOCIATION, WASHINGTON, D.C.

Mr. CREED. Mr. Chairman and members of the committee, my name is Joseph M. Creed. I am counsel for the American Bakers Association and the Biscuit & Cracker Manufacturers' Association, on whose behalf I am testifying today.

With reference to the proposals of the administration, as contained in H.R. 6400 and S. 1643, to authorize the Secretary of Agriculture to establish programs for various agricultural commodities, the industry is seriously disturbed over the prospective effects on the industry and consumers of our products of the multiple-pricing plan for wheat envisioned by the Secretary.

The baking industry, as you are well aware, is the largest domestic consumer of wheat flour, both hard and soft, and as such, is directly affected by whatever program is approved by the Congress or by the Secretary.

In previous years, the proposed plan was submitted to the Congress for direct legislative action. Under the terms of H.R. 6400 and S. 1643, however, this legislative authority would be delegated to the Secretary of Agriculture. Thus, at this writing, we are not fully

cognizant of the final details which would be incorporated into the Secretary's wheat plan. Should the Secretary, pursuant to enabling legislation, proceed with a two-price plan, as has been advocated, we believe your committee, the Congress, and the administration should be fully acquainted with the effect of this program on bread prices to the consumer.

On the basis of an estimated 60 cents per bushel increase in the price of domestic wheat for milling purposes, we would anticipate the price of a pound loaf of bread to the consumer would be increased by at least 2 cents; and since most bread is sold in 20-ounce loaves, a price increase of 3 cents per loaf is a reasonable expectation. This is calculated on the basis of 2.35 bushels of wheat in a hundredweight of flour, which would mean a direct increase, at 60 cents a bushel of wheat, of at least \$1.41 a hundredweight of flour. One hundred pounds of flour make between one hundred and forty and one hundred and fifty pounds of bread. Thus, we have a direct flour increase of 1 cent per pound of bread. Add to this the additional commission of bakery driver-salesmen on the higher price, plus the grocer's percentage markup, and there is a further increase of approximately four-tenths of a cent. Inasmuch as a cent cannot be broken down any further in the grocery store, this is translated into a full cent, accounting for the 2 cents per pound increase referred to.

The Secretary of Agriculture has already increased the price of dried milk purchased by bakers by 2 cents per pound as of March 10, on top of a one-half cent increase last September. These added costs have to be met somewhere and, in the case of milk, it will probably result in reduced use by the baking industry to offset the added cost. This is unfortunate because the baker is the largest outlet for this commodity and over the past several years bakers have been gradually increasing their use of milk. But the economic facts of life cannot be overcome by Government fiat, and the baker is in too competitive a market with other bakers and other foods to try to recapture the added cost from the consumer if there is another way.

Bakers, of course, operate with no subsidy—nor do they want one; however, they are the ones who must face the consumer and attempt to collect the added costs of these subsidized products, which, in the case of the wheat two-price plan, amounts to a direct tax on bread and other bakery products for the benefit of the wheatgrowers.

We seriously question whether this approach is economically sound and whether it will help solve the problem of burdensome wheat surpluses. Unquestionably, it will temporarily provide the wheat farmer with a higher income through the proceeds of this tax, but the surpluses will continue and probably a decrease in flour consumption, because of lower volume in bakery products, resulting from higher prices. Thus, the long range outlook would deteriorate.

Although it is recognized that under the bills, if passed, the Congress will have little or no authority to dictate the contents of any farm program, we believe before delegating such power to the Secretary, the implications of the tax-on-bread program as under consideration should be fully understood.

Another area for concern, as part of such a program, would be the reduction in the exemption of uncontrolled acreage from the present 15 acres to some lower figure. We would like to call to your attention

the fact that from these small size farms come most of the soft wheat for flour used in cakes and biscuits and crackers in the country. This involves an annual volume of over a billion and a half dollars; hence, an important factor in the national economy.

Over the past several years, soft wheat has not only been in surplus, but several times, including this year, has been perilously close to shortage. The surplus problem in wheat is primarily with the hard wheats and for that reason, we hope that any program, whether developed by Congress itself or by the Secretary of Agriculture, will take into account the supply situation with respect to soft wheat, and not jeopardize these supplies by reducing the exempt acreage on which this type of wheat is grown.

We appreciate the serious problem that confronts your committee in trying to arrive at a workable solution in handling this important surplus commodity. We assure you of our willingness to cooperate in any effort that will be sound, reasonable and practical approach. We do not believe, however, that a two-price plan on wheat, which now appears to be uppermost in the thinking of the Department of Agriculture, should be approved, with its corollary tax on bread, without exploring other avenues for limiting production and disposing of accumulated surpluses.

The CHAIRMAN. Thank you very much, Mr. Creed, for your statement.

Mr. CREED. Thank you.

The CHAIRMAN. Are there any questions?

Mr. Hoeven?

Mr. HOEVEN. Mr. Creed, you are the first witness if I recall correctly who has said anything about the cost of the proposed wheat program as it pertains to the consumer.

Mr. CREED. Well, sir, we serve the consumers. We are the best customer of the farmers. We buy practically every farm product produced in the country, but we have to pass the cost of them onto the consumer.

Mr. HOEVEN. And if a two-price system for wheat, which seems to be in the making right now, should be enacted in law is it your opinion that it would definitely increase the cost of bread to the consumer by 2 or 3 cents a loaf?

Mr. CREED. It is a straight arithmetical computation, Mr. Hoeven.

Mr. HOEVEN. Thank you.

The CHAIRMAN. Mr. Short?

Mr. LATTA. I will yield to my senior member.

Mr. SHORT. I have just one question, Mr. Chairman.

Would you producers of classes of wheat which are used in a larger percentage domestically than wheat produced tend to be discriminated against? Would there be some possibility of adjusting this within the application of the certificate plan?

Mr. CREED. That is a highly technical question, with respect to the operation of it. I do not think that I am qualified to give you a direct answer to that, but it would seem to me that whatever way the plan is set up, a provision should be made so that some application can be made to the surplus wheat without disturbing the wheats that are not in surplus supply, such as the soft wheat.

Mr. SHORT. You mentioned soft wheat as a good example. And there are other examples, such as Durum wheat, for instance, which is used in a higher percentage domestically than the hard wheats. High-grade spring wheat, for a further example, is used in greater proportion than our domestic use of all wheat production each year, a considerably higher proportion and more than Hard Red Winter wheat for example.

What I was wondering about was the application of the certificate plan—could the producers of those crops of wheat be protected? I have never been quite able to see how they could be.

Mr. CREED. I could not answer that question, sir. I do not know.

Mr. SHORT. Thank you, sir. That is all.

Mr. LATTI. Mr. Creed, I agree with your statement 100 percent with regard to soft wheat. I particularly agree with that part of your statement where you say that the Congress itself or the Secretary of Agriculture should take into account the supply situation with respect to soft wheat and should not jeopardize our supply or restrict those producers in the areas where this type of wheat is grown.

You are familiar with the soft wheat situation, and I wish that you would, shall I say, educate the Members of Congress on this subject. I have attempted to do it for the last couple of years and I have not been very successful.

Mr. CREED. I think that with such a committee, with such wisdom as it has, that all of them would be well aware of the distinction between the two types of wheat and would do all they could to protect the soft wheat supplies.

Mr. STUBBLEFIELD. You are referring to the Republican side and not the Democratic side on this question of education; are you not? [Laughter.]

Mr. JENNINGS. Will you yield?

Mr. LATTI. Yes.

Mr. JENNINGS. I notice that in your statement here you talk about the increase in the cost of the loaf of bread if the cost of wheat goes up.

Mr. CREED. Yes, sir.

Mr. JENNINGS. The Secretary of Agriculture in a recent publication says that farmer prices do not raise the price of bread. Do you agree with that statement or not?

Mr. CREED. I do not agree with that. Obviously, every cost is reflected in the price of bread.

Mr. JENNINGS. This report shows also that from 1948 to 1958 the cost of wheat and other ingredients in a loaf of bread went up 12 percent, while the processing and marketing costs increased 55 percent. That is a 10-year period where the cost of the loaf of bread increased from 13.9 to 19.3, on a national average, or an increase of 39 percent, while the price of a bushel of wheat declined from \$1.98 to \$1.13.

Mr. CREED. That is quite correct, Mr. Jennings, but you must remember that the baker does not use wheat as such in his bread. The wheat is milled into flour. The flour is sold to the baker.

There are labor costs all along the line. There are transportation costs. There are processing costs. There are administrative costs, and there is overhead and delivery salesmen costs, and the gross

margins—all of those are reflected in the ultimate price that the consumer pays for the end product. The end product can be rising in price, even though some of the basic ingredients have declined in price.

Mr. JENNINGS. So what you are advocating is that the price of wheat continues to decline, as the rest of the costs go up, so that the bakers will not have to pass them onto the consumer, that is to say, let the farmers absorb any increase in other prices by taking less for his wheat.

Mr. CREED. That is your statement, Mr. Jennings.

Mr. JENNINGS. I said, is that what you are advocating?

Mr. CREED. No, that is not.

Mr. JENNINGS. What are you advocating?

Mr. CREED. We are pointing out—

Mr. JENNINGS. Not what you point out—what do you advocate.

Mr. CREED. We are pointing out that the increase that is proposed under the two-price plan on wheat is going to result in a definite increase in the cost of wheat of, approximately, 60 cents a bushel. It is a straight matter of arithmetic from that point on without taking into account any of the other added costs to which a baker is subjected; that that is going to result in, at least, that much of an increase in the end product.

We are pointing that out to the committee. And we are saying to you that will happen. If the committee nonetheless wants to go ahead and recommend a program that will result in this increase in the end product we point out that it is a direct tax on bread to benefit the wheat growers. We feel that is the committee's responsibility, but we think you should be aware of what is being done by that legislation.

Mr. JENNINGS. You do not think that it would work in reverse then, that the 13 percent decline in the price of wheat, which did not bring the cost of bread down, in effect—it went up 39 percent—will this work in reverse?

Mr. CREED. Not necessarily, because the other costs remain constant. What we are pointing out here is that—

Mr. JENNINGS. What are you doing to keep these other costs down?

Mr. CREED. What are we doing?

Mr. JENNINGS. Yes.

Mr. CREED. Well, I might point out to you that several of our largest companies in the past year have had losses in their earnings, the earnings from sales.

Mr. JENNINGS. And you take more out of the bread.

Mr. CREED. Not at all. But we are suggesting that the plan you are proposing is going to increase the price of the bread to the consumer and it is not necessary.

Mr. JENNINGS. Where is that proposed in H.R. 6400?

Mr. CREED. It is not in H.R. 6400.

Mr. JENNINGS. That is what the hearing is on.

Mr. CREED. You are delegating the legislative authority to the Department of Agriculture.

Mr. JENNINGS. How—

Mr. CREED. To the Secretary of Agriculture.

Mr. JENNINGS. And to let the farmers vote on the programs?

Mr. CREED. Mr. Jennings, the committee has been through all of that with other witnesses who have testified on the technical features of the bill. I think that there is no question but what the procedures that are involved in H.R. 6400 give the Secretary of Agriculture the authority to establish programs.

Mr. JENNINGS. But in establishing any programs, they come down to the producer, who votes on that program, with two-thirds of them approving it—

Mr. CREED. I am under the impression that there has been a serious question raised as to that, whether that is the fact or not.

Mr. JENNINGS. Do you have a serious question about that?

Mr. CREED. Yes, I do.

Mr. JENNINGS. In what respect?

Mr. CREED. To this extent, Mr. Jennings, that as was pointed out here in the procedures, under the bill, the controls, as to who will serve on the producers' committees, ultimately, rests with the Secretary.

Mr. JENNINGS. Assume that all of that is correct—let us assume that we have no committee at all—that the Secretary might do as you say.

Mr. CREED. I did not say that.

Mr. JENNINGS. He submits a program here. And suppose that Congress does not do anything about it, we do absolutely nothing about it, about the terrible program that has been presented, then it does not go into effect under H.R. 6400 until such time as two-thirds of the farmers—two-thirds of the producers—vote on that particular program, is that correct?

Mr. CREED. Mr. Jennings,—

Mr. JENNINGS. Is that correct, under H.R. 6400?

Mr. CREED. All I want to say on that is I am not so concerned about how you work out the administration of the program, but I want to point out to you that under this project, that is, in H.R. 6400, the authority would be given to the Secretary of Agriculture to come forward with a plan on wheat. And the plan that they are considering at the present time, if we have been informed correctly, is one that would be a multiple pricing plan on wheat. If that goes into effect we have pointed out that it is going to result in a tax on bread by this direct increase that will be reflected in the price the consumer pays for it. Now, beyond that—

Mr. JENNINGS. Paid by the consumer. And you, in turn, would have to pass that on.

Mr. CREED. That is correct.

Mr. JENNINGS. So in turn what you are interested in is your selfish interest and I am not saying that you should not be, instead of the overall view of H.R. 6400, you are interested in the bakers' interests as to the amount of profit he will be able to make and the costs that the farmers might have, the fact that you will be able to pass those on to the consumer.

Mr. CREED. Once you get into that at great length I do not think there is any question about making a profit—I think that is what the major economic objective of business is—

Mr. JENNINGS. That is your objective.

Mr. CREED. Unless we make a profit we cannot purchase the very things you are trying to legislate on here.

Mr. JENNINGS. That is what you are interested in, is it not?

Mr. CREED. We, certainly, are interested in that.

Mr. JENNINGS. And that is the reason—

Mr. CREED. We make no apologies for that.

Mr. JENNINGS. That is the reason you are opposing this?

Mr. CREED. We are testifying—

Mr. JENNINGS. You are not interested in the interests of the farmers?

Mr. CREED. As the farmers' best customer we necessarily are interested in his prosperity.

Mr. JENNINGS. You are not interested primarily in his prosperity.

Mr. CREED. Not primarily his prosperity, but his prosperity and ours travel along together.

Mr. JENNINGS. Are you representing the farmers' interests or the processing interests?

Mr. CREED. By representing the processors' interests we, necessarily, represent the farmers' interests, because we are his best customer.

Mr. JENNINGS. That is all.

The CHAIRMAN. Thank you very much. Are there any further questions?

Mr. REIFEL. What we are trying to do is to raise the income for the farmer by whatever path, whether a two-price system or some other way, and it will raise the price of the loaf of bread, as you have pointed out. So if we are going to help the farmer, how can we do it otherwise but to raise the price. The price will go up for wheat if the farmer is going to get for himself a net return that will help to properly support his family and the price of the loaf of bread will have to go up, too.

Mr. CREED. That may well be the case. And if the Congress understands that that is a natural consequence and still wants to go ahead, then that is the way it should be.

I might point out to you that when one committee of Congress recommends a bill that might have this effect, and then the natural consequences flow from it, the baking industry is one that is always brought before some other committee of Congress and an inquiry is made. "Are you conspiring to raise the price of bread?" Whereas, actually, what happens is the net result of other actions by the Congress.

Mr. REIFEL. What we are trying to do is to put the farmer in a better economic position than he has been, and in order to do that he has to get more for his product. If he gets more, let us face the fact that the consumer will have to pay something more than in the past. He is paying a great deal more now, according to the statistics that have been presented here, because of labor costs, interest and other things which have gone up, but he has been coming out at the short end of the horn, that is, the farmer. And this seems to be one way of doing that. It seems inevitable that we will have to face this situation one way or the other if we are going to help the farmer. That is, to help him get some reasonable return for his investment, labor, and risk.

Mr. CREED. We think that it is desirable we have a sound farm economy; it is necessary.

Mr. REIFEL. If it is sound he will have to get more money than he is getting now.

Mr. CREED. That is true.

Mr. REIFEL. So we will have to face it one way or the other that that will be the consequence.

Mr. CREED. That may be, but we do raise this question with respect to it as to whether this particular process is the best process to accomplish that purpose.

Mr. REIFEL. Is there any other approach that you could suggest to give the farmer an increased income and still keep the cost of the local bread down?

Mr. CREED. That is the \$64 question. I do not know the answer to that.

Mr. REIFEL. I would like to have some suggestion on that, rather than keep on saying all the time that the farmer somehow or another must absorb this increase. The American people must help absorb it.

Mr. CREED. One of the problems is to make it understood to the consumer that if they have to pay this higher price that cost stems from this type of legislation. Mr. Jennings just made the observation that the price of wheat has gone down but the price of bread has gone up. The implication being, therefore, that the bakers are making a lot of profit while the farmer is suffering, without explaining that there are all of these other things involved in between that puts the price up and the bakers' profits have gone down from 1949 to the present date.

Mr. JENNINGS. Will you yield?

Mr. REIFEL. Yes.

Mr. JENNINGS. What is the cost of wheat in a loaf of bread? How much of that loaf of bread is reflected by the cost of the wheat?

Mr. CREED. My recollection offhand is about 3 cents—I forget what the exact figure is.

Mr. JENNINGS. According to this report the cost of the wheat in a 1-pound loaf of bread is 2.3 cents.

Mr. CREED. All right, I do not quarrel with that.

Mr. JENNINGS. How on earth can you justify the testimony you have been giving here to the effect that it is a bread tax? That is what I object to. The fact that you are saying that this is a bread tax, that if this is done the farmer is going to get a great big bonus out of the proceeds from the wheat price when, actually, only two-thirds of a cent of it is only going to the farmer?

Mr. CREED. You add 60 cents a bushel to his wheat. From that point on it is a straight mathematical calculation as I have worked it out here in the statement.

The CHAIRMAN. How can you say that if you concede now that there is less than 3 cents worth of wheat in a loaf of bread? If we increase the price of wheat by 60 cents a bushel or if we double that—you would have 6 cents in the local bread.

Mr. CREED. No, sir—no, sir—I said 60 cents a bushel. When you work that out in terms of the flour cost that equals \$1.41 a hundred-weight, because you have, approximately, $2\frac{1}{3}$ bushels of wheat to make a hundredweight of flour. And then that, in turn, that hundred-weight of flour, makes, approximately, 140 or 150 pounds of bread. So that brings it to an even 1 cent straight arithmetical calculation.

The CHAIRMAN. 1 cent?

Mr. CREED. 1 cent per pound. On top of that is the delivery salesman's commission when he sells a loaf—he is on a commission basis. He gets a fraction of that cent. And the grocer at the end of the line has a percentage markup. That works out to about another four-tenths of a percent. They have about $1\frac{1}{10}$ cents increase. That ends up at about 2 cents.

The CHAIRMAN. That is not correct, because the price of wheat has gone down, and the price of bread has gone up.

Mr. CREED. You have not had the equivalent of just a 60 cent drop in wheat prices without other costs going up. As I just pointed out, Mr. Cooley, in March the price of dried milk was increased by the Secretary 2 cents a pound. Well, now, we are the largest users of that, that is, the bakers. That in and of itself might not be immediately reflected in an increased price to the consumer, but it is an increased cost to the baker.

The CHAIRMAN. I mean you would not change the cost to the consumer one bit, would you, if the price of wheat went down?

Mr. CREED. If it went down 60 cents a bushel and all other costs remained constant the pressure would immediately be on competitively to reduce the price of bread by that cent.

The CHAIRMAN. It never has happened.

Mr. CREED. It never has happened?

The CHAIRMAN. It never has happened, has it—you cannot tell us that it ever happened, that bread went down in price at the same time that the price of wheat went down?

Mr. CREED. Well not in recent years, sir, because even though wheat has gone down, labor costs and everything else have been going up.

Mr. JENNINGS. Could I ask one more question? I wonder if the witness would submit for the record the breakdown of the other costs that go into a loaf of bread.

The CHAIRMAN. Can you do that?

Mr. CREED. I will be glad to do that.

The CHAIRMAN. Very well. Present that for the record if you will.

Mr. CREED. Yes, sir.

(The information referred to follows:)

AMERICAN BAKERS ASSOCIATION,
Washington, D.C., May 9, 1961.

HON. HAROLD D. COOLEY,
Chairman, House Agriculture Committee
House of Representatives, Washington, D.C.

DEAR MR. COOLEY: At the conclusion of my testimony before your committee on May 4, with respect to H.R. 6400, Congressman Jennings requested that I submit, for the record, additional information showing a breakdown of other costs involved in the price of bread to the consumer.

Congressman Jennings quoted from USDA publication 712, entitled "Marketing Margins for White Bread" to show that the farmer received less than 3 cents for the wheat used in a pound of bread. As was pointed out to Congressman Jennings, the baker does not use wheat as such—it must be transported to the mill to be converted into flour by the miller, thence from the miller to the baker, then mixed with other ingredients, baked, wrapped, and transported from the bakery to the dealer, where it is sold to the consumer. All of these steps involve a cost to the baker, which in total exceeds the actual cost of wheat and other ingredients used by the baker.

Referring to the same publication cited by Congressman Jennings (which you may wish to include in its entirety in the hearing record), on page 12, there is the following breakdown of "baker-wholesaler margins" for a 1-pound loaf of bread based on a margin of 9.56 cents:

	<i>Cents</i>
Wages and salaries.....	4.66
Fringe benefits, social security taxes, and officer compensation.....	.35
Packaging and wrapping material.....	1.01
Delivery other than wages and salaries.....	.71
Advertising and products bought for resale.....	.58
Other costs.....	1.74
Profits (after taxes).....	.51
Total	9.56

These costs are approximately four times the farm value of the wheat. Unlike apples or oranges, or other farm commodities which do not require further processing, the farmer's share of the consumer's dollar for wheat is bound to be a relatively small percentage of the price of the end product. I believe the figures from the Department of Agriculture clearly demonstrate that fact.

Figure 5 in the same publication shows a decrease in profits after taxes of six major baking companies, from slightly under 5 percent in 1948 to slightly over 2 percent in 1957. Profits overall for the year 1960 were at about the same low level.

On the other hand, Department of Agriculture publication No. 856, entitled "Food Costs," issued April 1961, points out that 1 hour of factory labor in 1960 would buy 10.1 pounds of bread as against 9.6 pounds of bread in 1947-49, the obvious conclusion being that wage rates have risen at a faster rate than retail food prices.

As I am sure your committee is aware, bakers' costs are calculated in fractions of a cent because their product is sold in terms of cents. Thus, any fractional increase in the constituent cost of a loaf of bread is of serious concern to the baker. Unlike some things which the consumer buys, such as furniture, automobiles, or refrigerators, where the dealer can add \$10 or \$20 without too much objection from the consumer, bread is a daily purchase item and even a penny increase brings vociferous complaints from the housewife.

Thus, when the price of the basic ingredient, wheat, would be increased through a Government program so as to exert such an upward thrust on the price of bread, it is understandable that the baking industry would be alarmed. The consumption of bread and other bakery products would be penalized by the two-price plan for wheat.

We hope, therefore, that the objections made by our industry to the multiple-price proposal will be given serious attention by your committee. May I take this opportunity to express to you my appreciation for the courtesy you extended me at the time of the hearings and ask that this letter be made a part of the record.

Sincerely,

JOSEPH M. CREED, *Counsel.*

The CHAIRMAN. We understand that Mr. Carroll Eiler, president of the National Egg Council will file a statement for the record. And permission is granted to file it at this point in the record.

(The prepared statement follows:)

STATEMENT OF NATIONAL EGG COUNCIL

This organization was created in 1958 as a not-for-profit corporation under the laws of the State of Missouri. Its active, voting membership is limited to those involved directly in the production of eggs for market.

It has a direct membership in excess of 1,200 persons all of whom produce eggs for market. Membership is located in 45 States. There are State affiliate associations in California, Illinois, Indiana, Minnesota, and Missouri, the total membership of which is not included in the count of 1,200 cited above.

Executive offices are maintained at 521 East 63d Street, in Kansas City, Mo.

Purpose of this organization is to foster, promote, and improve the general welfare of those interested in the production and marketing of eggs by seeking in behalf of producers fair and equitable returns for their eggs in the marketplace at prices commensurate with the true value of eggs.

The directors of the National Egg Council do not believe that artificial devices such as production controls and price supports would be good, either for the egg industry, or the economy of the United States. Too frequently such plans as practiced elsewhere in agriculture create more problems than they were designed to solve. Often repercussions occur that extend beyond the immediate commodity involved.

The poultry industry has felt some of these. Part of the expansion in poultry raising in the South Atlantic and South Central States can be traced to the fact that people in rural areas had to turn to the production of an uncontrolled commodity in a transition from controlled commodities such as cotton, peanuts, and tobacco.

While the egg business has its share of low prices, it also has an excellent record with respect to disposing of surplus stocks so long as there is no prolonged intervention by Government. There have been times in the past where well-intentioned price-supporting activities in eggs have not only failed to relieve the problem but have, in performance, actually intensified it. Such events occur when changing market conditions dictate adjustments in industry practices. The outside influence of prolonged price-supporting activities in the early 1950's actually prevented the industry from making its postwar adjustments.

H.R. 6400 offers a new approach to the farm problem by providing the Secretary of Agriculture with advisory committees. This, of course, is commendable and holds an appeal. It does not necessarily follow, however, that a producer-manned committee is necessarily the best equipped to deal with problems that involve a constant and smooth flow of eggs into consumer channels.

The active membership of the National Egg Council is limited to those making a living from the production of eggs for market, but we are not blind to the fact that the egg industry is made up of more than just those of us who produce the eggs. A prosperous industry today requires the full cooperation of all segments. Because of this, we feel that provision should be made for advisory committee membership embracing more than the producer segment alone, although it is desirable to keep the producer segment in majority.

We believe too, that it would be unwise to permit any plan, created by the Secretary and the committee, to go into operation unless it had the express approval of the Congress. Just as in the case of these hearings on H.R. 6400, it is constructive for the industry involved and the public in general, to have an opportunity to point out the strong points and weak points of such programming. This would be true not only in the case of agriculture, but in any other segment of the economy. The Congress is here to represent the people.

The bill in general places vast powers in the hands of the Secretary of Agriculture. He could have virtually life and death powers over producers who failed to agree with his philosophies and those of two-thirds of producers of a particular commodity. The innovators in our society always are in the minority. Therefore, it is conceivable that such powers in the hands of the Secretary and two-thirds of the producers would serve to preserve the status quo and to stifle all progress until a moment when the entire structure could collapse.

We wish also to stress that H.R. 6400 is incomplete in that it contains no definition of "appropriate farm organizations."

Are these general purpose national, regional, or State farm groups? Are they national, regional, or State commodity groups which may or may not be made up of producers and other industry members?

For these reasons, the National Egg Council does not believe that H.R. 6400 in its present form would be good for the egg industry.

The CHAIRMAN. Our next witness is Mr. Walter Kingsbury of Arlington, Va.

Mr. ABBITT. I should like permission for the Maryland-Virginia Milk Producers Association, Inc., to file a statement in the record at this point.

The CHAIRMAN. Without objection, that permission is granted.
(The prepared statement follows:)

STATEMENT OF WILLIAM B. HOOPER, SECRETARY-TREASURER AND GENERAL MANAGER
OF THE MARYLAND AND VIRGINIA MILK PRODUCERS ASSOCIATION, INC.

Mr. Chairman, members of the committee, my name is W. B. Hooper. I am secretary-treasurer and general manager of the Maryland and Virginia Milk Producers Association, 1530 Wilson Boulevard, Arlington, Va.

The association represents over 1,700 dairy farmers in Maryland, Virginia, and West Virginia. These dairy farmers produce grade A milk which is marketed in the Washington metropolitan area under the terms of Federal Order No. 2.

We want to thank you for the opportunity to appear before this committee to express our views concerning H.R. 6400.

The Maryland and Virginia Milk Producers Association is affiliated with the National Milk Producers Federation and it supports the position taken by the Federation in its statement of May 11. We do feel, however, that we should comment on some phases of H.R. 6400 that would materially affect the business operations of our association and of our dairy farmer members.

We are pleased to see the Congress and the administration make an effort to improve agricultural legislation. We recognize that this is a large order when the interests of all commodity groups are considered. We are pleased to see an attempt being made to enlarge the scope of the marketing order program and to devise programs which could be used to enhance the incomes of agricultural producers. We do feel, however, that the bill should be amended to protect those programs which are now working well and which have the general support of producers, particularly dairy farmers. We submit that the bill will be improved if the following changes are made:

(1) The present procedures embodied in the Agricultural Marketing Agreement Act of 1937, as amended, should be retained in their present form insofar as milk is concerned.

(2) Provisions for enlarging the scope of the marketing order program or of making additional provisions available to milk producers should be incorporated in the bill in a separate subtitle. In this regard, however, the Maryland and Virginia Milk Producers Association does not favor the authorization of national or Federal quota programs for milk and dairy products. We would support provision wherein quotas might be made available for use in individual market quarters. In making additional provisions available for the milk program our association would oppose making milk subject to the present fruit and vegetable authorizations and specifically that portion dealing with "allotting, or providing methods for allotting, the amount of such commodity or product, or any grade, size, or quality thereof, which each handler may purchase from or handle on behalf of any and all producers thereof, * * *"

(3) The bill should be amended in such manner as to eliminate the provision that programs be submitted to Congress for approval or disapproval. Instead, programs developed by the Secretary of Agriculture should be submitted to Congress as recommendations that may be acted upon under the legislative procedures as we now know them.

(4) The provisions for setting up national farmer advisory committees should be amended to provide representation on such committees by officers or employees of cooperative associations.

(5) Even though our association is opposed to national or regional quotas, if such provisions are incorporated in the bill and if a quota program is recommended to farmers, they should be given the choice of a quota program or a price-support program at levels now authorized by the Agricultural Act of 1949. In any such program all producers should be regulated or none. The exemption of small producers would add a double burden to producers who have tried to develop efficient production operations such as exist in this area.

The reasons for the changes that we suggest are apparent. We will not discuss them in detail, but will be glad to give any further information that the committee may desire. We would like to comment on just two phases of the bill. We have been concerned about the passage of a National Sanitation Act as separate legislation or as an amendment to the Agricultural Marketing Agreement Act of 1937, as amended. We oppose any extension of Federal control over milk sanitation. We submit that the State and municipal health authorities are doing an efficient and thorough job in this field and that milk is being interchanged from market to market where necessary. We would not want the standards of the Agricultural Marketing Agreement Act to give authority to the

Secretary of Agriculture to regulate the quality of milk. The order program instead should remain as a price and pooling mechanism.

We note section 403 on page 79 of H.R. 6400 provides an amendment to the act of July 1, 1958, concerning the school milk program. In the past, school milk legislation has been separate legislation and we are opposed to this legislation being included in the overall farm bill H.R. 6400. We also note in section 403 that in providing for the moneys to carry out this program the appropriation would be referred to the Appropriations Committee for approval. This is different procedure than in the past and we feel this procedure should not be adopted until the program has reached its maturity. We want to point out, however, that we are completely in favor of the school milk programs and feel that it has been a most worthwhile one. Our objection is to its inclusion in overall farm legislation and the method provided in H.R. 6400 for securing funds to carry out the program.

We are confident that the committee will give serious consideration to the viewpoints that we have expressed with respect to H.R. 6400. We thank you, too, for this opportunity to make our views known.

The CHAIRMAN. You may proceed.

STATEMENT OF WALTER KINGSBURY, ARLINGTON, VA.

Mr. KINGSBURY. My name is Walter Kingsbury. I live at 2702 Key Boulevard in Arlington, Va. I retired in 1959 as marketing specialist after 41 years in the Department of Agriculture, all of which was spent in the Agricultural Marketing Service and predecessor agencies. For several years, during and following World War II, I was engaged in economic analysis work in the Department.

There is presented herewith a suggested farm income support program designed to replace the Department's loan and purchase program.

I think most reasonable persons will agree, first, that the farmer is entitled to a fair return for producing the quantity of food and fiber the country requires and second, that any quantities which he may choose to produce and market over and above those requirements should be entirely at his own risk.

The more obvious defects of the loan and purchase program include the accumulation of unwanted and ever increasing inventories in the hands of the Government, the storage problem, the regimentation of producers necessary to make the program effective, and the fact that a producer, by complying with acreage restrictions, becomes eligible for price support on the entire production on his allotted acreage, whether needed or not.

The suggested support program would, I believe, effectively eliminate all of the objections named. The essential features of the plan are as follows:

1. There would be no restrictions on acreage, production or sales. Marketing would be done through regular commercial channels and prices would be allowed to seek their natural level in an entirely free market.

2. Each producer of a supported crop or product would be protected against the hazards of price fluctuations on a portion of his sales. This portion would represent his proportionate share of the quantity needed to meet the country's requirements, including requirements for export, and would be expressed as a percentage of his previous season's sales. This might be referred to as his sales quota.

3. Protection would be in the form of payments to each producer, up to the limit of his sales quota, of the amount, if any, by which the

area average price to producers fell below the support price. He would be free to produce and sell any quantities over and above his sales quota, but such additional sales would be subject to the normal hazards of the free market.

I would like to request that the balance of this statement, including the three attached tables, be entered in the record.

The CHAIRMAN. Very well, without objection, that will be made a part of the record at this point.

(The prepared statement follows:)

OUTLINE OF A SUGGESTED FARM INCOME SUPPORT PROGRAM

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ADVANTAGES OF THE SUGGESTED PROGRAM

Restoration of the free market in farm products with income protection to producers on quantities needed to meet the country's requirements.

Simpler and less expensive administration.

Accumulation of Government inventories of farm products would cease.

No basic statistical data or methods of analysis would be needed in addition to those already available and in use in the Department of Agriculture. The unknown variable factor of prospective per acre yields, with which analyses under existing programs based on acreage have to contend, would not be involved under the suggested program which would be based on quantities sold.

The Department of Agriculture would be relieved from the physical handling and storage of farm products, and from its role of dealer in such products.

In case of excess production and low prices, products entering export trade would be in an improved competitive position in world markets, without export subsidies and without injury to producers.

Low prices for commodities requiring little processing between producer and consumer would be reflected in lower retail prices. Savings to consumers on such products would largely offset costs of the program.

The fact that a producer would receive no protection on sales in excess of his quota should tend to discourage excess production of any supported crop or product, and thus hold down the cost of the program.

COST OF THE SUGGESTED PROGRAM

Cost of the suggested program would be determined primarily by three factors:

1. The level of support guaranteed to producers on their sales quota. The intent would be to protect the producer from losses on the portion of his production which the country needs to meet its requirements. There would be no intention to reimburse him in any way for any losses he might sustain on quantities marketed in excess of his sales quota, or to guarantee him a profit on his overall operations.
2. Size of the overall sales quota. In determining this amount, due account would have to be taken of the size of existing storage stocks.
3. Total volume of production. This would determine the market price level and thereby the width of the spread, if any, between the area average price and the support price.

SOME EFFECTS OF INCREASE IN PER ACRE YIELDS

Farm mechanization and substantial increases in per acre yields in recent years—

1. Have tended to hold down per unit cost of production and thus impair the validity of the parity formula as a measure of fair returns to producers of some farm crops.
2. Have resulted in a situation where increased per acre yields have brought about a total production in excess of the country's requirements. Because of this, it has been necessary under existing policies to spend vast sums in support of prices for this excess production.

Table 1, attached, shows the upward trend in per acre yields for five basic crops: corn, cotton, peanuts, rice, and wheat, the estimated average U.S. per acre yields for the 1960 crop as compared with 1944 crop yields and the 10-year (1949-58) averages. Data are from the 1960 Annual Summary of Crop Production, issued December 16, 1960, by the Agricultural Marketing Service.

The table shows that estimated 1960 yields of all corn exceeded 1944 per acre yields by 62 percent and the 10-year (1949-58) average by 27 percent. Yields of cotton lint exceeded the 1944 yields by 50 percent and the 10-year average by 30 percent, while wheat yields exceeded the historic averages by 46 and 36 percent, respectively. It will be seen that this sharp upward trend in per acre yields can easily raise havoc with efforts to determine a desirable acreage, using traditionally expected yields. There has resulted a production on allotted acreages substantially in excess of the country's requirements.

Tables 2 and 3, attached, bring out certain significant information on price support operations for the five basic commodities during the period from July 1, 1959, to June 30, 1960, as taken from Commodity Credit Corporation Report of Financial Condition and Operations. They show, among other things, an increase in net valuation of CCC inventories of more than \$1 billion for these commodities during the 1 fiscal year. They show a depletion of CCC capital for these five commodities alone during the year of more than a billion dollars, including estimated losses on net quantities added to inventory during 1959-60 when these additions are finally disposed of. Price support operations in cotton for the year represent a depletion of capital amounting to nearly one-fourth of the valuation of the total U.S. crop.

Costs shown do not include costs which are not allocated to specific commodity programs, including administrative and overhead costs, and interest paid to the Treasury.

In sum, the suggested program would restore the free market in farm products by freeing the producer from restrictions on acreage grown and quantities produced and marketed, while protecting him from financial distress on his sales quota.

TABLE 1.—*Increase in per-acre yields of five basic crops*

Crop	Unit	U.S. average per-acre yields			Percent 1960 yields are of—	
		1944	1949-58 average	1960	1944	1949-58 average
Corn, all.....	Bushel..	32.8	41.6	53.0	162	127
Cotton lint.....	Pound..	299.0	345.0	448.0	150	130
Peanuts, picked and threshed.....	do.....	678.0	902.0	1,259.0	186	140
Rice.....	do.....	2,693.0	2,680.0	3,411.0	163	127
Wheat, all.....	Bushel..	17.7	19.0	25.9	146	136

TABLE 2.—*Value of CCC inventories of five basic commodities and losses on disposition fiscal year 1959-60*

Commodity	CCC inventories				Cost of sales and other dispositions from inventory ¹	Net loss on disposition from inventory		Prospective net loss on additions to inventory during 1959-60 $\frac{G \times D}{100}$ H
	July 1, 1959 ¹	June 30, 1960 ¹	C	Net increase or (decrease) during 1959-60 C-B		Amount ¹	As percent of cost $\frac{F \times 100}{E}$ G	
A	B							
Corn and cornmeal.....	\$1,861,305,774	\$2,063,668,491		\$202,362,717	\$346,481,581	\$181,429,736	52.4	\$106,038,064
Cotton.....	159,165,170	902,150,723		742,985,553	1,796,337,009	210,124,000	11.7	86,929,310
Peanuts and peanut butter.....	20,235,158	18,474,498		(1,760,660)	29,711,518	13,144,198	44.2	-----
Rice.....	61,841,044	41,892,449		(19,948,595)	77,568,064	27,854,323	35.9	-----
Wheat and wheat flour.....	2,924,384,356	3,049,680,303		125,295,947	556,218,221	110,397,041	19.8	24,808,598
Total.....	5,026,931,502	6,075,866,464		1,048,934,962	2,806,316,393	542,949,298	-----	217,775,972

¹ Commodity Credit Corporation, "Report of Financial Condition and Operations as of June 30, 1960" (schedule 13, p. 41).

TABLE 3.—*Depletion of CCC capital through price support operations for 5 basic commodities, fiscal year 1959-60*

Commodity	Value of sales by all producers from 1959 crop ¹	Net loss to CCC on disposition from inventory 1959-60 ^{2 3}	Export payments chargeable against capital 1959-60 ⁴	Prospective net loss on additions to inventory during 1959-60 ⁵	Total capital depletion account 1959-60 operations	
					F plus J plus H	As percent of value of sales by all producers $\frac{K \times 100}{I}$
					K	L
A	I	F	J	H		
Corn.....	\$1,741,188,000	⁵ \$181,429,736	\$8,072,379	\$106,038,064	\$295,540,179	17.0
Cotton.....	⁶ 2,281,300,000	210,124,000	⁷ 253,112,245	86,929,310	550,165,555	24.1
Peanuts.....	148,610,000	⁸ 13,144,198			13,144,198	8.8
Rice.....	239,969,000	27,854,323	11,531,088		39,385,411	16.4
Wheat.....	1,850,733,000	⁹ 110,397,041	⁹ 18,261,816	24,808,598	153,467,455	8.3
Total.....	6,261,800,000	542,949,298	290,977,528	217,775,972	1,051,702,798	16.8

¹ Agricultural Marketing Service, "Field and Seed Crops, Production, Farm Use, Sale, Value, by States, 1959; and Cotton Production, 1959."

² Commodity Credit Corporation, "Report of Financial Condition and Operations as of June 30, 1960" (Schedule 13, p. 41).

³ Same as corresponding column, table 2.

⁴ Commodity Credit Corporation, "Report of Financial Condition and Operations as of June 30, 1960 p. 6).

⁵ Includes cornmeal.

⁶ Value of production.

⁷ Includes cotton production.

⁸ Includes peanut butter.

⁹ Includes wheat flour.

The CHAIRMAN. Are there any questions?

Mr. JENNINGS. What your program envisions is a direct payment program; is it not?

Mr. KINGSBURY. That is right.

Mr. JENNINGS. Thank you.

The CHAIRMAN. Thank you again.

Our next witness is Mr. Charles A. Oler from Darke County, Ohio. We shall be glad to hear you now.

STATEMENT OF CHARLES A. OLER, NEW MADISON, OHIO

Mr. OLER. Mr. Chairman and members of the committee, I am Charles A. Oler, New Madison, Ohio, a dirt farmer. I requested time before this great committee to go over my program for agriculture, explain how it can be administered, and how it can save the Government billions of dollars. I sincerely appreciate the time given to me and I will be as brief as possible.

I have a program to present to you, beneficial for everybody. I am specifically representing myself, and generally representing the public. My farm program and all the other programs must be careful in design and in method of operation, as any farm program is surely tied very closely to the lifelines of the rest of the economy. The program that will be finally accepted by this committee and the public will depend upon whether freedom for agriculture will survive.

Agriculture is the foundation of our entire economy, and the program adopted will be the replacement of part of the foundation which has been replaced before, and which has not proven as good as the

old foundation. Let us not be fooled again when we do the job this time. When a new program is adopted by this committee it must keep in mind at all times that the past programs have not proven satisfactory in the general view of the public and in their best interest.

For instance, take the feed grain program that recently passed the Congress. It only helps those who are eligible as feed grain farmers who sign up to participate. It leaves the dairy industry, poultry industry, and others without any benefits. Under the old allotment program, one farm with the same acreage as an adjoining farm, received 1 acre and the other farm received 20 acres. I can point out many such flaws where the old program has not worked.

I cannot state too plainly how my program can be administered because it can have four or five courses. To be very specific, it will bring prices back automatically without any payment to any one commodity as it will bring into balance supply and demand very quickly. You have in the emergency feed grain bill an example of its workability with payments. My program would do the same thing without payments which brings back supply and demand and the farmer gets paid at the marketplace.

There are still other ways it can be administered, but it would take too long to explain in detail at this time.

In the shift from one program to another, if we do not recognize the whole economy this time we are then in deeper trouble than we are now. We must do either one or two things. We must either go back to private enterprise and get the Government out of the business in competition with farmers, or have a new farm program. Many, if not most, farmers prefer the first. All agriculture needs is guidance.

However, we must have a farm program for the next 2 years to keep the economy from collapsing. This program will keep the economy from collapsing. You and I have heard from high officials, and many others, that there is no easy solution to the problems of agriculture. Let me say again and again, I do not believe this is true. The solution is very simple if we want to face the facts.

Let me say it is impossible to condense a program of this size and importance in the time allotted me and give in detail the merits and qualifications this program deserves in the best interest of the public.

I also would like to comment on Mr. Freeman's and all other programs. They have left out many of the vital things and just barely mentioned the others that are needed for a sound agriculture, and for the best interest of the public. This agriculture program is an important matter. It affects the entire economy, big business and small business. Mr. Freeman has the most vital position to fill in behalf of the entire economy. I do not think Mr. Freeman's program is going far enough in some things.

I am sure Mr. Freeman is sincere and means to carry out the obligation he has to the farmers and the public. With all the work that had to be done, and the emergency problems facing him in the first few days of office, with a new force, he has done the best he can. I feel also his time has been inadequate to prepare a program for the best interest of all the people. I feel my program will fit in with what he is asking. A program by the people for consideration by this committee. Should this committee not like the Secretary's pro-

gram, the program which I offer you is a program that has been carried in five States, covering people in all walks of life, farmers, bankers, doctors, lawyers, and housewives. This program is nothing more than an emergency program to guide and keep production in line, and that is all that is needed.

To discuss the high points of this program at proper length, and its relation with the rest of the economy, would take at least 30 minutes. For example, the program will put 4 million people back to work. This program will save the Government from \$2 to \$4 billion per year, the 2 years it is in operation, over any other program that has been in effect. After the 2 years, the savings will be between \$6 and \$8 billion per year. Besides the budget will be balanced as agriculture is the largest industry in the world. About 40 percent of our labor force is connected directly or indirectly with agriculture. When just these few items were thoroughly explained to the people, they were sold on this program.

We are not only interested in our feed grain farmers, we are interested in every type of farming, even the ones we have not mentioned in this program. We are now working on the ones that are in trouble first. We are for letting alone those that are doing all right.

In changing over to a new program, should the adjustments push some of the other commodities out of balance, we are for getting them back in order.

I would like to say next that we have a public crisis to face only. Let me repeat again, we have a public crisis only.

We do not have a surplus, and these are plain facts. What is 7 percent or 6 months' supply carryover? I have here a picture of a cyclone which struck only 20 miles from where I live, since I have been in Washington. Just a few weeks ago, we had thousands of acres under water in the Midwest. If the surpluses that has thrown our country out of balance had been in the proper trade channels in the past 8 years, along with all that the farmers are raising, we would be short of food right now.

Ohio State University, just a few days ago, said if we cut back just 1 percent in some areas it would cause a serious shortage. And that is true. That shows very plainly we need to look very closely at our distribution system.

What has agriculture done or failed to do that is dishonest so that it needs more laws or even any laws? Laws are needed for dishonest people. Agriculture only needs guidance, not laws.

Agriculture has been and still is a very successful enterprise. All the people to whom I have explained this program are also convinced that there is no surplus. Figures and statistics prove these facts, and I know them to be true. Someone is misleading the public with false reports—and I have some of them with me. Why again do we need new laws or more laws tied on the old laws and new programs after the adjustment? Agriculture only needs guidance. All the comments that you hear about no easy solution to the agriculture problems are not true. Let me say, no one can sell that to me. I am not only a farmer; I have been in a wide area in the business field in the past 30 years.

The solution is very simple if we want to face the facts. All we need to do is for some men to get together. If anyone does not have the answers, I have them. And if I don't, I know where to get them and they are, and will be, for the best interests of the public. I had one organization ask me to turn this farm program over to someone with a lot of power. I had another say it was very close to their way of thinking. Besides there are three or four others and they all have offices in Washington.

At this time, I would like to have this committee and Mr. Freeman study these proposals and write the laws according to the best interests of the public.

In closing, I want to say that this program has been distributed very widely with signatures and fine comments from all.

I thank you for the time you have given me and I would be glad to answer any questions which you may have, to the best of my ability.

The CHAIRMAN. We thank you very much for your statement.

The attachment will be made a part of the record at this point.

(The document entitled "New Farm Program" follows:)

A NEW FARM PROGRAM—A NEW APPROACH IF WE ARE TO HAVE A SOUND GROWTH ECONOMY AND AGRICULTURAL PROGRAM WHICH GIVES MORE FREEDOM FOR MORE PEOPLE

As we have had several programs put before you, and none seem to be satisfactory for some reason or another, and which I agree 100 percent.

I have studied and read about every program that has come before you. They either are not practical, suit or benefit just a few, too costly, too complicated to understand, and for various other reasons, unworkable.

I have been asked by farmers, businessmen, and professional men, with the highest of education, and most successful businessmen in the country to present to you a program, which I have, and have never had anyone—not one—but has given it a 100 percent approval. It is sound, easy to understand, and gives everybody an equal opportunity to farm, does not cost the Government or the taxpayer as each and every farm stands on its own, large and small.

This program is so simple, it is almost unbelievable. A program no one can turn down.

It has a sound economy base, which is what our country and Government needs so bad to straighten out our economy and finance.

In fact we have to have a sound farm program before we can have stability, growth, and employment.

Therefore I present to you a farm program in two parts: (1) Education and (2) program.

EDUCATION

We cannot have any kind of a sound workable farm program until we educate and explain to the people, city people and the farmers as well, the kind of a program we need for the benefit of the country.

This program must be combined into one unit, and not show favoritism to any special group.

Farming is the largest industry in the world, has the largest buying power of any industry.

He gives around 42 percent of our working force jobs which are connected directly or indirectly to farming.

He is the largest user of steel.

He uses 20 percent of all batteries manufactured.

He uses 20 percent of all petroleum manufactured.

He uses 20 percent of all tires used.

He uses a large percentage of the autos, tractors, and trucks manufactured.

He uses electricity to a comparative, some of five or six of our largest cities, and would use a lot more if he got his share of the dollar.

He would open markets for other equipment such as welders, and new things to come on the market.

There are all kinds of statistics such as these I have mentioned, all stack up comparison to these. No other one industry can come near it in comparison.

Every farmer's dollar changes hands 32 times compared to the city man's 3 times.

Please read again this last sentence.

Every farmer's dollar changes hands 32 times compared to the city man's 3 times. This is the thing everyone is overlooking. I mean everyone.

This turnover is so great it is almost unbelievable why so few a number of farmers can have such an impact upon our economy. You can check any charts, graphs, or statistics, and when the farmer gets his share of the dollar, business and employment is always at their highest.

I can show you charts, graphs, and statistics put out by the Agriculture Department and other institutions and colleges, which I have read and studied for the last 30 years. Why agriculture must be first before we can have any kind of stability and growth.

I can spend hours explaining to you why things are not working, and why none of the new programs are the answer to our problems.

I have a program to present to you here that will work.

PROGRAM

If we are going to achieve a sound program for the sixties and the next decade, we must have a new approach.

I recommend to you as a body, the Agricultural Committee, the following program, either voluntary or by law, with a vote by the farmers to put into effect a program, what I call a percentage basis or some people and farmers alike call it a 3- or 4-year rotation.

For instance if a farmer had a 100-acre farm he would have 33 $\frac{1}{3}$ corn, 33 $\frac{1}{3}$ wheat and other small grain, 33 $\frac{1}{3}$ clover, which he could make hay, pasture, or mow down and let lay, and plow under, or in other words his 33 $\frac{1}{3}$ clover or 33 $\frac{1}{3}$ of his farm would be idle from growing grain crops.

If a farmer by his own choice wanted to farm on a 4-year rotation he would have 25 percent in corn, 25 percent in wheat and other small grains, 25 percent in soybeans, and 25 percent in clover to be pastured, make hay, or plow under, so he would have 25 percent he could not put in grain.

These 33 $\frac{1}{3}$ percent and 25 percent would take care of our surplus, and the farmer would have his choice whatever he wanted to do with it as I mentioned before.

We now have thousands of farmers on this kind of a program, but we must have all, to succeed in a sound working program. It is not the good farmer who is causing the surpluses.

This program would apply only to the Midwest, as that is where the most of our grain is raised, except wheat is also grown here. Wheat would have to be left on the allotment basis for at least 2 years, until we can get a sound program started, and then I think we can raise our limits.

Our cotton will also have to have controls, for a while, until we find new uses and increase in population to increase production.

For tobacco farmers no more complaint than we have, let it alone, as it is our grain crops that is giving us our trouble. Under this program the farmer can soon be back producing, and raising anything he wants to, and in the meantime the country can forge ahead to new highs, almost unbelievable.

This is the only solution to return the farmer to freedom, and put our country back on its foundation.

Agriculture and religion is the foundation upon which our country has grown to great heights. Let's keep it that way.

There is a big job ahead no matter who is our leader, let's get it going.

If anyone has a sounder or beneficial program to offer, I am for it.

CHARLES A. OLER,
New Madison, Ohio.

The CHAIRMAN. Are there any questions?

(No response.)

The CHAIRMAN. If not, the committee stands in recess until 10 o'clock tomorrow morning.

(Whereupon, at 12:05 p.m., the committee recessed, to reconvene at 10 a.m. on Friday, May 5, 1961.)

These are the only two cases in which the Court has held that a law is unconstitutional. In all other cases, the Court has held that a law is constitutional.

The Court has held that a law is unconstitutional if it is a law of general application, and not a law of special application. In the case of *United States v. E. C. Knight*, the Court held that a law which gave the government the right to control the production of sugar was unconstitutional. The Court held that this was a law of general application, and not a law of special application. The Court also held that a law which gave the government the right to control the production of sugar was unconstitutional. The Court held that this was a law of general application, and not a law of special application.

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AGRICULTURAL ACT OF 1961

FRIDAY, MAY 5, 1961

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

The Committee met, pursuant to recess, at 10:25 a.m. in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Grant, Gathings, McMillan, Albert, Abernethy, Jones of Missouri, Hagen, Johnson of Wisconsin, Matthews, Breeding, Stubblefield, Harding, Hoeven, McIntire, Teague of California, Quie, Short, Mrs. May, Latta, Harvey of Indiana, Findley, and Beermann.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John Heimbarger, counsel; and Francis M. LeMay, consultant.

The CHAIRMAN. The committee will please be in order.

The first witness is Father James L. Vizzard, director of the Washington office of the National Catholic Welfare Conference. We will be glad to hear you now.

STATEMENT OF FATHER JAMES L. VIZZARD, DIRECTOR, WASHINGTON OFFICE, NATIONAL CATHOLIC WELFARE CONFERENCE

Father VIZZARD. My name is Father James L. Vizzard, S.J. I am director of the Washington office of the National Catholic Rural Life Conference at 1312 Massachusetts Avenue NW.

I want to thank this committee for providing the opportunity for the NCRLC to be heard on H.R. 6400, the Agricultural Act of 1961. If my memory serves me correctly, this is the first occasion on which I have appeared before the whole Committee on Agriculture on general farm legislation.

As members of this committee are well aware, however, on a number of occasions we have been heard by various subcommittees, in particular the Subcommittee on Equipment, Supplies, and Manpower. It is a distinct pleasure that on this occasion I can expect to find myself in substantial agreement with the distinguished chairman of that subcommittee, Mr. Gathings.

In a recent statement before Mr. Gathings' subcommittee, I felt it necessary to explain at the very beginning why the National Catholic Rural Life Conference and other church organizations are so actively concerned with matters of social and economic policy. The fact that many newspapers and magazines chose to headline this rather brief introductory part of my statement confirm that it must have been

timely and useful, and suggests that we give this explanation once again, not so much for the benefit of this committee, which I am sure thoroughly understands our reason for being here, but for the benefit of a wider audience which apparently wonders at the propriety of the appearance before Congress of a man wearing a Roman collar testifying on complex matters of social, economic, and political policy.

The fact that this committee allows part of its very valuable time to a statement from a representative of a religious organization manifests, I believe, the committee's judgment that all that may be said about country life cannot be expressed in the cold logic of an accountant's report, or in a formal analysis of economic efficiency, or in a skillful balancing of political pressures.

I am confident that this committee believes as I do that in dealing with farm problems there are values to be recognized which go beyond and are superior to the strictly material considerations, such as supply and demand and input-output ratios. Yet these latter are vitally important in the effort to secure the aforesaid values.

Spiritual well-being cannot be expected to flourish in the context of a grinding struggle for the material necessities of life. This fact is well stated in the NCRLC's basic statement of its purpose and policy:

It is too well known to need emphasis that the material conditions of men's lives can profoundly affect the spiritual. A blighted rural district can be as deadly to the life of the spirit as can an urban slum.

The church, therefore, is vitally interested in what might be called the material environment of rural living. It is a question of balance: Neither excessive preoccupation with, nor scorn for these considerations and values. What the church does protest against is the attempt to use an exclusively economic measure of rural well-being.

With these preliminaries out of the way, I want to express our immense gratification that in H.R. 6400 we find a clear statement of goals for American farmers which, without exception, coincide with those which the NCRLC has long been advocating. So, for instance, the bill emphasizes the stability and the prosperity of the family farm as a central aim of farm legislation. This committee knows well that the NCRLC has always insisted that the family farm offers not only a good way of life, but also a good way of making a living. We are certain that every legitimate measure of efficiency—economic, social, political or religious—supports the age-old belief that the adequately-sized and well-managed family farm is superior to all other types of farming.

I should, perhaps, make it clear and emphatic what the NCRLC considers the family farm to be. It is not factory farming, which has given such an illusion of efficiency, that many farm spokesmen, who ought to know better, have accepted it without question or regret. They see this kind of "farm," concentrated in the hands of a few giant operators, as the inevitable and even desirable outcome of the agricultural revolution.

But more objective and hardheaded analysis reveals that super-scale farm operations are not only socially undesirable but also economically inefficient. Certainly there can be no moral or economic justification for spending taxpayers money to support this kind of agriculture.

Neither is the subsistence farm to be confused with the family farm. Although it may be a unit on which a family lives and provides itself with at least some of its material necessities, the subsistence farm never has, and as long as it remains the same, never will provide the members of the family with a satisfactory way of life. This group, numbered in the hundreds of thousands, has been bypassed by progress. A sharply focused and fully adequate program is required to meet their needs, and we are gratified to find in sections of this bill and in recent administrative actions the beginnings of such a program.

The family farm properly understood is defined as follows by the NCRLC:

A socioeconomic institution in which the capital, labor, and management of the family is organized toward the production of food and fiber for the benefit of the family and society.

In its "Program for the Family Farm," the NCRLC further states that:

In its ideal form the family farm will be found to have the following characteristics. The land is owned or held in other form of secure tenure by the family living on the farm. The farm is managed by the family. Most of the physical work is done by members of the family. Normally the farm will afford reasonably full-time employment for the family, making off-farm work unnecessary. The operator's family realizes from the farm an income fully adequate for the family's support.

The NCRLC is convinced that the values which come from widespread distribution of productive property in the form of family farms are too important to be outweighed by the purported economic efficiencies of large-scale operations.

Public policy, we believe, should favor the institution of ownership not as a privilege which a few may enjoy but as an opportunity for all. The lesson of history and of the troubled world today is clear. It demonstrates that men who own their own property have a greater stake in freedom and political responsibility than have propertyless workers.

In a time of crisis—and who can guarantee that this country is immune to crises—the owner of real property has something to fall back on, to fight for, to defend. If necessary, he can stand before his door with a shotgun in his hand. Just where would a General Motors or an A.T. & T. stockholder take his stand? Before a GM salesroom, or a telephone pole? Or what piece of his employer's property would the landless worker give his life or his vote to defend? Democracy requires that the citizen have a personal stake in the material resources as well as the political ideals of his country.

Opportunities for direct ownership of productive property are being sharply limited in this country. Increasingly, our economy is being characterized and dominated by large-scale industry and agriculture. There is serious reason to be concerned with the possibility that General Farms will join General Foods, General Electric, General Motors.

This unswerving dedication of the NCRLC to the family is not based on any blind nostalgic belief or any act of unfounded faith. It is based rather on firm conclusions from facts—facts which prove to any objective student that whether the criterion of value be political,

social, religious, or even economic, the family farm is to be preferred to any other form of agricultural land holding or use.

It must be evident, then why the NCRLC is gratified that in this proposed legislation, as well as in emphatically stated administration policy, the family farm's welfare is highlighted as a central goal.

Another central goal proposed in H.R. 6400 is the opportunity for farmers to achieve parity of income with other economic groups. A standing policy statement of the NCRLC firmly supports Government efforts to help farmers achieve this goal:

With the considerable and steady decrease for a number of years in the income of the family-owned and family-operated farm, the farmer has been the victim of a squeeze play. His production costs have actually increased while the commodities which he purchases and the services which he needs have certainly not decreased in cost. Rural families, rural parishes, and rural communities have been the losers, as well as the Nation as a whole.

The farmer knows that his obligations as a producer are not merely personal; they are social as well. If he fulfills his social duty by producing the needed food and fiber, he may and should expect from society a just return for his work and investment. The farmer does not ask for special favors, but he does look for the opportunity to earn a fair share of the national income.

According to Christian principles, one of the duties of the state is to protect the just interests of a segment of its membership subjected to handicaps such as described above. This duty becomes all the more imperative when that handicapped group is immensely important to the Nation, as are the farmers. The Government's efforts to make possible an equitable income for farmers is merely an exercise of distributive justice.

A third objective of H.R. 6400 is an abundant and balanced supply of food and fiber, not only adequately to fulfill the needs of our own citizens, but also to the maximum extent possible to satisfy the even more urgent needs of the hungry beyond our borders. For years the NCRLC, in the very teeth of those who characterized our surpluses as a curse and a plague, has insisted that our enormous on-hand abundance and our abundant productive capacity is an unmatched blessing and opportunity.

There have been years in the past when we have been shocked at the narrow and calloused viewpoint that our production goals should be geared only to the capacity of a strictly commercial market and that our stored abundance should be dumped abroad in surplus-disposal programs. Somehow we managed to convey to the world's hungry people that they had about the same function and dignity as a waste disposal.

Now, thank God, with this legislation now before you and in the convictions expressed by this administration, we see a return to sanity. There is nothing this country could do better to fulfill its obligations and to restore world confidence in its sensitive and responsible leadership than to exercise at least as much energy and ingenuity in providing the world's needy with the necessities of life and a sound hope for a better future as we now do in providing the free world's armies with the instruments of death.

Other major goals of this legislation have hearty NCRLC support. Increased farmer participation in the formulation of programs recognizes the enormous complexities of farm problems and aims to put a major part of the burden of finding the right answers on the people who have to live with them and make them work.

I must confess to at least mild misgivings about how successfully this approach will work. Certainly Congress, representing all the people and the general welfare, must have the last word. But I would think that you gentlemen of this committee would welcome any workable method of assistance and participation which would lighten your burden and leave you freer to operate on the more fundamental level of basic policy.

So too the objective of reducing the net cost of farm programs, if that be at all possible, is highly meritorious. It is true that the public has been badly misinformed about the net cost of farm programs. Propagandists, either consciously or unconsciously, have spread the myth that farmers have become wards of the Government and receive a major portion of their income in the forms of Government handouts.

This committee and other knowledgeable people know that major portions of the Department of Agriculture's budget should be charged not against farmers but against the Defense and the State Department, business interests, and the general welfare. Nevertheless, the general public, the taxpayer, is restless and resentful over the huge sums they believe are being taken from their pockets and stuffed into the farmers'.

This is a problem to be solved not only by an educational and public relations campaign—which indeed is necessary—but also by an intelligent and conscientious effort to adopt farm programs which are less costly than those of the past. By this we obviously do not mean that Government must repudiate those services important to the well-being of our farm people and the Nation itself. Indeed in dealing with some farm problems, expenditures should be increased. But it can be at least hoped that the basic approach proposed in H.R. 6400 will prove less costly and at the same time more effective than programs of the past.

In this already lengthy statement I must mention only briefly other aspects of this legislation which can be endorsed with equal enthusiasm by the NCRLC. So, for instance, the more effective encouragement and assistance to farmer' cooperatives is most heartening. This committee is fully aware of the NCRLC's longtime insistence that farmers must do everything in their own power to solve their own problems. The most democratic and effective way that farmers have developed for helping themselves is through their cooperatives.

Great as have been the benefits of cooperative purchasing of supplies and marketing of products, there is still much more that co-operatives can and should do.

In its most recent policy statement, "Cooperative Bargaining for American Agriculture," which members of this committee have recently seen, and which was placed in the Congressional Record by Senator Humphrey a few days ago, the NCRLC suggests that existing cooperatives and/or new cooperative agencies must accept a greatly expanded role in helping farmers to market their products on the basis of signed contracts negotiated through democratic procedures with the purchasers of those products.

We also applaud the expansion and rationalization of the Government credit facilities for farmers. The farmers' needs today for credit are different and greater than in the past. It would not be too great an exaggeration to say that credit is the life's blood of the

farm economy. Too often commercial credit facilities are too conservative and inflexible to meet the farmers needs. It is proper governmental function reasonably to provide what the private sector of our economy cannot or will not.

Sound and encouraging as we judge the major proposals of this bill to be, we know that neither the administration nor you gentlemen of this committee consider them adequate or appropriate to deal with other aspects of the "farm problem." Other legislative and administrative actions are being taken or can be expected to attack problems not directly involved in this piece of legislation. But I would be loathe to neglect this opportunity to point out one major obstacle to the successful achievement of stated goals of this legislation.

In this bill's "declaration of policy" it is stated as the policy of Congress to—

(a) Afford farmers the opportunity to achieve parity of income with other economic groups.

In view of a recent 27-to-3 vote of this committee, I feel it necessary to suggest that migratory farmworkers are also farmers, and that more than any other group in this country they urgently need "the opportunity to achieve parity of income with other economic groups." Not only does this group desperately need improved wage and income opportunities, but also the family farm needs protection from the depressing influence on its own income caused by the tragically depressed wages and working conditions of these farmworkers.

It may be thought that this is the wrong time and place to raise this issue, but I ask what better forum is there when the central concern of this legislation and of this committee is to "afford farmers the opportunity to achieve parity of income with other economic groups."

What more appropriate forum is there to express my immense regret over the fact that after recent extensive hearings on Public Law 78, the operations of which vitally affect hundreds of thousands of American farmworkers and family farms, we have waited in vain for a minority report differing from the judgment of the majority of this committee. This in the face of the great volume and weight of testimony presented by a long and honorable list of knowledgeable witnesses representing church, labor, and civic organizations; and despite the fact that there is an administration bill which concurs with our viewpoint and differs from that of the committee. May I express the hope that when this matter comes to the floor of the House next week favorable consideration be given to improving amendments.

In conclusion, in recent weeks all the headlines seem to have gone to one issue—Federal aid to education—where Catholic spokesmen have differed with the President. Not so well publicized have been the many issues where Catholic representatives have been in the forefront supporting the President and the administration.

Indeed on many—perhaps most—of these latter issues, Catholic spokesmen have stood shoulder to shoulder with the President but also with the very same non-Catholic spokesmen who have been on the other side of the fence on the Federal aid issue. The overdramatized split there has pushed into the wings the warm and effective agreement among Protestants, Jews, and Catholics, as well as unchurched citizens on such issues as the foreign-aid program, aid to depressed areas, food for peace, the Peace Corps, and many others.

Especially have all the churches and synagogues united with the administration's effort to deal justly and effectively with the problems of migratory farm labor. And I suspect that if Protestant and Jewish spokesmen are heard on this bill, H.R. 6400, members of the committee will find us all saying very much the same: "Gentlemen, pass this bill in substantially its present form."

Mr. Chairman and members of this committee, I thank you again for this opportunity to present our views on this legislation and for your patience in listening to us. I hope you will find our ideas and recommendations of help in your very difficult and important task of writing and passing a bill that will restore sanity to our farm programs and sound reason for hope to our farm people.

The CHAIRMAN. Thank you very much, Father Vizzard. We appreciate your appearance before the committee and the committee will give careful consideration to your views.

I do want to say, however, that as to the bill which you referred to as the administration's proposed migratory labor bill, we also have another bill by a member of this committee. Unfortunately, that bill was not presented to the subcommittee headed by Mr. Gathings, of Arkansas, but it certainly will be considered. The members are aware of the bill. I thank you very much.

I next call Mr. Walter Garver of the Chamber of Commerce of the United States.

STATEMENT OF WALTER B. GARVER, MANAGER, AGRICULTURE DEPARTMENT, CHAMBER OF COMMERCE OF THE UNITED STATES

Mr. GARVER. Mr. Chairman, my name is Walter B. Garver, and I am manager of the Agriculture Department of the Chamber of Commerce of the United States.

We appreciate this opportunity to appear today and to give our views on behalf of our business and organization members, and particularly those of our members engaged in the production, processing, and marketing of those agricultural products directly or indirectly affected by the proposals in title I of H.R. 6400.

We are vigorously opposed to the expansion of powers of the Secretary of Agriculture embodied in title I.

It would enmesh the farmer and the farm economy irretrievably in a completely regimented and regulated central control which no commodity and no farmer can hope to escape.

It is motivated primarily by farm income objectives impossible of attainment in a free competitive society. In pursuit of this one objective it would subordinate the rights of farmers themselves, leaving them only such "rights" as those who would operate the programs see fit to bestow.

It would victimize consumers. It would largely ignore adverse effects on the farmer's agricultural business partners, the businesses and industries that have worked with farmers in achieving the tremendous progress the farm economy has made in this century in producing efficiently and marketing effectively an increasing abundance of food and fiber that has enhanced the Nation's standard of living.

To theoretically increase income the proposals in title I are designed to achieve a managed scarcity. This would be done by "supply management"—managed by the Federal Government.

Much has been said of the blessings of abundance, but here we are faced with proposals for legislation which specifically seek to throttle the capacity for this abundance. On one hand we hear emphasis about needs for greater nutrition and better consumption for a part of the Nation's people, yet from the same source we get the proposals in title I aimed at managing supply by curtailing it in order to get higher unit prices and theoretically higher farm incomes. This can be achieved only by pricing out of the market and reducing demand from those very people supposedly having the greatest needs.

The whole of public policy has supported and encouraged abundance as the primary route to economic progress in our country. This bill seeks to reverse that policy. It would do this by attempting to create what economists call monopoly conditions, by restraining the competition of farmers with each other, by restraints that are frowned upon in public policy, and properly punishable offenses against the public interest in our legislation.

"Parity of income with other economic groups" is held forth as a primary objective of this proposal. If it is to be measured only by aggregate averages comparing farm with nonfarm incomes, such parity of income is impossible of attainment.

Farmers have made income progress in this century comparable to that made by the Nation as a whole. The per capita income of farm people from farm sources has throughout the period for which data are available ranged up to 40 percent of the per capita dollar income of the entire country. It has run above that figure only very briefly during wartime periods of abnormal demand. It has run substantially below this figure in periods of general depression.

During the decade 1950 through 1959, this ratio has been 40 percent. In the supposed "golden age" of parity, 1910-14, the period that is the basis for parity calculations, the ratio was 38 percent.

No one can satisfactorily explain all the complex factors that make this one of the economic facts of life. It is certainly clear that if farm people themselves had not made drastic adjustments in the past two to three decades by a net reduction in the farm population depending on farm income by exodus from farming, the ratio today would be about half what it is. Those who migrated out of farming found employment in other parts of our growing economy. Those who remained have improved their status by adapting their scale and pattern of farming to the changing technology. And they have given us a productive farm economy unequalled in the world.

Any tendency of this ratio to rise, draws capital by the thousands today for which the per capita income from farm sources is virtually equal to comparable returns in similar businesses. By the aggregative averaging of all "farms" the ratio is made to look worse than the facts substantiate.

There are, of course, other thousands of farm families in much worse straits, whose per capita income is pitifully low. They should not be lumped with the commercial and business farms upon which the Nation depends for its food and fiber. They have their counterparts in thousands of families in nonfarm pursuits whose per capita

incomes are equally or comparably low. The families in both groups are a part of the challenge facing the Nation to achieve economic and industrial growth and progress so that productivity rises make possible material improvement in their status.

The achievement of parity of per capita income as between farm and nonfarm people calls for a drastic and unattainable major surgery on the entire economy. It seems to us that it is the kind of surgery of which a doctor would say that the operation was a success but the patient died.

Parity of farm income for the present farm population would require something between doubling and tripling the net income from farming. Farmers have shown by well-demonstrated patterns that at least 35 to 40 percent of the increases in their incomes are substantially converted into resource expansion. This means that additional income can still be multiplied into an even greater gross income provided each farmer is not rigidly restrained from expanding.

But if we assume that somehow he would be effectively restrained, and thus ignore the potential conversion of such income gains into income-producing expansion, even so, this means for the consumer at the minimum an increase of 25 to 30 percent in his bill for food and fiber.

It seems to us that in the public interest this is something about which consumers in these days have a right to some expression of preference. Title I does give a nominal recognition to the consumer by one-man representation on advisory committees, but they could very conveniently be heard and then ignored.

This 25 to 30 percent rise in the consumer's costs would have to be achieved by pricing some consumers out of markets for some commodities that they felt they could not longer afford, and by charging others more than they would otherwise have to pay. Moreover, it would be possible to develop and retain export markets only at continued and increased public expense to subsidize exports.

This would be purely and simply another of the many proposals we have had for income redistribution. Consumer expenditures would be drastically altered by the withdrawal of spending in some lines in order to expand it for other lines, theoretically by some of the farmers who are expected to benefit by this redistribution. It would create no new wealth, merely transfer it.

The language of this bill, especially in title I, is so complex that it defies comprehension by the layman. But the intent and purpose of the bill are crystal clear. It is based upon a philosophy whose adherents are its architects.

Its proponents say that there are only two alternatives before us. The first is a return to free markets, either abruptly, which few advocate, or by stages that permit farmers to adapt themselves to its rigors. This means a policy in which each farmer is free to plant, produce, and sell what he chooses, and in which each individual farmer would accept the prices and income which free markets would afford him.

The second alternative is rigorous control of the market supplies. This, they say, means restricting the entry into agricultural production by farmers, and the control of production, marketing, and sup-

plies, commodity by commodity, year by year, to only the amount the market will take at predetermined "parity" or "fair" prices.

The basic approach of these proponents is that agriculture would be made a "public utility"—a gigantic public utility made up of millions of small producers acting with the "aid and consent of government" to produce and market only such quantities and qualities of commodities as consumers will buy at the predetermined "fair" prices.

Government would establish the machinery and "grant" the powers to farmers to produce for this kind of market. In exchange for these "rights" the Federal Government would reserve the right to fix rates and prices and thereby the right to determine what are fair returns to farmers.

And how would all this be implemented? The blueprint has been spelled out in four steps:

- (1) The Federal Government (the Secretary of Agriculture) would determine and set the "fair" price for each commodity, and these prices would be the guides in setting the national sales and production quotas;

- (2) The Department of Agriculture would decide how much of each commodity could be marketed at the price fixed in (1);

- (3) Each farmer would be allocated by the Department of Agriculture his share in this total marketing quota, "probably" based to some extent on his historical record of production;

- (4) The "rights" thus allocated would be negotiable, leaving each farmer free to buy or sell these rights as he saw fit.

This fourth provision, it seems to us, would largely nullify the income benefits. The negotiable rights are supposed to be the right to a "good and stable" farm income. But the proponents of this approach concede, that the purported income benefits would be capitalized into the value of these rights when they are transferred, and that the price of these rights would become the cost of doing business in a stabilized agriculture.

They thus become a windfall profit to those able to claim them when the rights are first allocated. Thereafter they are a capital cost of doing business for those who acquire them—a cost making it necessary forever after to continue the protection of such rights, and to perpetuate the public utility control of the farm business in order to prevent capital losses to subsequent holders. Thus the income benefits for farmers claimed for this Government control of farming would be rapidly dissipated.

Throughout the long debate on farm policy, there has been considerable talk about "corporate farming." With minor exceptions, we have found few situations in which corporate farming with absentee control can match the day-to-day vigilance and care of management with which the family farm makes a success of the farm business. We see no reason why direct interest and stake in success by the on-the-spot operation will not on the whole continue to operate in favor of the family farm if present trends continue.

But it is hard to conceive of any one device that would accelerate corporate farming more than the ability to trade in the rights which proponents would make negotiable.

Most farmers regard production and marketing controls as a nuisance. Production and marketing controls have never reduced total

farm output. They have reduced some commodities because farmers, in complying, still had ways of shifting resources and their labor to other commodities.

Farmers find themselves under pressure to make such shifts. In large part the reason is the increasing importance of fixed costs to each farmer. Any reduction in output results in higher unit costs for these fixed expenses unless he can spread them over other output. For this reason we believe that the bulk of farmers do not want ceilings on their production.

To the extent that "supply management" implements lower output, the individual farmer finds himself in a situation of higher unit costs. He will, therefore, use his utmost ingenuity in breaking out of this kind of a straitjacket.

Supply management in the direction of smaller total marketings will raise the costs of processing and marketing per unit as well, for these farm business partners also have a substantial proportion of fixed costs which must then be spread over a smaller volume. One has only to observe the highly competitive struggle to achieve volume to realize how important unit costs are in this situation.

We conclude that the costs to consumers of a curtailed supply implied in the mechanisms of title I would, therefore, be multiplied over and above the increased returns to producers which the programs are intended to achieve.

We believe that the limitations of production and marketing implied in this bill would, therefore, prove intolerable to farmers, intermediate processing and marketing agencies, and consumers alike.

Turning to some of the authorities which title I of H.R. 6400 would create, we would like to offer the following comments for the consideration of this committee.

We regard the "farmer advisory committees" as meaningless. These committees would be handpicked by the county committeemen. That the latter are elected by farmers is somewhat irrelevant. They are elected to perform other and largely unrelated functions.

There is no obligation in this bill for a Secretary to follow the advice and recommendations of the advisory committees after they are chosen. Surely a competent Secretary would know the various and often conflicting views and wishes of farmers with respect to the different commodities without this added bureaucratic machinery.

We object on behalf of our agricultural business members to the take-it-or-leave-it handling by Congress of such specific programs as a Secretary of Agriculture might recommend. The bill does not provide adequate opportunity for expression in open forum of the various views of producers of other commodities, the marketing and processing agencies, and the users of the product.

It is the proper sphere of this committee and the Congress to reconcile such views in the public interest. Title I would short circuit such review.

We object to the delegation of powers which limits the role of the Congress to a veto of proposals within 60 days. The Congress, representing all the people, should retain the power constitutionally bestowed upon it to amend and otherwise give the final legislative sanction to any proposals that are to become the substantive law of the land.

The provisions for referendums among producers are open to serious question. There is a very limited usefulness to such referendums in the proposed circumstances. If they are to be meaningful, the choices offered producers should be between reasonable alternatives rather than, as is too often the case, "this or virtually nothing."

Moreover, such referendums should reflect also the views of competing producers of other related commodities as well as the users of the commodity under referendum, in fact, of all interested parties having a direct interest in the consequences of the choices offered.

The authority that would be granted to the Secretary to develop control programs for any and every agricultural commodity produced by farmers could easily be used, even with the best of intentions, to force every commodity under a Government control program. Since the bill contains no restrictions on the total output of a farmer who might be covered under some one commodity program, the door is open for him to shift to other commodities, just as producers have done in the past under allotment and quota programs.

This could then constitute unfair competition with farmers producing other commodities who might prefer no Federal program. Yet this competition could force the commodity into such problems that demand for a Federal program would appear to them to be the only way out of their difficulties. Thus we see this power as a device conceivably aimed at forcing all commodities under the Government's control.

The power to establish minimum allotments and grant exemptions permits two kinds of abuses. One kind might be to set the limits at such levels as to preclude some producers from having a say in the programs it is proposed to submit to referendum.

A second abuse might be the favoring of some small producers at the expense of or to the disadvantage of larger commercial producers. The effect could be to put a ceiling on the business of some farmers.

The authority to define administratively "noncommercial" areas could produce similar abuses, operating not only against some producers but the marketing and processing facilities as well.

Title I would authorize the Secretary to establish base periods. In view of the dynamic changes that have taken place in the production and marketing of farm commodities, and that seem likely to continue to occur, this power permits the favoring of producers, areas, and commodities at the expense of others against a tide of economic change. It seems likely to us that such power would be used to prevent healthy change rather than further it.

The power to make direct or compensatory payments is one more attempt, as we see it, to edge this device into general farm legislation. This is the power to drive supply and demand further out of balance and to wreck the market system by stimulating excessive production and thus necessitating tighter controls.

The bill provides that their use would be limited to situations in which there was a supply-management program. We believe that this is such a loose limitation as to be no limitation at all, since it is quite possible to have a normal supply-management program that did not really manage supply. And we find no effective limitation in the bill on the unit amount of such projected payments.

The bill confers powers upon the Secretary to require as terms and conditions for price-support operations a wide range of authority over the individual farmer including his marketing practices and a number of phases of the detail of the farm operation. We consider this too broad in scope.

The American people, farmers, and the Congress have come to a crossroads in farm policy. We believe that the public, as taxpayers, is growing increasingly intolerant of the burden on the Public Treasury of \$3 to \$4 billion annually for farm programs covering a relatively few commodities.

Nor as consumers are they apt to accept the mere shifting of this burden to their grocery bills, not to mention the increasing of that burden to achieve the farm income goals this bill is designed to achieve.

One of the most urgent pressures for revision of farm programs is their cost. Programs which title I would authorize embracing the use of compensatory payments, higher support prices, and the broadening of such programs to all farm commodities, seem to us assurance that costs under these programs would be higher than they now are.

Since title I authorizes financing the programs proposed directly from Commodity Corporation funds, the Congress would have less control over these costs than it now has.

We are, therefore, opposed to the provisions of title I. We would recommend on behalf of our members that this committee and the Congress revise farm legislation so that farm programs will come to rely in the main on the interplay of the economic forces of supply, demand, and technology. These forces can neither be ignored nor circumvented.

Programs should lead ultimately to the determination of the levels of production by the operation of these forces working through the market price system. They should leave to the wisdom and skill of farmers themselves the choice in their use of their labor and resources.

The CHAIRMAN. We thank you very much, Mr. Garver, for your statement and for your appearance here this morning.

Mr. GARVER. Thank you.

The CHAIRMAN. Next we will hear Mr. Otie M. Reed, of the National Creameries Association.

STATEMENT OF OTIE M. REED, EXECUTIVE DIRECTOR, NATIONAL CREAMERIES ASSOCIATION

Mr. REED. I do not have a prepared statement this morning, Mr. Chairman. I shall talk from notes. I would like the privilege, since my time is to be limited, to expand on those things and to put in a statement for the record later.

The CHAIRMAN. Without objection you may do that.

Mr. REED. My name is O. M. Reed. I am executive director of the National Creameries Association. My offices are at 1107 19th Street NW., Washington, D.C.

Our membership is composed of dairy plants, mostly cooperative associations in the States of Wisconsin, Minnesota, Iowa, Nebraska, Kansas, North Dakota, South Dakota, and Oregon.

Our plants range from small butter creameries taking in and gathering cream from the farms to large widely diversified whole milk plants.

We have about 40 plants which, in addition to receiving manufacturing milk and butterfat from their members, also have grade A producers. A number of these plants have separate grade A plants. Quite a few of them operate under orders, that is, Federal milk orders. Others operate and sell their grade A milk wherever and whenever they can find a market for it.

Since this is enabling legislation, I do not have any statistical analysis, for the reason that there is no specific proposal to analyze, but only the powers and authorities that would be granted to the Department of Agriculture and the Secretary of Agriculture in carrying out the proposals of this legislation.

I want to break my testimony into two parts.

First, as to section 8(f). And I am speaking in regard to section 8(f) only in regard to milk orders. As we understand 8(f), it would add a new section to the Agricultural Marketing Agreement Act which would permit the establishment of a system of allotting the market for any agricultural commodity in any and all markets or in any use classification thereof, to producers, or any agricultural markets, on the basis of their historical production or the amount available for the market, or any combination of these methods of allotments, so as to apportion the total allotment equitably.

We can better place our position before the committee in respect to section 8(f) by reviewing briefly the major provisions of the current marketing orders.

It is our opinion, based on our experience in USDA at the time the Agreement Act was written back in 1937, and for some years thereafter in helping administer the Federal market order program that the act was designed to enhance the returns to producers as much as feasible in an overall supply and demand economy.

It would do this by correcting those features of market milk price structures peculiarly conducive to instability in fluid milk marketing. Thus, the act authorized the classification of milk according to use, fixing the price that the handlers would pay for it and to provide equitable methods for sharing the proceeds of sales among producers. Such mechanics of marketing would eliminate cut price buying by handlers who theretofore had not cooperated with producer cooperatives in the establishment of a classified price plan, would put handlers on the same cost basis for milk entering the same use class, would deaden the impact of seasonal surpluses in fluid milk price structures, and the like.

The Marketing Agreement Act, while intended to enhance returns to the producers, as it no doubt has, nevertheless was not intended to create such income enhancement by marketing limitations or arbitrary price enhancement through price discrimination.

This is clearly seen from section 8c(5) (G) of the current act which prohibits the limiting of the movement of milk into a market from any area of production.

Further, section 18, which sets forth the price structure for prices established in milk orders, specifically gears prices under the orders to a supply and demand test.

Even with the safeguards built into the Marketing Agreements Act back in 1937, it appears to us that in many instances fluid milk prices have been raised to arbitrarily high levels in many markets; barriers to the entry of milk have been established through the use of internal tariffs called compensatory payments; and surpluses have been growing steadily in practically all fluid milk order markets; and such surpluses are responsible at least in part, for the surplus situation in the dairy industry.

In connection with the matter of prices for the last 10 years, the price of fluid milk, that is, class I prices to producers, has shown an ever-widening spread between that price and the price received by producers for manufacturing milk and butterfat. Surpluses over fluid milk requirements are large in many markets; for example, in 1959, the 74 Federal order markets showed receipts from producers in excess of actual fluid milk sales of 13.6 billion pounds. There must, of course, be some extra milk available in the market to meet variations in fluid milk sales. Even so, and allowing an excess over actual class I (fluid) milk sales of 15 percent for the so-called necessary surplus, the surpluses in the milk order markets aggregated about 9.8 million pounds.

It is to be noted that in 1959 the milk equivalent of butter and cheese purchased under the price support program was 3 billion pounds.

This surplus milk finds its way into the butterfat and manufactured dairy products, thus increasing the surplus.

There can be no doubt that the act of 1937 has been a good thing for fluid milk producers. We do not want this act discontinued, but we do want a halt called to arbitrarily high fluid milk prices in the orders.

Further, we are quite displeased with the fact that in quite a few of the orders the prices fixed for surplus grade A milk which was used in manufactured dairy products are considerably below the prices which my member plants pay producers for grade B or ungraded milk used in manufacturing. Actually, in some of the major markets with large surpluses the milk prices fixed in the order for surplus milk, the grade A milk, used in manufacturing dairy products are actually below the support price.

It would be thought that we would welcome an allotment plan in each fluid milk market order that would control the surplus. Perhaps we might if such allotment plan could actually control the surplus, but I doubt it, because we have quite a different philosophy as to the type of milk markets this country should have and the direction it (milk marketing) should take.

We consider fluid milk markets the most important in the U.S. dairy industry. We think it offers the best opportunity for expanding sales. In butter, the competition from margarine is such that we continue to lose markets each year. Fluid milk faces no such competition from low-priced imitation commodities in the market.

With continued growth of population, we hope it would be possible to increase the demand for fluid milk. Yet right now, during this period of prosperity, per capita sales are barely being maintained.

Futhermore, we consider the milk producers in this country all have a right to try to sell their milk in any market in the country. We do

not believe in giving a market to one group, another to another, and so forth.

Our objections to section 8(f) can now be quickly summarized.

It would permit the complete monopolization of fluid milk markets in favor of those producers currently associated with the market.

Through such a program producers could and would be excluded from the market, as well as kept from changing from one market to another.

Paragraph 4 of section 8(f) could be used to allocate producers among handlers. And could be used to freeze competition among handlers.

Producers' groups in the individual markets would not submit proposals to cut back their production. On the basis of all my experience I do not believe that any cooperative association would submit an allotment proposal to reduce their membership and sales volumes so as to eliminate the surplus.

Having allotted the market to current producers, then what? We think the following would take place:

Income enhancement would be secured by increasing fluid milk prices still further; and the market would be free of inflow of any competitive milk due to the allotment system.

Fluid prices to consumers would increase, holding down per capita sales to a lower level.

No priced criteria are set forth which, in our opinion, would be operative to stop the monopoly enhancement of prices to consumers. While the so-called parity price criteria still would hold, nevertheless this would not mean anything in our judgment. Walled off from any outside competition producers could and would raise their prices above the class I price levels fixed in the order. They already do this in many markets. And under the allotment program they would no doubt do it to a much greater extent and to a greater degree.

Accordingly, we propose that section 8(f) of this bill be amended to read as follows: On page 10 of the House bill, line 23, insert after 8(c) the Arabic numeral (6) and on line 25, delete the Arabic numeral (5).

The recommended amendment to 8(f) will have the effect of making the section inoperative with respect to individual fluid milk marketing orders. It would still leave the way clear to reduce marketings in the fluid milk market as a part of a national marketing order under section 8(g).

Now, I want to turn to section 8(g). We have never heretofore favored allotments or quota programs for our products for a number of reasons. We state those reasons in our resolution, Mr. Chairman. I ask permission at this time to give to the reporter our resolution covering this matter to insert in the record at this point.

The CHAIRMAN. Without objection it may be inserted.

(The resolution follows:)

POLICIES ADOPTED BY THE MEMBERSHIP OF NATIONAL CREAMERIES ASSOCIATION AT THE ANNUAL MEETING OF THE MEMBERSHIP, HOTEL LOWRY, ST. PAUL, MINN., NOVEMBER 10, 1960

1. *Import control.*—Recent actions of the administration and Tariff Commission have served to weaken control of dairy imports under the quota system in effect under section 22 of the Agricultural Adjustment Act. We recommend

that section 22 be amended in conformity with the bill introduced into the Congress by Hon. John W. Byrnes in 1957. The executive director, National Creameries Association, is directed to endeavor to secure the introduction of such legislation in the Congress and its support by other dairy and farm groups.

2. *National milk sanitation bill.*—We reaffirm our endorsement and support of the national milk sanitation bill and urge its passage by the Congress.

3. *Price support levels and surplus disposal.*—The National Creameries Association has long maintained that the very great importance of the dairy farmer in the economy of the United States, and the unrivaled position of dairy products in the diets of our population, make it necessary that the dairy farmer secure an adequate return for his efforts and be enabled to continue to produce a large volume of quality dairy products for our people.

The dairy farmer needs more income. His costs are increasing. Returns from the products he sells are not even holding their own at low levels.

Legislation sponsored by National Creameries Association to stop reduction in dairy support levels in 1958 was vetoed by the President. The reduction in price support levels was unjustified and unwarranted.

In the 1959 and 1960 marketing years, we urged that the support levels be returned to the 1957 level of \$3.25 per hundredweight of manufacturing milk and 58.6 cents per pound butterfat. These requests were not granted.

Therefore, it is our view that—

a. As a short-run measure, the support price for manufacturing milk and butterfat in the 1961 marketing year should not be less than currently existing support prices.

b. As a longrun measure, the price of milk and butterfat used in the manufacture of dairy products should be supported at a price level which more nearly reflects the relationship to the prices established for class I milk under the Federal fluid milk market orders. The price of dairy commodities should be supported by the current direct purchase methods.

Government policy should treat all dairy farmers equitably. Manufacturing milk and butterfat producers should be entitled to the same relative levels of prices as those established for fluid milk under fluid milk orders.

c. All dairy products purchased under the Government's support program should be so correlated as to price to make possible returns to producers from the supported commodities at approximately the same price level.

d. Any producer price announcements for milk under the price support program, and series of producer prices for milk published by the Department of Agriculture, should state such price levels for milk in terms of milk of both 3.5-percent butterfat content and U.S. average percent butterfat content.

e. We look with extreme disfavor upon releases by the Secretary of Agriculture regarding price support levels for manufacturing milk and butterfat which indicate that the high level of fluid milk prices is largely due to our price support program.

4. *Grades and price support problems.*—In the conduct of the price support program, the Department of Agriculture, while encouraging the production of high-quality products as much as possible, should not undertake the development of rules as to purchases which will result in lower-grade products being refused under the price support program. Changes in standards and grading and inspection techniques should be adopted only after practical tests for quality have been developed and have been discussed and tested out by the industry.

5. *Butteroil.*—This organization looks with disfavor upon a Government-support program which causes much of the highest scoring butter to go into Government storage, leaving the lower scoring butter for the commercial trade. We urge modification of the support program in a manner that will remove undergrade butter from consumer channels and permit the sale of such butter to the Government and that will permit the conversion of undergrade butter into butteroil, for sale by the Government as commercial cooking fat, at competitive prices. We urge comprehensive research be undertaken by the Agricultural Research Administration to test the market possibilities for butteroil.

6. *School lunch program.*—In respect to the distribution of butter and other dairy products under the school lunch program, particularly butter, we consider it unfair, unjust, and an insult to our industry that inferior, poor quality storage butter is being distributed to school children, thus weaning our future citizens away from the eating of this wonderful product, which has no substitute.

It is recommended that butter be furnished under the school lunch program from local plants, to make a more effective program, and to save freight and other handling costs of distribution.

7. *Federal market orders.*—The National Creameries Association has consistently maintained the policy that producers in the supply area of fluid milk markets are entitled to secure the benefits accruing to them under the Agricultural Marketing Agreement Act of 1937; Provided, however, that no provisions should be placed in fluid milk orders which restrict the entry of milk qualified for fluid consumption in any specified market from any dairy farm or plant wherever located in the United States.

a. We think it unreasonable and to the detriment of the eventual welfare of all dairy farmers, however, for there to be continued provisions in fluid milk market orders which (1) restrict the movement of qualified milk into the market and (2) wall off the market from competition of qualified milk from other than local sources. Such provisions lead to the establishment of arbitrary price levels, failure of consumption potentialities to be realized, and contribute to the unsound increase of surplus milk within fluid milk supply areas.

b. We think it obvious that the U.S. Department of Agriculture should not condone the negotiation of premiums above class I prices established by the orders. The Department should adopt the policy that prices higher than those specified and justified by the order may be properly negotiated only when they are so negotiated in the absence of the order, and are not to be negotiated under, and protected by, the provisions of the order.

c. We have observed with concern the strong tendency for the spread between the price of class I milk and manufacturing milk to widen appreciably for many years. There is no sound economic reason for this widening spread. The criteria governing the level at which prices are established under the purchase program for the support of manufacturing milk and butterfat are basically the same as the price levels to be established by use of fluid milk orders. We think that prices fixed for fluid milk under the orders should establish the guidelines for the price established under the purchase program for manufactured dairy products.

In view of these facts and considerations, we recommend—

a. Elimination from Federal fluid milk orders of the restrictive devices now currently provided by the orders, including compensatory payments, forced down classification of milk from other than local sources, and arbitrary and restrictive pool plant requirements.

b. The order mechanism not to be permitted to be used to implement and make effective premiums over the class I prices established in the orders.

c. Correlate price policy under orders and under the price support program for manufacturing milk and butterfat so that the continually widening spread between these prices will be stopped, and manufacturing milk and butterfat prices be increased to a more nearly normal relationship to fluid milk prices.

d. The evidence is now unmistakably clear that the Federal milk order program has been and is being administered in a manner that causes great harm to dairy farmers and their organizations outside Federal order markets in the following respects:

(1) By denying entry of producers into order markets on the part of producers who wish to become, and to market their milk as, grade A producers.

(2) By building up large surpluses of milk over and above fluid milk market needs, thereby causing surpluses in manufactured dairy products.

(3) By encouraging increases in production in deficit and high cost of production areas, thereby (a) denying markets to producers who would normally supply some milk to deficit markets, and (b) encouraging such deficit areas to become surplus areas and thus to expand production of manufactured dairy products in such areas where little if any such products were produced theretofore.

(4) By inhibiting sales of fluid milk to consumers and thus holding per capita consumption of fluid milk at lower levels than would be the case otherwise.

(5) By pricing surplus milk in fluid milk order markets at low prices—in some instances even below support prices for manufacturing milk—the

orders impart even more instability in manufactured dairy products markets.

In view of all the foregoing, the executive director is requested and directed to devote as much time and energy as possible to start measures to correct this situation.

8. *The principle of self-help.*—The National Creameries Association has long been on record to the effect that it would be desirable if there could be developed a sound program whereby agricultural programs could be financed by producers, and producers given an opportunity to cooperate with the Government in policy-making matters concerning such program.

However, we do not believe that dairy farmers should be singled out as guinea pigs for the conduct of such a program, assuming it is ever found possible to develop one, when the other basic segments of agriculture are operating under Government-sponsored, administered, and financed programs.

We endorse and support the programs of American Dairy Association and National Dairy Council, two successful self-help programs, and pledge ourselves to work for their improvement.

9. *Production control and marketing quotas.*—We have studied the problem of production and marketing quota controls for years, and have been able to discover no means by which they could be applied to milk and butterfat in a fair, equitable or practicable manner. Since their application to market milk would tend to defeat programs upon which dairy farmers have spent millions of their own dollars and restrict sales in the dairy farmers' most profitable outlets, it would seem necessary automatically to exempt milk in that category from controls. There are many fluid milk markets which are not in a position to reduce supply without importing milk from outside sources which undoubtedly would cause them to be opposed to production control. Also of necessity exempt would be the milk used on the farm for whatever purpose. There is a third general category of exemption comprising the small producer over which the maintenance of controls is of doubtful feasibility. Combined, these exemptions would free well over half of the butterfat produced in this country and leave the remaining producers, consisting almost entirely of producers of manufacturing milk and butterfat, to bear the burden. This is neither equitable nor economically sound.

We do not think that production or marketing controls can be made practicable, equitable, or in the longrun interest of the dairy farmer of the United States, for the following reasons:

a. Production control programs would bear very severely upon the producer of milk and butterfat for manufacturing purposes.

b. The large number of small producers, accounting for the greatest number of farms selling milk and butterfat in this country, could not be brought under adequate control and would perforce be exempted.

c. Producers supplying milk to city markets, in our view, would not control their production or marketings, particularly in many of the deficit markets of the South and Southwest, and as a public relations and practical matter would have to be exempted from the program.

d. About one-half of the milk and butterfat produced on farms in the United States would have to bear the entire burden of production or marketing control.

e. Production control and marketing quota programs reduce efficiency, tend to freeze current inefficiencies, and would stop the rapid development and the vast strides now being made toward lower cost of production of milk and butterfat.

f. Reduced volume of milk and butterfat at manufacturing plants would markedly increase the costs of manufacture, and it is probable that this would result in lower net returns to producers, including producers who own and operate their own plant facilities through their local cooperative associations.

g. Reduction of the supply of milk and milk products in this country is not in the public interest, and in case of international emergency, would seriously damage the efforts of the country to maintain its own diet and that of its allies during the emergency. The dairy industry suffered severely from war-induced shortages in both World War I and World War II and many of the problems which beset the industry today are traceable to wartime disruption of the industry's normal operations.

(1) Now, therefore, be it resolved:

That, unless and until a program is devised that meets these criticisms, National Creameries Association is opposed to any program for reduction in pro-

duction of milk and butterfat on farms in the United States, and is opposed to marketing quotas on the volume of milk and butterfat that can be marketed from our farms.

(2) Be it further resolved:

That National Creameries Association will support any self-help program which meets the requirements of fairness, equity, and enhancement of returns to producers, over and above the tax rates necessary to conduct the program. National Creameries Association opposes any program which would use the taxing power to tax farmers out of existence under the guise of self-help.

National Creameries Association recognizes that some persons in the dairy industry and some Members of Congress favor some sort of quota program.

(3) In recognition of this fact, we further resolve:

(a) That in respect to the broad questions involved in a quota system for milk and butterfat, irrespective of whether it functions in conjunction with a direct payment plan or purchase price support operation, we do not think a quota system can be fairly and equitably administered throughout the country. However, our feelings in the matter, while they remain unchanged, are not so compelling to us that we would oppose this feature to the point of denying producers an opportunity to vote on the matter, provided the program is very carefully developed and explained to producers very fully and objectively.

(b) In connection with any proposed legislation for the establishment of quota systems, a system of production payments, or related programs, the executive director, while pointing out the difficulties we see in the establishment of nationwide quota systems, shall nevertheless cooperate with the Congress in helping the Congress arrive at as nearly an equitable quota system as can be developed.

(c) In carrying out his duties under paragraph (b), preceding, the executive director shall insist upon the inclusion of the following provisions in any law that may be enacted which authorizes the establishment of a quota program for milk and dairy products, and to oppose any bill which does not include them:

1. No production control or marketing quota program shall be applied to manufacturing milk and butterfat producers unless and until the heavy surplus production in fluid milk markets is eliminated, and the arbitrary, capricious, and unsound provisions of Federal market orders of which we complain are corrected.

2. Enhancement of producer prices to high percentages of parity, such as 90 percent of parity, would raise prices to consumers to such high levels that consumption would be drastically reduced. Oleomargarine and other imitation products, therefore, would make vast inroads on our markets.

Therefore, income enhancement should be provided, on quota milk, by payments to producers. As in the case of any quota system, penalties for marketings in excess of quotas would have to be specified.

3. All producers should be under the quota, with no exemptions granted.

4. Quotas should be uniform on all producers (expressed as a uniform percentage of base or quota).

5. If Congress insists on enacting a quota program which does provide exemptions from quota, the executive director is instructed to press for the inclusion of criteria to be used in establishing exemptions which will protect the producer in major dairy areas.

It is our opinion that such protection could be assured by the adoption of language along the following lines:

"An area may be exempted from quotas for any year because of deficit production only upon a determination and finding by the Secretary of Agriculture that the area does not produce sufficient milk to meet the market requirements for fluid milk for consumers in the area and has no alternative source of supply available to it, except that any area which limits or restricts the entrance of milk approved by U.S. Public Health Service or of comparable quality from other areas shall not be exempted from quotas."

6. Quotas must be assigned to the farm, and shall not be subject to transfer as long as the farm remains in dairy production.

7. Buying and selling quotas shall not be permitted. Permitting the buying and selling of quotas would contribute to a great expansion in corporate dairy farming and absentee ownership.

8. Irrespective of the type of quota program that may be enacted by the Congress, the purchase method of price support must be retained.

10. *Disease eradication.*—We commend the Congress of the United States for the great strides it has helped to make possible in the eradication of dairy

cattle diseases through the appropriation of moneys for accelerated programs of eradication, and those State and local agencies which have cooperated to make the program a success, local agencies which have cooperated to make the program a success, and recommend that the Congress of the United States be encouraged to continued to provide financial support to the disease eradication program.

11. *Colored oleomargarine.*—It becomes increasingly apparent that as a matter of economic justice, both to the dairy farmer and the consumer, action be taken to right the great wrong that was done in the passage of the act permitting oleomargarine to use the yellow color which is naturally and historically the trademark of butter. Instead of accepting that act of Congress as final, we urge our dairy State Congressmen and dairy organizations to renew their efforts to secure legislation prohibiting the yellow color and the use of chemicals which impart the characteristic flavor of butter to substitutes. We urge that efforts be made to secure better enforcement of the oleomargarine law.

12. *Color additives.*—We recommend banning the use of any yellow color additives in any commodity made in the semblance of or in imitation of, or as a substitute for, dairy commodities.

13. *Dairy export programs.*—In the conduct of the program for the encouragement of the development of export markets for U.S. dairy products, we feel that the Department of Agriculture should be guided by the following principles:

a. Preference should be given to those outlets which return to the Government of the United States as much recovery of the cost of such programs as possible.

b. In the conduct of programs designed to encourage exportation of dairy products, the Department should encourage the exportation of products in natural form for disposition abroad and should not encourage the development of imitation dairy products using only a portion of natural milk.

c. Methods used in conducting the export program should be designed to assure continuity of supplies as long as we are in an annual surplus position in the receipt of dairy products, inasmuch as this is necessary if permanent export markets can be encouraged.

d. We recommend efforts be made to develop an export program for nonfat dry milk in consumer-type packages, which we think would aid in the development of export markets for at least a significant part of the large surplus of this commodity.

14. We recommend the development of a program to encourage an increase in use of nonfat dry milk by commercial users, through use of a subsidy to such users on the increased volume used, if necessary.

The simplest, most direct, most honest, and least expensive manner of granting fiscal aid in the exportation of dairy products is through the payment of a direct cash subsidy thereon on proof of export of the commodity from this country.

Therefore, it is recommended that the Department of Agriculture, in granting fiscal assistance in the exportation of dairy products, should accomplish such assistance through the payment of direct subsidies on the commodity exported. Such subsidies should not be limited to those products purchased under the price-support program, but should be applicable to any dairy product for which a foreign market can be developed. In case the Department will not pay a direct cash subsidy, the Department should reinstitute the purchase-resale method of export subsidization.

The executive director is instructed to endeavor to secure the cooperation of other dairy groups in the effectuation of this resolution. In addition, if the Department of Agriculture cannot be persuaded to undertake programs in conformity with this resolution, the executive director is directed to take the matter to Congress.

15. *Filled milk.*—National Creameries Association views with extreme disfavor the use and promotion of the use of filled milk products anywhere by anyone, and it is the opinion of National Creameries Association that the Federal Government should not encourage such operations by the payment of subsidies of any kind upon any of the ingredients of filled milk anywhere abroad, and we urge the dairy industry of this country to disassociate itself entirely with filled milk products anywhere in the world.

We shall continue the fight to pass legislation such as the bill sponsored by National Creameries Association at the last Congress (H.R. 7194, the Marshall bill). We urge colleagues throughout the United States to join in securing passage of that legislation or legislation which covers the same principles.

16. We urge the appropriation of sufficient money to the Food and Drug Administration and such other agencies as may become involved to enforce adequately provisions of law as to the serving of oleomargarine in public eating places, advertising of oleomargarine, and related matters.

17. *New approach to dairy problem.*—It is possible that the best solution of our problems may lie in an entirely new and different approach. We urge the Secretary of Agriculture to provide the machinery whereby qualified persons can make a study of the situation and determine the feasibility of a program designed to create new markets for dairy products and expand present ones.

18. *Cooperation with other farm and dairy organizations.*—We are gratified at the high degree of cooperation evident in much of our work from other dairy organizations, in particular our work on import control, antibiotic and pesticides residue control work, and efforts to maintain price support levels to producers at more adequate levels. We think there is a wide range of problems in the dairy industry and many controversies which can be resolved with sincere efforts to reconcile differences and develop changes in methods and rules that would be acceptable to all. Such efforts must be accompanied by a genuine desire to settle the problems and controversies and to negotiate settlements which involve give-and-take on the part of all parties.

19. *Minnesota Dairy Products Association.*—We take this opportunity to express our deep appreciation for the fine cooperation of the Minnesota Dairy Products Association, its officers and members, in acting as hosts for our annual convention and the splendid manner in which Mr. Floyd Thompson and his capable staff have handled the arrangements.

20. *Washington office.*—We again express our appreciation of the splendid manner in which our executive director, Otie M. Reed, has carried on the work of the Washington office.

21. *Members of the Congress.*—We wish to take this opportunity to express our appreciation to those in the Congress, both from States where our members are located and in other States, for the support they have given us in our legislative program and for their efforts in behalf of the American dairy farmer.

22. It is our desire that the resolutions and policies adopted at this convention be disseminated widely in the dairy industry among members and nonmembers of National Creameries Association alike, and that we invite all interested parties to discuss methods and means by which our problems can be solved or at the least a more unified approach to our problems can be secured.

Mr. REED. However, we recognize that many people in the dairy industry and, no doubt, in the Congress, are of the opinion that a national allotment program would help solve dairy problems. Our resolution, therefore, has been expanded to provide that although we think quotas are not the way to go about solving the dairy problem, we shall not extend our disapproval to requesting Congress to deny producers the right to express their views in this matter.

I also wish permission to put that phase of our resolution into the record at this time. This is included in the other insertion.

The CHAIRMAN. Very well.

Mr. REED. This resolution, in addition to other things, specifies some of the basic features of the quota program which we think necessary, if the Congress enacts such a program. We think the enabling legislation should be modified to provide the safeguards and provisions we think appropriate.

I shall be happy to work with the committee on such amendments if it so desires.

In connection with section 8g(3) as it now stands, we wish to propose an amendment. We would revise that paragraph in order to make it mandatory upon the Secretary to hold public hearings, that is, not because we think we would not be given an opportunity to be heard, but we think that the public hearing procedure is much in the interests of an orderly development of the program, it gives everybody the right to be heard, and it would be of value to the Depart-

ment. That amendment to the section would mean it would read as follows, that is, the first sentence:

If the Secretary determines that there is reason to believe that the proposed marketing order may tend to effectuate the desired policy of this act, he shall give due notice of and opportunity for hearing on a proposed national marketing order.

The rest of the paragraph would remain the same.

Mr. Chairman, members of the committee, I want to thank you.

The CHAIRMAN. We thank you very much for your statement and for your appearance here this morning.

Mr. REED. Thank you.

(The supplementary statement to be submitted by Mr. Reed follows:)

STATEMENT OF OTIE M. REED, EXECUTIVE DIRECTOR, NATIONAL CREAMERIES ASSOCIATION

Mr. Chairman and members of the committee, my name is Otie M. Reed, I am executive director of National Creameries Association, with offices at 1107 19th Street NW., Washington 6, D.C.

Our membership is composed of local dairy plants and regional cooperative marketing associations. Practically all of our dairy plants are locally owned and operated cooperative associations of producers.

Our plants range from small butter creameries manufacturing butter from farm-separated cream to widely diversified whole milk plants.

We have about 40 plants which, in addition to receiving manufacturing milk and butterfat from their members, also have grade A (fluid milk) producers. A number of these plants have separate grade A (fluid milk) plants. Quite a few of them operate under Federal milk orders—others sell their grade A milk wherever they can find a market.

Usually when I appear before this committee, I have a statement replete with statistics and analyses, but that is not the case in respect to this appearance.

In H.R. 6400 we are dealing with an enabling act which sets forth the general powers and authorities which, if this act is passed, would be granted the Secretary of Agriculture. Specific programs would be worked out within the general authorities granted.

This being the case, we can discuss this legislation only in general terms and indicate our general position in respect to certain sections of the bill.

I wish to break my testimony into two parts, the first part dealing with section 8f and the second part dealing with section 8g.

1. *Section 8f.*—As we understand this provision, section 8f is a new section to be added to the Agricultural Marketing Agreement Act of 1937. This new section would authorize the establishment of a system of allotting the market for any agricultural commodity in any or all markets or in any use classification thereof to producers on the basis of (a) their historical production or marketing record; or (b) the amount of commodities they have available for market; or (c) any combination of these methods of allotment so as to apportion the market equitably among producers.

At this point, I wish to stress that I am addressing my remarks only to Federal market orders regulating the handling of milk in fluid milk markets. My remarks are not to be interpreted as applying in any way to other agricultural commodities.

Also I will stress that, as I understand section 8f, as far as milk orders are concerned, it applies only to individual Federal fluid milk market orders as they are developed currently under the Agricultural Marketing Agreement Act. As I understand this section, it does not pertain to a nationwide market order for the entire dairy industry, such national marketing order being authorized in section 8g.

Now perhaps we can better place our position before this committee, in respect to section 8f, by reviewing briefly the major provisions of current Federal milk market orders and some features of the administration and operation of current orders which we consider to be unsound. We will also touch upon whether the type of program to be authorized under section 8f would improve, or shall

we say eliminate, the current practices under Federal milk orders which we do not think are sound or appropriate under the act as it currently exists.

It is our opinion, based upon our experience in USDA at the time the Agricultural Marketing Agreement Act was passed, and for some years thereafter in helping administer the market order program, that the act was designed to enhance returns to producers as much as feasible in an overall supply-demand economy.

It would do this by correcting those features of market milk price structure which are peculiarly conducive to instability in fluid milk marketing. Thus the act authorized classification of milk according to use, fixing the price which handlers must pay for milk in each use class, and provided methods for equitable sharing of the proceeds of sales among producers. It was felt that such mechanics of marketing would eliminate cut-price buying by handlers who theretofore had not cooperated with producer cooperatives in the establishment of a classified price plan, would put handlers on the same cost basis for milk entering the same use class, would deaden the impact of seasonal surpluses on fluid milk price structures, and the like.

The Agricultural Marketing Agreement Act, while intended to enhance returns to producers, as it has, no doubt, nevertheless was not intended to grant such income enhancement by marketing limitations or arbitrary price enhancement through classification.

This is clearly seen from section 8c(5) (G) of the current act which prohibits the limitation of the movement of milk into a market from any area of production. Further, section 18, which sets forth the price criteria for prices established in milk orders, specifically gears prices in orders to a supply-demand test.

Even with the safeguards built into the act of 1937, it appears to us that (a) fluid milk prices have been raised to arbitrarily high levels in many markets; (b) barriers to entry of milk have been established through use of internal tariffs, called compensatory payments, and plant shipping requirements; (c) surpluses have been growing steadily in practically all fluid milk order markets; and (d) such surpluses are responsible, at least in significant part, for the surplus situation in the dairy industry today.

For a number of years now there has been a striking tendency for fluid milk prices (class I) paid producers to increase relative to prices received by producers for milk for manufacturing purposes. (See table 1, appendix.)

This tendency for increasing class I prices relative to manufacturing prices can only be explained by reference to the effect of the order system, inasmuch as there is no other reason ascertainable for this widening margin.

The surplus situation in fluid milk marketing has worsened. Growing surpluses in fluid milk markets merely mean that more and more milk will be pushed into the manufacturing milk markets and thereby not only operate to the disadvantage of manufacturing milk producers, but also cause an increase in the cost of supporting price in manufacturing milk and butterfat. In 1960 the 80 Federal order markets showed receipts from producers, in excess of fluid milk sales of 16.1 billion pounds. Of course, there must be some milk available, in addition to fluid milk sales, in order to meet variations in demand. Even so, and allowing an excess of 15 percent of average dairy sales to meet these demand variations, the surplus was 11.8 billion pounds. In New York alone, for example, the surplus milk amounted to 3.7 billion pounds in 1959 (the 1960 total has not yet been compiled).

On the other hand, under the price-support program, purchases of butter and cheese on a milk equivalent basis amounted to 2.9 billion pounds in 1960. It is to be remembered also that the special school milk, military milk, and school lunch programs have resulted over the years in very significant disposition of fluid milk under these programs—milk which presumably otherwise would have gone into surplus uses. In 1960 these programs accounted for 3.1 billion pounds of milk.

There can be no doubt that the act of 1937 has been a good thing for fluid milk producers. We do not want this act discontinued, but we do want a halt called to arbitrarily high fluid milk prices in the orders. Further, we are quite displeased with the fact that in quite a few of the orders it appears to us that the prices fixed in the orders for surplus fluid milk used in manufacturing milk are quite low—in many instances far below the prices manufacturing milk plants pay producers for milk used in manufactured dairy products. Actually in some major surplus fluid milk markets, the price fixed under the orders for surplus fluid milk used in manufactured dairy products is less than the support price.

Figures relative to the level of prices fixed for the lowest class milk in Federal orders compared with manufacturing milk prices on the average in the United States, in Wisconsin, and the U.S. support-price level, are set forth in table 2, appendix, covering the month of January 1961.

Forty-four of the markets showed lowest class prices less than the U.S. average price for manufacturing milk in amounts ranging from 1 cent below to as high as 27 cents below the U.S. average. Such lower class order prices when compared to Wisconsin, show 52 markets less than the Wisconsin average price for manufacturing milk ranging from a few cents per hundredweight less to as much as 45 cents per hundredweight less. Eight markets show the manufacturing milk price less than the U.S. support price with two exactly equal to the support price.

Now, in view of these facts and considerations, it might be thought that we would welcome an allotment plan in each fluid milk market order that would control the surplus. Perhaps we might if such allotment plans would actually control the surplus, but I doubt it because we have quite a different philosophy as to the type of milk markets this country should have and the direction in which milk marketing should move on a broad policy basis.

We consider fluid milk markets the most important in the U.S. dairy industry. We think they offer by far the best opportunity for expanding sales. Whereas in butter, the competition from oleomargarine is such that we continue to lose markets every year, fluid milk faces no such competition from low priced imitation commodities. With continued growth of population, we hope it will be possible to expand the demand for fluid milk—yet right now, during this period of prosperity, per capita sales are barely being maintained, if that.

Further, we consider the milk producers in this country all have a right to try to sell their milk in any market in the country and in any use classification for which such milk is qualified. We do not believe in giving exclusive rights in a market to one group, another market to another group, etc.

Our objections to section 8f now can be quickly summarized:

1. It would permit the complete monopolization of fluid milk markets in favor of those producers currently associated with the market.

2. Through such a program, new producers could and would be excluded from the market. Also fluid milk producers would be kept from changing from one market to another.

3. Paragraph (4) of section 8f could be used to allocate producers among handlers and could be used to freeze competition among handlers in selling milk to consumers.

4. Producer groups in the individual markets would not submit proposals to cut back their production. No cooperative association would submit proposals to reduce their membership and sales volume so as to eliminate the surplus.

5. Having allotted the market to current producers, then what? We are of the opinion the following would take place:

- (a) Income enhancement would be secured by increasing fluid milk prices still further and the market would be free of inflow of any competitive milk due to the allotment system.

- (b) Fluid milk prices to consumers would be increased, holding down per capita sales to lower levels.

- (c) No price criteria is set forth which would be operative to stop monopoly enhancement of prices to producers and consumers. While the so-called parity price criteria would still hold theoretically under the act, in practice this would mean nothing. Walled off from any outside competition, producers could and would raise their prices above the class I price levels fixed in the order. They already do this in many markets even without the allotment system that would be provided by section 8f. Under the allotment system that is provided in section 8f, we think that class I prices would be raised to very high levels irrespective of whether the legal prices fixed in the orders were so increased.

Accordingly, we propose that section 8f of this bill be amended as follows:

On line 22, page 10, insert after 8c(6); and on line 24, after 8c, delete (5). The recommended amendment to section 8f will have the effect of making the section inoperative with respect to individual fluid milk orders. It would still leave the way clear to reduce marketings in fluid milk markets as a part of a national marketing order under section 8g.

2. *Section 8g.*—As we understand it, section 8g would permit the establishment of a national or nationwide marketing order, including quotas, on milk and dairy products. National Creameries Association has never favored a national

marketing allotment or quota program for milk and dairy products. We state our reasons in our resolutions as follows:

"9. *Production control and marketing quotas.*—We have studied the problem of production and marketing quota controls for years, and have been able to discover no means by which they could be applied to milk and butterfat in a fair, equitable or practicable manner. Since their application to market milk would tend to defeat programs upon which dairy farmers have spent millions of their own dollars and restrict sales in the dairy farmers' most profitable outlets, it would seem necessary automatically to exempt milk in that category from controls. There are many fluid milk markets which are not in a position to reduce supply without importing milk from outside sources which undoubtedly would cause them to be opposed to production control. Also of necessity exempt would be the milk used on the farm for whatever purpose. There is a third general category of exemption comprising the small producer over which the maintenance of controls is of doubtful feasibility. Combined, these exemptions would free well over half of the butterfat produced in this country and leave the remaining producers, consisting almost entirely of producers of manufacturing milk and butterfat, to bear the burden. This is neither equitable nor economically sound.

"We do not think that production or marketing controls can be made practicable, equitable, or in the longrun interest of the dairy farmer of the United States, for the following reasons:

"(a) Production control programs would beam very severely upon the producer of milk and butterfat for manufacturing purposes.

"(b) The large number of small producers, accounting for the greatest number of farms selling milk and butterfat in this country, could not be brought under adequate control and would perforce be exempted.

"(c) Producers supplying milk to city markets, in our view, would not control their production or marketings, particularly in many of the deficit markets of the South and Southwest, and as a public relations and practical matter would have to be exempted from the program.

"(d) About one-half of the milk and butterfat produced on farms in the United States would have to bear the entire burden of production or marketing control.

"(e) Production control and marketing quota programs reduce efficiency, tend to freeze current inefficiencies, and would stop the rapid development and the vast strides now being made toward lower cost of production of milk and butterfat.

"(f) Reduced volume of milk and butterfat at manufacturing plants would markedly increase the costs of manufacture, and it is probable that this would result in lower net returns to producers, including producers who own and operate their own plant facilities through their local cooperative associations.

"(g) Reduction of the supply of milk and milk products in this country is not in the public interest, and in case of international emergency, would seriously damage the efforts of the country to maintain its own diet and that of its allies during the emergency. The dairy industry suffered severely from war-induced shortages in both World War I and World War II and many of the problems which beset the industry today are traceable to wartime disruption of the industry's normal operations.

"(1) Now, therefore, be it

"*Resolved*, That, unless and until a program is devised that meets these criticisms, National Creameries Association is opposed to any program for reduction in production of milk and butterfat on farms in the United States, and is opposed to marketing quotas on the volume of milk and butterfat that can be marketed from our farms."

However, we recognize that many people in the dairy industry and no doubt many in the Congress are of the opinion that a national allotment program would help solve dairy problems.

Our resolution therefore has been expanded to provide that, although we think quotas and allotments are improper and there is good reason to believe they are economically unsound from the point of view of returns to producers, as well as for other reasons, we shall not extend our disapproval to requesting the Congress to deny the producers the right to express their views in this matter.

Our resolution in regard to this phase of the matter is as follows:

"National Creameries Association recognizes that some persons in the dairy industry and some Members of Congress favor some sort of quota program.

"(3) In recognition of this fact,

"We further resolve: (a) That in respect to the broad questions involved in a quota system for milk and butterfat, irrespective of whether it functions in conjunction with a direct-payment plan or purchase-price support operation, we do not think a quota system can be fairly and equitably administered throughout the country. However, our feelings in the matter, while they remain unchanged, are not so compelling to us that we would oppose this feature to the point of denying producers an opportunity to vote on the matter, provided the program is very carefully developed and explained to producers very fully and objectively.

"(b) In connection with any proposed legislation for the establishment of quota systems, a system of production payments, or related programs, the executive director, while pointing out the difficulties we see in the establishment of nationwide quota systems, shall nevertheless cooperate with the Congress in helping the Congress arrive at as nearly an equitable quota system as can be developed.

"(c) In carrying out his duties under paragraph (b), preceding, the executive director shall insist upon the inclusion of the following provisions in any law that may be enacted which authorizes the establishment of a quota program for milk and dairy products, and to oppose any bill which does not include them:

"1. No production control or marketing quota program shall be applied to manufacturing milk and butterfat producers unless and until the heavy surplus production in fluid milk markets is eliminated, and the arbitrary, capricious, and unsound provisions of Federal market orders of which we complain are corrected.

"2. Enhancement of producer prices to high percentages of parity, such as 90 percent of parity, would raise prices to consumers to such high levels that consumption would be drastically reduced. Oleomargarine and other imitation products, therefore, would make vast inroads on our markets.

"Therefore, income enhancement should be provided, on quota milk, by payments to producers. As in the case of any quota system, penalties for marketings in excess of quotas would have to be specified.

"3. All producers should be under the quota, with no exemptions granted.

"4. Quotas should be uniform on all producers (expressed as a uniform percentage of base or quota).

"5. If Congress insists on enacting a quota program which does provide exemptions from quota, the executive director is instructed to press for the inclusion of criteria to be used in establishing exemptions which will protect the producer in major dairy areas.

"It is our opinion that such protection could be assured by the adoption of language along the following lines:

"An area may be exempted from quotas for any year because of deficit production only upon a determination and finding by the Secretary of Agriculture that the area does not produce sufficient milk to meet the market requirements for fluid milk or consumers in the area and has no alternative source of supply available to it, except that any area which limits or restricts the entrance of milk approved by U.S. Public Health Service or of comparable quality from other areas shall not be exempted from quotas."

This resolution, in addition to other things, as you will note, specifies some of the basic features of a quota or allotment program which we think necessary, if the Congress wants to enact such a program. We think the enabling legislation should be modified to provide the safeguards and provisions we think appropriate. I shall be happy to furnish this committee such specific amendments in conformity with our resolutions as the committee indicates it desires to receive.

In connection with section 8g as it now stands, we wish to propose an amendment to paragraph (3), such proposed amendment not being covered in our resolutions quoted hereinbefore, to read as follows:

"(3) If the Secretary determines that there is reason to believe that the proposed national marketing order may tend to effectuate the declared policy of this act, he shall give due notice of and opportunity for hearing on a proposed national marketing order. If thereafter the Secretary determines on the basis of all information available to him that an order should issue, he shall publish the order incorporating such changes as he may deem warranted."

We think such a proposal making it mandatory on the Secretary to go through a public hearing would be a valuable method of developing industry viewpoints and would offer protection to the Secretary from charges that will otherwise develop if some interested parties were not consulted in the development of a national marketing order. We think the hearing procedure recommended is quite superior to a directive to the Secretary merely to consult with interested parties.

I wish to thank this committee for its courtesy in listening to my presentation.

OTIE M. REED,

Executive Director, National Creameries Association.

APPENDIX

TABLE 1.—*Margin by which fluid milk prices (3.5 percent test) exceeded manufacturing milk prices (at average test), United States 1951-60, inclusive*

Year	U.S. average price per hundred-weight	U.S. average manufacturing milk price, per hundred weight	Margin—fluid milk prices over manufacturing milk prices, per hundred weight
(1)	(2)	(3)	(4)
1951.....	\$5.49	\$3.91	\$1.58
1952.....	5.76	4.10	1.66
1953.....	5.43	3.55	1.88
1954.....	5.15	3.19	1.96
1955.....	5.19	3.18	2.01
1956.....	5.34	3.28	2.06
1957.....	5.46	3.30	2.16
1958.....	5.42	3.19	2.23
1959.....	5.41	3.21	2.20
1960.....	5.48	3.29	2.19
Average, 1951-60.....	5.41	3.42	1.99

Source: Fluid milk and cream report; "Agricultural Prices," U.S. Department of Agriculture.

TABLE 2.—*Comparison of lower class prices established in Federal marketing orders with the U.S. average price and Wisconsin average price paid producers for manufacturing grade milk, and the U.S. support price, January 1961, per hundredweight of 3.5 milk*

Market	Lower class price		Differences from manufacturing milk prices		
	Class II	Class III	U.S. average ¹	Wisconsin average ²	U.S. support level ³
(1)	(2)	(3)	(4)	(5)	(6)
Boston.....	\$3.31	-----	+\$0.16	+\$0.02	+\$0.37
Springfield.....	3.37	-----	+ .22	+ .08	+ .43
Worcester.....	3.37	-----	+ .22	+ .08	+ .43
Southeast New England.....	3.37	-----	+ .22	+ .08	+ .43
Connecticut.....	3.36	-----	+ .21	+ .07	+ .42
New York-New Jersey ⁴	-----	\$2.90	-.25	-.39	-.04
Philadelphia.....	2.90	-----	-.25	-.39	-.04
Wilmington.....	2.90	-----	-.25	-.39	-.04
Upper Chesapeake Bay.....	2.96	-----	-.19	-.33	+ .02
Washington, D.C.....	2.96	-----	-.19	-.33	+ .02
Wheeling.....	3.42	-----	+ .27	+ .13	+ .48
Clarksburg.....	3.42	-----	+ .27	+ .13	+ .48
Tri-State.....	3.42	-----	+ .27	+ .13	+ .48
Bluefield.....	3.01	-----	-.14	-.28	+ .07
Appalachian.....	3.01	-----	-.14	-.28	+ .07
Southeast Florida ⁵	2.88	-----	-.27	-.41	-.06
Upstate Michigan.....	3.27	-----	+ .12	-.02	+ .33
Muskegon.....	3.32	-----	+ .17	+ .03	+ .38
Southern Michigan.....	3.50	-----	+ .35	+ .21	+ .56
Toledo.....	3.42	-----	+ .27	+ .13	+ .48
Northeast Ohio.....	-----	3.42	+ .27	+ .13	+ .48
North-central Ohio.....	-----	3.42	+ .27	+ .13	+ .48
Columbus ⁶	-----	3.10	-.05	-.19	+ .16
Dayton/Bluefield ⁷	3.10	-----	-.05	-.19	+ .16

See footnotes at end of table.

TABLE 2.—Comparison of lower class prices established in Federal marketing orders with the U.S. average price and Wisconsin average price paid producers for manufacturing grade milk, and the U.S. support price, January 1961, per hundredweight of 3.5 milk—Continued

Market (1)	Lower class price		Differences from manufacturing milk prices		
	Class II (2)	Class III (3)	U.S. average ¹ (4)	Wisconsin average ² (5)	U.S. support level ³ (6)
Cincinnati.....		\$3.17	+\$0.02	—\$0.12	+\$0.23
Michigan upstate.....		2.84	— .31	— .45	— .10
Northeast Wisconsin.....		2.99	— .16	— .30	— .05
Milwaukee.....		2.94	— .21	— .35	— .00
Rockford/Freepoint.....	\$3.42		+ .27	+ .13	+ .48
Chicago.....		2.94	— .21	— .35	— .00
South Bend/LaPorte.....		3.42	+ .27	+ .13	+ .48
Fort Wayne.....	3.10		— .05	— .19	— .16
Ohio Valley.....	3.42		+ .27	+ .13	+ .48
Duluth/Superior.....	2.94		— .21	— .35	— .00
Twin Cities.....	3.08		— .07	— .21	— .14
East South Dakota.....	2.89		— .26	— .40	— .05
Sioux Falls/Mitchell.....	2.96		— .19	— .33	— .02
Black Hills.....	2.88		— .27	— .41	— .06
North Central Iowa.....	3.38		+ .23	+ .09	+ .44
Cedar Rapids.....	3.38		+ .23	+ .09	+ .44
Quad Cities.....	3.38		+ .23	+ .09	+ .44
Des Moines.....	3.38		+ .23	+ .09	+ .44
Sioux City.....	2.97		— .18	— .32	— .03
Omaha/Council Bluffs.....	2.97		— .18	— .32	— .03
Platte Valley.....	3.07		— .08	— .22	— .13
St. Louis.....	3.28		+ .13	— .01	+ .34
Ozarks.....	3.28		+ .13	— .01	+ .34
Kansas City.....	3.06		— .09	— .23	— .12
Neosho Valley.....	3.45		+ .30	+ .16	+ .51
Wichita.....	3.19		+ .04	— .10	+ .25
Southwestern Kansas.....	3.19		+ .04	— .10	+ .25
Louisville/Lexington.....	3.17		+ .02	— .12	+ .23
Paducah.....	3.42		+ .27	+ .13	+ .48
Nashville.....	3.25		+ .10	— .04	+ .31
Memphis.....	3.10		— .05	— .19	— .16
Knoxville.....	3.14		— .01	— .15	+ .20
Chattanooga.....	3.15			— .14	+ .21
Mississippi Delta.....	3.12		— .03	— .17	+ .18
Central Mississippi.....	3.12		— .03	— .17	+ .18
Mississippi gulf coast.....	3.12		— .03	— .17	+ .18
Central Arkansas.....	3.12		— .03	— .17	+ .18
Fort Smith.....	2.87		— .28	— .42	— .07
Oklahoma metropolitan.....	2.90		— .25	— .39	— .04
Red River Valley.....	3.04		— .11	— .25	+ .10
Texas Panhandle.....	3.06		— .09	— .23	+ .12
Upper Louisiana.....	3.06		— .09	— .23	+ .12
New Orleans.....	3.30		+ .15	+ .01	+ .36
North Texas.....	3.04		— .16	— .25	+ .10
Central West Texas ⁴	2.99		— .16	— .30	+ .05
Austin/Waco.....	3.06		— .09	— .23	+ .12
San Antonio ⁵	3.02		— .13	— .27	+ .08
Corpus Christi ⁶		3.06	— .09	— .23	+ .12
Great Basin.....	3.02		— .13	— .27	+ .08
Western Colorado.....	3.42		+ .27	+ .13	+ .48
Colorado Springs.....	3.42		+ .27	+ .13	+ .48
Central Arizona.....	3.04		— .11	— .25	+ .10
Puget Sound ⁷	2.96		— .19	— .33	+ .02
Inland Empire.....	2.96		— .19	— .33	+ .02

¹ U.S. January 1961 price of milk of manufacturing grade—\$3.44 per hundredweight, average test 3.82 percent butterfat. Converted to 3.5 test: $\$3.44 \div 3.82 = \0.09 ; $\$0.09 \times 3.5 = \3.15 per hundredweight.

² January 1961—Wisconsin price manufacturing grade milk \$3.52 per hundredweight—average test 3.74 percent fat. Converted to 3.5 test: $\$3.52 \div 3.74 = \$0.094 \times 3.5 = \$3.29$ per hundredweight.

³ Support price \$3.22 per hundredweight—fat test in January 3.83 percent. Converted to 3.5 test: $\$3.22 \div 3.83 = \$0.084 \times 3.5 = \$2.94$ per hundredweight.

⁴ Butter and cheese.

⁵ Class IV.

⁶ Class IV.

⁷ Butter.

⁸ Cheese.

⁹ Other than ice cream, condensed, and cottage cheese.

Source: Manufacturing milk prices—United States and Wisconsin, Agricultural Prices, Feb. 28, 1961, Crop Reporting Board, AMS, USDA, p. 13. Lower class prices—Federal orders, "Federal Milk Order Market Statistics," Dairy Division, AMS, USDA, published March 1961, table 4, p. 10.

The CHAIRMAN. The next witness is Mr. Robert Heiney, of the National Cannery Association.

Mr. HEINEY. Mr. Merrill is representing the National Cannery Association. My name was listed but Mr. Merrill is our witness.

The CHAIRMAN. We will be glad to hear you, Mr. Merrill.

STATEMENT OF NORMAN W. MERRILL, REPRESENTING THE NATIONAL CANNERS ASSOCIATION; ACCOMPANIED BY DR. HOWARD L. STIER, DIRECTOR OF THE DIVISION OF STATISTICS, NATIONAL CANNERS ASSOCIATION; H. THOMAS AUSTERN AND H. EDWARD DUNKELBERGER, OF COVINGTON & BURLING, GENERAL COUNSEL TO THE NCA

Mr. MERRILL. My name is Norman W. Merrill and I am vice president and general manager of the Blue Lake Packers, Inc., Salem, Oreg.

I am appearing for the National Cannery Association which represents the canning industry in 48 States and each of the territories. The association wishes to file with the committee a full statement together with charts and exhibits.

I understand, Mr. Chairman, that you have copies of this document and I ask that it be made a part of the record of these hearings.

The CHAIRMAN. We will permit the statement to be filed, but we do not think that the charts and maps should go into the record. You can leave the copies with the committee and they will be found in the files.

(The charts and tables will be found in the files of the committee.)

(The statement follows:)

STATEMENT OF THE NATIONAL CANNERS ASSOCIATION ON H.R. 6400, THE AGRICULTURAL ACT OF 1961

The National Cannery Association is a nonprofit trade association consisting of almost 650 members canning in 48 of the 50 States and the territories. Members of the association, including canning companies and cooperative canning enterprises, pack approximately 75 percent of the entire national production of canned fruits, vegetables, specialties, meat, and fish.

This statement, presented by the association on behalf of the entire canning industry, is addressed to title I of H.R. 6400—the Agricultural Act of 1961, and is concerned primarily with the impact that title I would have upon the canning industry by authorizing the imposition of a variety of comprehensive Government regulatory controls on canners and growers of canning commodities.

Although the principal emphasis of this statement is to detail our opposition to H.R. 6400 as it applies to canning commodities, initially we would like to remind the committee that the canning industry has for many years followed a "program," which is an affirmative approach to solving the difficulties created by the uncertainties of nature and the perishability of raw products.

The canning industry "program" of contracting for the raw product, often many months before the planting season—which will be described more fully later in this statement—has given to producers of canning crops a degree of flexibility and independence that is enjoyed by few other segments of the agricultural economy. These grower contracts, which transfer much of the risk, inescapably found in agriculture, from the producer to the canner, assure the producer that at harvest time he will have a market for his crop at an agreed price.

We firmly believe that preharvest contracting, along with the continued research, advertising, and promotion carried on by members of the industry, has been largely responsible for the remarkable development and growth of agricultural production for canning free of artificial regulatory controls.

We would now like to turn our attention to the specific title I provisions in the Agricultural Act of 1961, with particular emphasis on how the act would impose rigid Government controls on the canning industry.

SUBTITLE B. MANDATORY MARKETING ORDERS

H.R. 6400 would, by amending section 8c(2) of the Agricultural Marketing Agreement Act of 1937, authorize the application of marketing order controls to any agricultural commodities not already listed in the section, but not to products of these additional commodities. The effect of this amendment would be to authorize for the first time the imposition of marketing order controls on all canning commodities.

Initially, we would like to point out that this proposal to subject canning crops to marketing orders can under no circumstances be considered to be novel or original. In fact, proposals to apply mandatory marketing orders to canning crops and canned foods have been introduced in Congress repeatedly since 1933, and have been the subject of extensive hearings eight separate times—1934, 1935, 1937, 1939, 1940, 1947, 1948, and 1954. Each time, Congress has thoroughly and exhaustively examined this proposal, and each time Congress has consistently recognized the compelling reasons for rejecting this economic regulation of the canning industry.

It should be emphasized that it makes no economic difference whether marketing orders are applied to the canned product itself or to the commodities which are sold to canners for processing. The rigid controls on the raw product that would be authorized by this legislation would just as effectively stifle economic freedom and impose unwarranted restrictions directly on the canner as regulation of the finished product.

This bill, like all other proposals to subject canning crops to marketing order controls, takes no cognizance of the processor, who is called the "handler." The processor is completely disenfranchised with respect to his own right to regulate his own business, and becomes nothing more than an administrative orphan without rights and with only a limited opportunity to object to the regulation that is being imposed upon him, against his will and at his expense.

Let us examine, in some detail, just what this proposal means to canners. First, it should be noted that the imposition of marketing orders to canning crops and other canning commodities involves regulation of the canner. The act, as amended, would specifically authorize provisions in marketing orders regulating the quantity, grade, size, and quality of each raw fruit or vegetable that each canner may purchase from each grower. It is difficult to imagine any form of economic regulation on the canning industry that would be more restrictive of its freedom and its ability to utilize the experience and knowledge it has gained over years of operation, with respect to the raw product.

In addition to this regulation of the quantity and quality of the raw material, marketing orders would also authorize reserve pools and surplus disposal provisions. With respect to highly perishable canning commodities, this could mean nothing more than sale of the raw product to other outlets that compete directly with the canner for the consumer's dollar. Since it is the canner who would be paying the expenses of the order, as will be pointed out below, he would in effect be financing the marketing of commodities directly competitive with his own production.

Provisions could also be included in orders providing for inspection of the commodity produced during specified periods, and regulations could be issued for fixing the size, weight, dimensions or pack of containers used in packaging, transporting or handling the raw product.

The act authorizes provisions in orders prohibiting unfair methods of competition and unfair trade practices in the handling of the raw product. The antitrust laws, enforced and administered by the Department of Justice and the Federal Trade Commission, would apparently no longer apply to growers and to raw product procurement by canners. Instead, the Secretary of Agriculture and his grower committees would be the sole judges as to what restrictions should be imposed upon growers and canners, in their dealings with one another.

Finally, provisions could be included within the order establishing marketing research and development projects, including advertising, supposedly designed to assist, improve and promote the marketing, distribution, and consumption of the commodities covered by the order. The authorization of advertising programs could result in the unique situation of canners being assessed for the ex-

penses of a marketing order which provided for an extensive advertising program directed toward the promotion of the commodity in the fresh market. The canner would thus be paying for the promotion of a commodity that directly competes with the canned product, and the canner would have no say as to the type of advertising program or how much it should cost.

This summary of the regulatory controls authorized by marketing orders has made it clear that it is the canner who would be regulated. It might be expected, then, that canners would have a voice in formulating and approving a marketing order that would rigidly regulate their business, but this is not the case. Even though the act is entitled the "Agricultural Marketing Agreement Act," there have in fact been few, if any, actual marketing agreements promulgated under it. Marketing agreements are authorized for any group of producers and handlers who agree to them by section 608b, but a marketing order under section 608c(9) may be issued "notwithstanding the refusal or failure of handlers"—to sign a marketing agreement, if it is approved in a referendum by two-thirds of the producers of the commodity, or by producers who produce two-thirds of the volume of the commodity. The handlers are regulated, but it is the producers alone who can approve the order.

Proponents of H.R. 6400 have been quick to emphasize that additional limitations would be placed on the authority of the Secretary to issue a marketing order, but these limitations are largely illusory and in fact provide handlers with no real protection against unwise and unjustified regulation. The first "limitation" that would be added by H.R. 6400 is a requirement that the Secretary, before proposing a "national" marketing order, must consult with the appropriate national farmer advisory committee. This of course is no more than a requirement that he consult, and he is under no obligation whatsoever to take their advice or to pay any particular heed to their recommendations. It should also be noted that these farmer advisory groups are composed entirely of growers and producers, with the exception of one consumer representative. There is no provision for handler or processor representatives on these committees, even though marketing orders would severely regulate processors and handlers, ostensibly for the benefit of growers.

A second "limitation" contained in the bill is the provision that the Secretary must obtain approval of the President for any proposed "national" order. It cannot be seriously suggested that this provision would be an effective limitation on the broad sweeping authority that would be given the Secretary of Agriculture by this bill. The Secretary is the President's own representative, and it is extremely unlikely that the President—concerned with foreign affairs and other national issues—would have the opportunity to give detailed study to the complaints of those who would object to the wisdom of orders proposed to be issued by his own appointee. Furthermore, under existing statutory authority the President may by Executive order delegate his authority for final approval to the Secretary.

A third apparent limitation on the authority of the Secretary is that contained in the provision requiring Congress to review proposals for "marketing quotas," "national" marketing orders, or any marketing orders which provide for producer allotments or quotas. Surely, it is too much to expect that a busy Congress will find time to give adequate consideration to a myriad of proposed programs that has been worked out in detail by the Secretary.

Furthermore, congressional authority would be an all-or-nothing affair—Congress would have to make a decision between a specific program or no program at all. Congress could not modify a proposed marketing order to provide an exception for canning crops, and might have to choose between unjustly imposing controls on canners or vetoing the proposed order altogether. We feel that there should be no need for such a choice—it should be made clear at the beginning—in the act itself—that canning commodities may not be subjected to production controls.

It is now clear that the effect of H.R. 6400 would be to authorize extensive and rigid controls on canners, even though canners would have no say in the formulation or approval of the order. Instead, growers, and growers alone, would decide whether a particular order should be approved.

Now let us see how these orders would be administered. Section 8c(7) of the present act, which would not be amended in this respect, provides for the selection by the Secretary of Agriculture of an "agency" to administer the order and to make rules and regulations effectuating the terms of the order. In

addition, this agency or committee would investigate complaints and violations of the order and could recommend to the Secretary amendments to the order. There has already been a suggestion in these hearings that such agencies would be made up of the farmer advisory committees authorized in subtitle A of the bill. Whether or not this is the case, it is clear that there is *no provision for processor representation* on these administering agencies. Cannery would have no assurance that they would be fairly represented on these agencies, and if in fact the farmer advisory committees of subtitle A are employed for this purpose, then it is clear that there *could* be no processor representation.

Even though marketing orders on canning crops must be approved by growers and would be administered by grower committees, it would be the cannery who would be subjected to penalties, not the growers, for the penalty provision of section 8c(14) is applicable *only* to handlers. Any handler—which would include a canner—regulated by a marketing order, who violates any provision of the order would be subject to a fine of not less than \$50 or more than \$500 for each violation, or for each day of a continuing violation.

Finally, we come to provisions establishing who must pay for these orders which are allegedly for the grower's benefit, but which regulate the canner and subject him to severe restrictions and penalties. Section 10b(2) of the act provides that each order relating to a commodity issued by the Secretary "shall provide that each handler subject thereto shall pay to any authority or agency established under such order such handler's pro rata share (as approved by the Secretary) of such expenses as the Secretary may find reasonable and are likely to be incurred by such authority or agency * * *." What has been said by proponents of this bill with respect to producers financing their own programs would have no application to marketing orders that did not contain provision for grower allotments under the proposed new section 8g. A marketing order containing provisions authorized by the present act would be paid for by handlers—meaning cannery and processors—not by growers.

In summary, then, this proposal to *authorize* the application of marketing orders to all commodities would authorize extensive regulation of cannery, at their expense and over their objection. This regulatory scheme would be administered by grower groups and the Secretary of Agriculture; but only cannery would be subject to penalties. It is difficult to imagine any system which would be less democratic and more restrictive of the canner's freedom.

MARKETING QUOTAS AND ALLOTMENTS

H.R. 6400 would, either through the marketing order provisions in subtitle B, or the marketing quota provisions in subtitle C, authorize for the first time the establishment of marketing allotments and quotas which would directly regulate the amount of production of growers, or the acreage which they could plant in a particular commodity.

With respect to the marketing order provision, the bill would add a new section to the Agricultural Marketing Agreement Act, section 8f, (p. 10) which would authorize provisions in marketing orders allotting, or providing methods for allotting, the amount of any commodity of any grade, size, or quality thereof which each grower may be permitted to market or dispose of in any or all markets during any specified period.

Now, for the first time, growers also would be subject to the direct regulation of marketing order provisions, specifically for the purposes of providing allotments. The amendment would provide that growers for whom allotments are established shall be deemed to be "handlers" subject to the order for purposes of the act. This apparently means that growers could share in assessments for expenses of the order, and would be subject to the penalties that apply only to handlers.

Of course, processors would still remain "handlers," and even though the growers as handlers would be subject to assessment, there would be no protection against varying assessments, for the act only requires that each handler be assessed for his pro rata share, without any indication of how each share will be determined.

Subtitle C, page 15, of the bill provides for the establishment of marketing quotas for specified agricultural commodities including, for the first time, all fruits and vegetables.

This would authorize the establishment of individual farm quotas, and could thereby limit the total production for market in any one year of the commodity under regulation.

These marketing quotas would be subject to the same supposed "safeguards" that are provided in the marketing order provisions, insofar as the President must approve each marketing quota program, farmer advisory committees must be consulted by the Secretary, Congress is given the same 60-day period within which it may veto a proposed program, and a grower referendum must be held. If more than one-third of the farmers voting in the referendum oppose the quota or quotas, such quotas would become ineffective upon proclamation of the results of the referendum. Processors and other handlers would not be eligible to vote in the referendum.

Thus, these two alternative methods of establishing grower allotments or quotas would, in the case of canning commodities, severely impair the present contract system. Rather than each grower deciding independently what and how much he will produce, he would be assigned a specific quota or allotment restricting his production and he could not exceed his marketing quota without suffering the penalties provided in the bill.

Here again, it is difficult for the canning industry to understand what conceivable benefit a program of this type could have with regard to these canning commodities. As we have pointed out before, the present method of raw product procurement prevailing in the canning industry assures growers that they will have a market for their production at an agreed price. There is absolutely no need for an artificial system of establishing producer quotas or allotments.

SUBTITLE D. PRICE STABILIZATION

Subtitle D of the bill would provide for price supports for all agricultural commodities, including those for canning. It is difficult to understand how price-support programs could be made applicable to perishable canning commodities, for raw products such as perishable fruits and vegetables are not susceptible to storage, and make completely impractical such methods as commodity purchases and other programs through which price supports would be implemented.

The price stabilization provisions in the bill are directly related to the supply adjustment provisions that would be authorized in subtitles B and C. We have demonstrated above that marketing orders and marketing quotas should not be applicable to canning commodities, and for these same reasons, such commodities should not be subject to artificial price stabilization programs.

NO DEMONSTRATED NEED FOR GOVERNMENT CONTROL APPLICABLE TO CANNING COMMODITIES

As pointed out above, growers and canners, free of Government control, have a remarkable record of growth and development benefiting the grower, processor, and consumer. We feel this record alone is sufficient answer to any proposal that Government controls be authorized for canning crops. The accompanying charts vividly demonstrate why marketing orders are entirely unnecessary and unadaptable to the canning industry.

These charts compare the record of the canning and processing industry as it was in 1934 and as it has developed through the years, up to 1960, without the restrictions of marketing orders or subsidies. The year 1934 is taken because that was the year the agitation began for voluntary Government controls of canned food production—supposedly to develop more and better markets for canning crops. In addition the 3-year average for 1934-36 is compared with the average for the 3 most recent years for which data are available.

Our first two charts show the astounding overall increase in the production of fruits and vegetables for processing between 1934 and 1960, in relation to the more gradual increase in population. The production of vegetables for processing (exhibit 1) increased from 2.6 million tons in 1934 to 7.3 million tons in 1960. This increase was five times the rate of population increase during the same period. The production of fruits for processing (exhibit 2) increased from 3.4 million tons in 1934 to 10.5 million tons in 1959—the last year for which figures are presently available. Thus, the production of fruits for processing increased at a rate six times the rate of population increase.

The next chart (exhibit 3) shows the corresponding steady and massive increase in per capita consumption of processed fruits and vegetables since 1934. The number of pounds per capita of these products annually consumed in the United States has tripled—from 35 pounds to over 107 pounds per capita.

There can be little doubt that the canning industry has been doing its part to increase the market for farmers who choose to produce canning crops.

The five maps (exhibits 4 through 8) illustrate the growers' side of this development and show the vast increase in tonnage of canning crops which has resulted from this increased consumption of canned foods. Equally important, they show the striking fashion in which States that 25 years ago had either little or no production, today enjoy impressive tonnages of canning crops.

These maps inescapably reveal that any control of canning crops for processing—necessarily based on historical patterns—would have forestalled this tremendous development. The first map (exhibit 4) shows the story on peas. Each dot represents 1,000 tons for processing. The light dots show the production in 1934, and the dark dots the increase by 1960. Increases in pea tonnages for processing in the Midwest are striking. Note especially the tenfold increase in Minnesota and the twentyfold increase in Illinois—a clear example of what happens without controls on production. There were also large increases in California and Pennsylvania, and very dramatic increases in the Pacific Northwest.

The next map (exhibit 5) shows the same story for snap beans. Here there was a phenomenal increase in the tonnage for snap beans for processing in many areas. If production controls had been in effect then the twentyfold increase in Texas, the fifteenfold increase in Tennessee, the fourteenfold increase in California, the eightfold increase in Florida, and indeed many of the other increases, may never have occurred or been possible.

The map for sweet corn (exhibit 6) indicates that there have been large increases in the Middle-Atlantic States, in the Midwest, and once again in the Pacific Northwest. In Pennsylvania the 1960 production of sweet corn for processing was more than 3 times the 1934 production and Washington production increased 20 times.

The map for canned tomatoes (exhibit 7) makes clear the large increases in Florida, Pennsylvania, Ohio, Michigan, Texas, and Illinois—and the phenomenal increase in California where the tonnage grown for processing increased from about $\frac{1}{4}$ million tons in 1934 to $2\frac{1}{4}$ million tons in 1960.

The last map (exhibit 8) shows the similar increase and distribution by States for asparagus. The remarkable increase in the production of asparagus in States other than California resulted, at least in part, from the use of State marketing orders in California, while the balance of the country was free to expand.

The next three charts show the dramatic increase in the proportion of fruits and vegetables that are processed. In the first (exhibit 9) we have set forth the comparison of production for canning in equivalent units between 1934 and 1960 of apples, cherries, peaches, and pears. The next chart (exhibit 10) shows the same story for sweet corn, peas, snap beans, asparagus, and tomatoes. The third chart (exhibit 11) shows an even more dramatic story of production of citrus for processing. This is broken down for oranges, grapefruit, and lemons, for which the increases in tonnage have been remarkable. The increases in tonnage have brought large cash returns to the growers in these areas for each of these crops. The canning industry thus has developed vastly increased markets for fruits and vegetables, and the return to the grower has increased.

The next chart (exhibit 12) shows that canned fruits and vegetables have been delivered to the consumer at prices far below those of other foods. Not only has this industry increased its markets, opened up vast new canning areas, but it has also over the past 25 years provided consumers with the "best buy" in the market basket. It has done all of this within a free economy and without mandatory marketing controls imposed upon it or upon the growers who supply the raw product. Instead, the relationship between canner and grower has typically been one of complete freedom, within an overall atmosphere of cooperation.

HARMFUL EFFECTS OF APPLYING PRODUCTION CONTROLS TO CANNING CROPS

The basic purpose of any compulsory supply adjustment program is of course to limit production, and thereby to raise the price of the commodity. It is thought that by this method the grower can increase his yearly net income. But any realistic consideration of the factors involved compels the conclusion that restricted production and higher prices can only lead to serious difficulties, with respect to canning commodities.

First of all, nature is unpredictable and has never been known to cooperate consistently with the well-ordered plans of men. In any given year a system of

production limitations might work, to the extent that normal consumer demand for a high-quality product is satisfied, but not surpassed. But it is just as likely that unforeseen natural phenomena will result in a smaller crop than expected, or in a lower quality. By harvest time, the production limitations put into effect at the beginning of the season cannot be changed. Under those circumstances, the individual grower, whose production already has been restricted by controls, will not be able to realize his allocated quota.

The second factor frequently ignored by advocates of marketing orders and other methods of production limitation is that higher prices do not automatically lead to greater profits. The interchangeability of canned foods has been shown to be fairly high—that is, the housewife is constantly shopping for the best bargains, and if a particular product is too expensive she will purchase alternative products.

Few canned foods have a fixed demand. Thus, an elaborate program designed to limit production and adjust prices may well result in widespread consumer refusal to buy that product. And once consumers stop buying a product, it may take more than a lower price to induce them to purchase it again on a regular basis. If the final effect of restricted production is to raise prices and reduce consumption, then it is doubtful that growers would receive an increase in net income from canning crops.

A third objection to production limitations on canning crops is that they tend to stifle growth and development. Charts have already been referred to that reflect the astounding increases in the packs of processed fruits and vegetables. Per capita consumption of these products has risen steadily, and total volume far in excess of population growth.

If marketing and production controls had been applied in earlier years, there is no question but that the industry could not have approached this record. Improved grower and canner techniques have spurred marketing innovations, and vice versa. New and improved canned products gain consumer acceptance, which soon turns into a growing demand. To this end, individual canners are constantly experimenting, testing, and investing.

A fourth related factor is that any system of production limitations, even if implemented through restrictions on what canners can purchase, must eventually operate upon individual growers. Some means must be found to allocate a quota to each grower before planting begins. The only method yet developed to accomplish this has been upon an historical basis.

Production is thereby geared to past performance, and the flexibility so necessary to a dynamic industry is sacrificed. There is no incentive for the efficient grower who can increase production and quality at lower cost, for he knows his production quota can only rise proportionately with other growers in his area. This allocation of quotas on an historical basis also operates disadvantageously for areas and States that would otherwise be inclined to produce a crop not previously grown. The maps portraying the increased production since 1934 make it clear that if marketing orders had restricted production to early 1930 patterns, many States now producing thousands of tons of valuable canning crops could never have done so.

It is inconceivable that any program of regulatory controls on canning crops could effectively deal with these factors. Supply and demand operating on a competitive system within which each grower and canner responds as his experience and knowledge dictate have so far more than satisfied the interests of all concerned.

This vital grower-canner relationship is the point on which all competing interests are balanced. Unless that relationship is governed by freedom of choice—reflecting estimates of the economic situation, consumer demand, available supply, quality of product, personal trust and confidence, and efficiency of operation—the inevitable result is an imbalance that can only operate to everybody's disadvantage.

A familiar tactic of those proposing the application of marketing orders to canning crops is to inquire into the mutuality of interests of growers and canners. Canners are frequently heard to stress the mutuality of interest between canners and growers, and marketing order proponents argue from this that canners should have no reason to fear administration of marketing orders by grower committees. This conclusion presumes an identity of interest between the two parties, not just a large area of common interests.

Most canners and growers recognize that both will benefit from a system of cooperation in producing a high-quality product. The consumer must be satisfied

if canned foods are to be sold, and both canners and growers cooperate to achieve this result. But there is nevertheless an area where the two parties must bargain—where their interests are not identical, and a compromise agreement must be made. This area typically includes price and other conditions to the contract.

An important point to note in regard to this bargaining is that the consumer's interest is here represented by the canner's knowledge and experience with marketing factors relating to merchandising the finished canned food. The grower is in no position to know or appreciate consumer tastes and demands. The canner is, and he takes these into consideration when negotiating for the quantity, quality, yield, and price of the raw product.

Thus, if the grower is left to establish quality, yield, and quantity on his own, as he would through a grower referendum on the order itself or through grower committee administration of marketing orders, not only would there be an imbalance in favor of growers, but there would also be a concomitant neglect of the consumer's interest.

Even the most far-sighted group of growers could not help but give some distortion to the supply and demand factors. No reasonable figures could be established without precise knowledge of marketing conditions, and it is the canner more than any other party who has this information. More importantly, all interests can be satisfactorily balanced only through the system of a competitive market.

SUMMARY AND CONCLUSION

We have attempted to show that H.R. 6400—the "Agricultural Act of 1961"—would, with respect to canning commodities, revive proposals that have been made periodically since 1933 to authorize production limitations on canning crops and to subject the canning industry to drastic regulatory controls, which would be approved and administered by growers, but financed by canners.

Congress has in the past consistently rejected these proposals and has refused to authorize controls that would restrict canners' freedom and interfere with the operation of the efficient and effective practices that have provided immeasurable benefits to growers, canners, and consumers. In 1961, as in prior years, there is no demonstrated need for these proposed limitations on the growing of canning commodities, and no justification for regulation of the canning industry.

The canning industry's opposition to marketing order controls and other methods of production limitations on canning commodities can be summarized:

- (1) Mandatory marketing orders and marketing quotas applied to canning commodities are anticompetitive in that they substitute regulation for free competition. Flexibility, incentive, growth, and development are all sacrificed.

- (2) Every phase of the canner's procurement operations would be controlled if compulsory marketing orders or marketing quotas were applied to canning commodities. A canner could be told from whom he may buy his raw product, in what amounts, and what quality, size, and grade. The result would be complete control of what could be canned, where, and in what amounts.

- (3) The elaborate controls authorized by compulsory marketing order legislation would be plainly undemocratic and unreasonable as applied to canners, and would result in detrimental regimentation of the entire canning industry. Compulsory marketing orders can be issued upon the basis of grower approval alone over the objections of all processors who would be controlled by its detailed provisions. Orders would be administered by grower committees, but canners would bear the expenses of the regulation and would be exposed to the risk of penalties.

- (4) No need has been shown to justify the authorization of mandatory marketing orders or marketing quotas for canning commodities. Canned foods have continued their phenomenal record of growth and development, free of regulatory restraints.

- (5) The regulatory scheme authorized by H.R. 6400 would restrain the development and restrict the growth of canned foods. Any system embodying crop limitation could be disastrous in years of crop loss. The historical basis of production allocations limits entry and encourages indifferent farming practices. Artificially raised prices for canned foods could drive consumers to alternative products, and permanently reduce the consumer demand for canned commodities.

- (6) The consumer would almost certainly lose from any system of restricted production, increased prices, and reduced competition. Grower committees would have neither the knowledge nor experience to reflect consumer tastes and demands for canned foods.

In conclusion, the National Canners Association respectfully urges that these mandatory marketing orders, marketing quotas, and price stabilization programs not be made applicable to canning commodities and to accomplish this purpose we suggest the following amendments:

On page 8, line 24, insert after the words "agricultural commodity," the words "(not including agricultural commodities for canning or freezing)".

On page 9, lines 1 and 2, strike the words "(including canned or frozen commodities or products)".

On page 16, line 5, insert after the words "naval stores" the words "Provided: that this part shall not apply to any agricultural commodity for canning or freezing."

On page 36, line 16, insert after the word "commodity," the words "(not including agricultural commodities for canning or freezing)."

Without these requested amendments to H.R. 6400, Congress would be authorizing a system of regulatory controls that would be contrary to the interests of growers, processors, distributors, consumers, and the general public.

Mr. MERRILL. I also represent the Northwest Canners and Freezers Association and 10 marketing cooperatives that operate in the States of Washington and Oregon with a membership of almost 4,300 farm families. I am authorized by the board of directors and management of these farmer cooperatives to register their opposition to any registration of crops for canning and freezing.

With your permission I should like to summarize the facts supporting the canning industry's position that the present exemption for canning fruits and vegetables be retained—and to explain why we vigorously oppose the extension of compulsory marketing orders and production allotments to all canning commodities.

In so doing, we will be confirming the wisdom of Congress in keeping canning fruits and vegetables and products out of these controls since 1933.

The best way to state our position is to demonstrate to this committee the kind of voluntary and effective farm program that now exists between growers and canners—and to show how that program has benefited the farmer, the canner, and the consumer.

Next, we will demonstrate how what is authorized in this bill will disrupt this effective operation of our segment of agriculture—and the plain injustice of putting canners under compulsory marketing orders in which they will have no voice—which will control their own operations—and for which they will have to pay the bills.

Except in one respect, this proposal for compulsory marketing orders over canning is not new. For more than two and a half decades we have offered sound reasons against it. Congress has accepted these reasons, and the story of what has happened has abundantly confirmed the wisdom of Congress.

Very briefly, I would like to describe to the committee how the grower of canning crops and the canner work together—how this cooperative and unregulated program has increased the per capita consumption of canned foods and vastly increased the farmer's market for canning crops.

We will demonstrate that the income from canning crops—without these controls—has been relatively greater than the income from the basic agricultural commodities.

Finally, I want to show the committee that the price paid by the consumer for canned foods has continued to be substantially less than for other foods.

Canning, which has been called by the Encyclopedia Britannica one of the seven major inventions of historic times, does two things: it gives the consumer, along with built-in maid service, a fully balanced diet all-year round; and it gives the grower of seasonal fruits and vegetables a 12-month market instead of a short and hazardous seasonal one.

This is possible because the canner adds to the value of the raw agricultural material by contributing his processing skill, his investment in materials and facilities, in payrolls and the financial cost of carrying and merchandising the finished product. On top of this he assumes all of the marketing risks.

In short, canning—and the market it provides for canning crops—is a unique part of our agriculture. You cannot—and you should not—authorize the broad-scale controls here sought. If you do, you will stifle both grower and canner—and injure the consumer.

We say to you that this legislation is both unnecessary and undesirable for canning crops—because there has been and now is a successful farm program in operation for those crops.

It has been voluntarily developed by the grower and the canner, and in operation for more than 50 years. It is simple. It has worked to the advantage of the grower, the canner, and the consumer.

It is generally referred to as “contract farming.” It works like this:

The canner, who knows the market for canned foods, studies the outlook for the coming year late in the fall and the early winter months. He determines what he can process and profitably sell. He then goes among the farmers in his area to contract sufficient acreage to produce the volume he can process and market.

To get that acreage contracted, he must offer a price that will induce the farmer to grow the crop. The most attractive element in that price to the farmer is the guarantee that the canner will take whatever the planted acreage yields and the fact that the farmer is assured a cash income on that acreage.

The farmer is free to grow canning crops or not. The price offered for them must be competitive—both with other crops, including those subsidized, and with what competing canners are offering.

Often the canner supplies specialized machinery and seed, and sometimes assists in the harvesting of the crop. Once that crop is harvested and delivered, the grower gets his money and runs no further risks.

The canner has the major investment and he runs all the risks of marketing the canned product.

Now, what has that system produced over the past two and a half decades for the farmer and the consumer?

Dr. Howard L. Stier, director of the National Canners Association's Division of Statistics, is here to help me present a series of charts which will simply and vividly show the members of the committee these dramatic results.

In the first place, you will recall that Secretary Freeman talked about increasing markets. The canning industry has already effectively done this.

For as the first chart shows, the consumption of processed fruits, vegetables and juices has increased tremendously—from about 35 pounds to 107 pounds per capita per annum from 1934 to 1960.

As the next two charts show, the markets developed for processed fruits and vegetables have far outstripped the growth in population. You will note that the rate of increase in production of fruits for processing is six times the rate of population increase.

In the case of vegetables, it was five times as great.

Next, and even more important, this growth has meant the opening up and development of vast new canning areas in many states.

When the controls you now are asked to authorize for the canning industry were first suggested in 1934, the major canning crops were grown in some States but not in others.

This next series of charts shows vividly how new canning areas have been brought into production. This has offered to farmers in these areas the opportunities for new cash crops. Again, let me remind you that this has been accomplished without controls of any sort.

Let's look at some of the principal vegetables.

On these maps the green dots represent the production in 1934 and the red dots the increase in 1960. Each dot on the map for snap beans represents 400 tons.

The production of snap beans has developed over 25 years in many new areas and vastly increased in all others.

Peas for processing have increased about threefold. The growth in Illinois, Wisconsin—and phenomenally in Washington and Oregon—can readily be seen.

Corn for processing has had a threefold increase with many new areas becoming important canned corn producers.

Tomatoes and tomato products have increased about three times—with a phenomenal increase in California.

Much of the same picture is shown for asparagus.

All of this has happened without compulsory marketing controls.

All of this has happened since Congress first rejected the request that the control of this industry be put in other people's hands—and instead permitted us to do our own effective job.

In the case of fruits, the proportion processed has tremendously increased—which once again shows that canning does the job—and, when not straitjacketed, can increase markets.

The first chart shows the increase from 1934 to 1958 of the proportion of deciduous fruits processed.

For vegetables, much the same picture is reflected in this chart. Note that in 1934 only about one-fifth of the snap beans were processed. Now almost two-thirds are processed in canned and frozen form.

The most dramatic increase has taken place in citrus, and particularly oranges, where only 7 percent were processed in 1934–36 as against 62 percent in 1957–59.

Every Member of Congress should be interested in this next chart, for it shows vividly that this vast expansion has been accomplished with the consumer price of canned foods kept considerably below that of all foods. This performance has not cost the taxpayer a cent.

You will recall that Secretary Freeman referred to the decline of farm prices, generally noting that prices received by farmers are now 12 percent below the 1947–49 average. In contrast to this overall decline, the four major canning vegetables—snap beans, corn, peas, and tomatoes—showed an increase in the price received by the grower from

an average of \$57.57 a ton to \$60.27 a ton, or about 2½ percent in the period 1950-60. The source of these figures is the U.S. Department of Agriculture.

In addition to this increased price per ton received by farmers, yields per acre in the like period for these four crops increased an average of 82 percent, which when coupled with the price increase, resulted in a 42-percent gain in the return per acre for these four major canning vegetables.

Against this record, we repeat that compulsory marketing orders with production allotments or marketing quotas are not needed for canning crops.

Thus we feel that it is crystal clear that along with this vast expansion of markets for canned foods, prices paid to farmers have been far better than the prices they have received for other agricultural commodities.

Therefore, the canning industry renews its objection to this so-called self-help legislation.

We do not challenge the sincerity of those who seek the authority to impose controls—upon others—where none are needed.

We do challenge the application of this unnecessary and unfair regimentation to the canning industry.

Another witness will tell the committee what that program can do—how this bill would apply to canning—and demonstrate why it is plainly unreasonable and undemocratic as applied to this industry.

I will conclude with these few brief thoughts:

With few exceptions, the year-in-year-out relationship of a grower and canner is this:

1. They live in the same neighborhood and are friends. A cannery is usually located as near as possible to a sufficient number of farms to supply it with a quantity of commodities the canner can sell. This makes a ready market for the farmer at his own back door. Putting farm products in a can is just another way of getting them to market.

2. The farmer and canner are obliged by the very nature of agriculture to negotiate for any year's production weeks or maybe months in advance because seed, plants, and fertilizer have to be ordered or grown well in advance of the actual planting and canning season.

3. Both are good businessmen. They know a great deal about their own business, and are in the best position to make mutually satisfactory arrangements taking into consideration the acreage to be planted, the price to be paid, as well as the many details required to bring the product to proper maturity in a manner satisfactory to them both.

I ask you in all sincerity: Do you think that someone else can make a better decision than they can make for themselves, especially since they are dealing solely with their own money and are dealing with a subject about which they know the most?

With this picture, which most of you know from personal experience in your various districts throughout the United States, do you actually know of any reason why this segment of agriculture should be subjected to any type of production controls?

We do not believe that the "blank check" which this bill provides for the complete control of our raw materials—for the complete dictation of the volume that we may pack or from whom we may con-

tract for its growing—for programs in which we will have no voice—for the creation of costly and unnecessary controls for which either we or the consumer must pay—is either necessary or will benefit anyone.

The CHAIRMAN. We thank you very much, Mr. Merrill. I would like to ask one question. What section of this bill provides or authorizes mandatory marketing orders or marketing quotas for canning commodities?

Mr. MERRILL. Do you mind, Mr. Chairman, if I ask Mr. Austern, our counsel, to answer that question?

The CHAIRMAN. All right, sir.

Mr. AUSTERN. There are three sections, Mr. Chairman. You will find 8c(2) has had added to it a new subsection (B) which you will find on page 8, beginning on line 21 of the bill before you. And that provides for the complete control of every commodity for canning.

The CHAIRMAN. You refer to subparagraph (A), page 8. It seems to me that sentence beginning on line 2, page 9, exempts them.

Mr. AUSTERN. As Mr. Merrill stated, Mr. Chairman, and as the next witness, I believe, will fully develop, control of the raw material in that provision amending 8c(2) coupled with the two new provisions which are contained here—

The CHAIRMAN. Page 9, it says: "But not the products (including canned or frozen commodities or products thereof)."

Mr. AUSTERN. That is correct, sir.

As to those canning commodities, which include all those exempted in (a), the canned product, the sale of it by the canner through the distribution channels, and through the retailer is not controlled. The committee will perhaps recall that when Mr. Parker was before it, in characterizing what is contained in (A), he told the committee there were few people alive who could answer it very specifically. Unfortunately, I am one, since I have been in it from 1933. And he said that, "There is a broad almost unlimited grant of discretion to the Secretary for a system whereby he can control everything through the distribution level clear on through the retail process."

It is true, sir, that as to part (B), which now brings in every canning commodity, the control is limited to the raw material; but our next witness will develop why, in terms of the rigid controls over the canning industry that makes very little difference.

The CHAIRMAN. You and Mr. Merrill agree that this bill specifically exempts canned and frozen commodities and the products thereof?

Mr. AUSTERN. In the finished form. It in nowise exempts, but controls to the fullest detail, the raw material for processing.

The CHAIRMAN. All right. In other words, you are objecting to the producers themselves expanding marketing orders which might ultimately and finally affect the canning industry?

Mr. AUSTERN. Well, not might, because if the committee will examine the proposal, contained here in 8(7) and 8(8), particularly in 8(7), it reads on what every canner may buy from every grower, as to volume, grade, size.

The CHAIRMAN. All right, that is in the marketing order, that is, the marketing order which the producers may impose upon themselves.

What other exemption do you want for the canning industry that you do not already have?

Mr. AUSTERN. I think I will let the next witness testify to that.
The CHAIRMAN. Thank you, Mr. Merrill. We will call the next witness, Mr. Kraus.

STATEMENT OF EDWIN C. KRAUS, REPRESENTING THE NATIONAL CANNERS ASSOCIATION AND THE MINNESOTA CANNERS ASSOCIATION

Mr. KRAUS. Mr. Chairman and members of the committee: I have a prepared statement which I would like to file and I also wish to give a brief oral statement.

The CHAIRMAN. Very well, you may submit a statement and then discuss the matter in which I think you are involved.

(The prepared statement follows:)

My name is Edwin C. Kraus. I am president of the Big Stone Canning Co., of Ortonville, Minn., and a director of the Minnesota Cannery Association. I am appearing on behalf of both the Minnesota Cannery Association and the National Cannery Association to oppose the provisions of H.R. 6400 as they affect the canning industry.

I will attempt to show what these provisions are, how they will work, and why as canners we oppose them. I want you to understand that I am not talking as a lawyer about the legal effects of the measure, but solely and wholly about how the provisions will affect the industry.

To begin with, the bill in the first place authorizes controls on any and all raw product used by canners in processing on either a regional or national basis. While it is true the finished product is not covered as such, that actually makes little difference, for to control our raw product effectively controls our whole operation. The difference, in essence, is the difference between sudden and slow death.

Let us examine why we are concerned:

First of all, who is ordered under the marketing order? The answer—the canner, for he is made subject to the penalties and forfeitures provided in the act, in his buying of the canning crop. These penalties can be quite drastic and range from a \$50 to \$500 fine for each violation, and each day of a continuing violation is a separate violation. The act even provides that under certain circumstances these penalties apply to the grower, that is, when the compulsory marketing orders include product allotments which are provided for under the bill.

I think it would be interesting for the members of this committee to understand just what can be done to the canners under the provisions of this act. Here are a few:

1. The canner may be restricted in the total quantity of raw product that he may buy or can.

2. The canner may be restricted in the grade, quality, and size of the raw product that he may buy for canning purposes.

3. He may be restricted in the amount, the grade, and the quality that may be canned, frozen, or shipped to the fresh market.

4. In addition the bill provides for an inspection system for all crops that come into the cannery.

Now, if production allotments are likewise included, then all of these apply not only to the canner but to the grower as well.

The new section 8f, subdivision (4) says in effect. The Secretary's national order will tell each grower how much he may grow, or contract to grow, for each canner, and what and how much each canner may buy from each grower.

This I submit is complete and final control over the operation of a canner and a grower, a control indeed that cannot be matched in either Russia or China, for there at least the Government pays the bill.

I submit that these controls are not needed nor are they adapted to canning crops. They would freeze everybody, grower, canner, region, and State in a straitjacket on every canning crop. To those members of the committee whose States are looking for new crops and new industries based upon agriculture, we submit that these restrictions pose a most serious problem.

Now who decides when an order should be put into effect and what should be included, who decides whether the control should be regional, local, or national? In short, who controls what, when, and where canning may be carried out? Not the canner.

He can't vote. All the processor can do is to obey and as we shall see, pay the cost of the program.

Even more, though, I suppose the canner should be considered at least somewhat a specialist in his field. He is allowed no representation on the control agency that is to run the marketing order, to decide who cans what, how much goes to canning, freezing, or to the fresh market, how much gets diverted, what is to be advertised or research. In none of this does the canner have any voice, only the grower is allowed to vote. We submit that this is not self-help, but to the canner is destruction. This is not as the Secretary said "expanded research in consumer preferences and merchandising, financed by producers subject to the marketing program."

As applied to canning commodities marketing orders under this bill are not producer financed. They impose a private tax upon the processor who bears the marketing risk, contributes the bulk of the value to the finished product, and must carry and finance the inventories involved. Shades of the Boston Tea Party!

I am sure that you have heard a lot about the so-called safeguards provided by the bill. First, we have the one about hearings. Now the bill says plainly that if a national marketing order on any canning crop is proposed by the Secretary of Agriculture he can put it into effect without any hearing or findings at all, and his determination is final (8g(2)).

I am sure you have heard much about the congressional veto provided in the bill. None of that, however, applies to a compulsory marketing order on canners. Only under the bill does Congress have the right to veto when there are individual product allotments provided for in the marketing order or the order is national in scope. This is the only time that the proposal even has to be sent to Congress. Any regional order can go into effect without Congress even being advised about the action. As shown in our statement that has been filed with the committee, Congress, even when it may have the power to veto a national or allotment program, does not under this bill have the power to amend or modify any of the programs. It takes it on a take-it-or-leave-it basis.

I am sure that no one in this committee or in Congress takes seriously the safeguard that is provided for approval by the President of a marketing program. I am sure that we will all agree that the President is too busy with the affairs of state to concern himself with allotments on canning tomatoes or peas.

Under the 1934 Marketing Order Act he has the authority to delegate this power to his Secretary of Agriculture and I am sure, as I know that you are, that his authority will be delegated in this way. I am likewise confident that the President is not likely to overrule his own appointee to this office.

Finally we are told by the proponents that no marketing order or control program will go into effect without a referendum, but as we have been saying, and no one can deny, the referendum does not include the processor. Frankly it would serve little use to talk about the difficulties posed by these referendums for as yet we are unable to determine from the bill, whether they are to be held before or after the program is sent to Congress.

I do call to your attention that in such a referendum it is distinctly possible that one or two States with large volumes could control the whole referendum.

I hope that I have made abundantly clear to the members of this committee that the control of the canner's raw material is effective control of his entire operation for if I have, I am confident that this committee will then understand why this industry is so vigorously opposed to these provisions of this bill, and I am sure will give their most sympathetic understanding.

I believe that we have probably done the best job in any segment of American agriculture. Certainly as has been pointed out to you by Mr. Merrill, we have paid the growers of our canning crops by far the best returns of any part of agriculture. In doing this we have likewise supplied the consumer of canned foods with seasonal foods 12 months of the year at prices that are 55 index points lower than all foods. We have accomplished this at a most modest return to the canner.

To take the control of our business out of the hands of management, leaving us only the dubious right of paying the bill, we think is wrong. If I, as president of the Big Stone Canning Co., make a serious mistake in our operation it can mean bankruptcy for our company. If the Secretary of Agriculture under

this act should make the same mistake affecting the entire canning industry, it could mean catastrophe to the entire industry. May I remind you that marketing orders affecting canners have been before Congress 11 times and 11 times Congress has refused to authorize the controls proposed. In none of the previous 11 times were the proposals as drastic and the controls as complete as those provided for in this overall omnibus farm bill.

We are not making any representations for basic crops such as cotton, corn, wheat, or soybeans. Whether on such things as milk or hops or other commodities compulsory marketing orders may have some utility is a matter that we leave to Congress, in conjunction with the affected segments of agriculture. We do submit, however, that to say and to argue that a compulsory control may operate well on one commodity and, therefore, should be applied to everything else under the misleading label "self-help" is like suggesting that a drug necessary for a man with heart trouble is good for the whole population.

Mr. KRAUS. The controls provided in H.R. 6400 are on all raw materials that are used by the canners for processing. It is our position and it is our contention that, with such controls, you also control the final product. We cannot operate without knowing in advance what we are going to can and when we are going to can it.

The CHAIRMAN. Let me interrupt you. Do you now have marketing orders in operation on fruits and vegetables?

Mr. KRAUS. No, sir. Not so far as vegetables are concerned. I believe there are some on certain fruits, under State orders.

The CHAIRMAN. You say there are some State marketing orders?

Mr. KRAUS. I believe one, sir, on cling peaches.

The CHAIRMAN. On cling peaches?

Mr. KRAUS. Yes.

The CHAIRMAN. Do you can cling peaches?

Mr. KRAUS. I do not, sir.

The CHAIRMAN. What do you can?

Mr. KRAUS. We can corn, peas, peas and carrots, succotash, beets, carrots, potatoes, dry beans.

The CHAIRMAN. Let us get it straightened out so that we can all understand. You and the people you represent object to this legislation because the order contemplated by the proposal would enable the producers of these commodities to control the orderly marketing of those commodities?

Mr. KRAUS. We object to it for the plain economic reason that we have a market that we must provide for. We have a plant that we have to operate that has a certain fixed overhead. And if we do not have enough commodities going through that plant to take care of that overhead, we are going broke.

The CHAIRMAN. Your position would be the same as Borden & Co. who objected to milk marketing orders because it would limit their supply?

Mr. KRAUS. No, sir.

The CHAIRMAN. Why not?

Mr. KRAUS. My position is simply this: Under the terms of this act we find that we have absolutely no voice in determining what we are going to can, or when we are going to can it, or even the grade. And under the provisions of this act, it even goes so far that we can be assessed for research and for advertising.

The CHAIRMAN. What is new in this proposal that is not now in the law with regard to marketing orders and agreements with regard to fruits and vegetables?

Mr. KRAUS. We have none now.

The CHAIRMAN. The law is so written that you can have them if you want them.

Mr. AUSTERN. This statute, Mr. Chairman, is inapplicable to canning crops with the exception of two fruits and one vegetable.

The CHAIRMAN. Two fruits and one vegetable?

Mr. AUSTERN. The two fruits are olives and grapefruit—that is, the present law covers only asparagus under vegetables—and you will recall that Congress was asked to add grapefruit for canning. And you did some years ago, with special safeguards giving the processors a vote. That provision has never been used. A better marketing job was done without the order. But the present act does not now cover us except as I have stated.

The CHAIRMAN. Do you mean that the present marketing orders and agreements provision does not cover fruits and vegetables?

Mr. AUSTERN. For canning.

The CHAIRMAN. That are to be canned?

Mr. AUSTERN. That is correct, sir. It covers canned and frozen grapefruit. It covers olives and it covers asparagus.

The CHAIRMAN. In other words, you do not want that broadened to cover your crops?

Mr. AUSTERN. That is the precise question before the committee.

The CHAIRMAN. I think that is very clear. Is that all, Mr. Kraus?

Mr. KRAUS. That is our position sir.

The CHAIRMAN. We thank you, sir.

I would like the record to note, too, that these two gentlemen have been accompanied by Dr. Howard L. Stier, director of the Division of Statistics of the National Cannery Association and Mr. H. Thomas Austern, of Covington & Burling, general counsel for the association and Mr. H. Edward Dunkelberger, of the law firm of Covington & Burling, Washington, D.C.

Mr. KRAUS. I wish to ask permission to file with the clerk an amendment to H.R. 6400 that we believe will accomplish the purpose for which we have been here, and which we have been discussing.

The CHAIRMAN. All right. You may have that permission. File it with the reporter.

(The amendments to H.R. 6400 proposed by the National Cannery Association follow:)

On page 8, line 24, insert after the words "agricultural commodity," the words "(not including agricultural commodities for canning or freezing)."

On page 9, lines 1 and 2, strike the words "(including canned or frozen commodities or products)."

On page 16, line 5, insert after the words "naval stores" the words "Provided, That this part shall not apply to any agricultural commodity for canning or freezing."

On page 36, line 16, insert after the word "commodity," the words "(not including agricultural commodities for canning or freezing)."

The CHAIRMAN. The next witness is Mr. O. H. Huffman, Jr., general manager of the Inter-State Milk Producers Cooperatives, Inc. Is he here?

No response.

Our next witness is Mr. J. D. Wright, Jr., representing the National Association of Frozen Food Packers.

Mr. MATTHEWS. If I may, I should like to have the privilege of welcoming Mr. Wright. He is from Florida.

The CHAIRMAN. From where?

Mr. MATTHEWS. F-l-o-r-i-d-a—Florida, where the astronaut, by the way, had such wonderful conditions a few minutes ago.

Mr. Wright, although he does not come from my district, represents my people in the great citrus industry of Florida and I want you to know that we are glad to have you here, Dan.

Mr. WRIGHT. Thank you, Billy.

The CHAIRMAN. You may proceed.

STATEMENT OF J. D. WRIGHT, JR., NATIONAL ASSOCIATION OF FROZEN FOOD PACKERS, ACCOMPANIED BY EDWARD BROWN WILLIAMS, HARTER, CALHOUN & WILLIAMS, COUNSEL, NATIONAL ASSOCIATION OF FROZEN FOOD PACKERS

Mr. WRIGHT. Mr. Chairman and members of the committee, my name is J. D. Wright, Jr. I appear before your committee on behalf of the National Association of Frozen Food Packers, to state the views of the frozen food industry on the provisions of title I of H.R. 6400. I am a member of the board of directors of Minute Maid Groves, a subsidiary of the Minute Maid Corp., which is a division of the Coca-Cola Co. Minute Maid is a member of the National Association of Frozen Food Packers.

Additionally, I am chairman of the Citrus Fruit Commission, appointed by the Governor, which commission regulates the industry, and carries on a self-financing program by the growers of \$7 million in advertising and promotional work for the betterment of our Florida citrus producers.

I also speak for the Florida Cannery Association.

The National Association of Frozen Food Packers is a nonprofit trade association whose members pack some 85 percent of the frozen fruits, vegetables, and juices and the major percentage of the pre-cooked or prepared frozen foods, which are packed in the United States.

The frozen food industry, through the National Association of Frozen Food Packers, has consistently objected before this committee, to compulsory marketing orders applicable to crops for freezing, when legislation authorizing such orders has been proposed. Now, in title I of H.R. 6400, we are again confronted with a proposal for legislation conferring authority upon the Secretary of Agriculture to impose such orders, and other controls destructive of the business of the industry without regard to its views.

The frozen food industry is therefore firmly opposed to those provisions of title I of H.R. 6400 applicable to crops destined for freezing. Their effect would be to deliver control of basic operations of the industry to a Federal department of Government and to grower agencies or committees established by that department. I shall point out in my testimony how this would happen under title I of H.R. 6400, if it should become law. An analysis of title I shows clearly its arbitrary and undemocratic character and the destructive nature of its operations as they would affect the frozen food industry. I should like to state here that we associate ourselves with the position of the

canning industry on H.R. 6400, which have been presented to this committee by the National Cannery Association.

The frozen food industry is young, vigorous, and highly competitive. Its margin of profit is small. Its success depends upon volume of product. In 1942 its production of two categories of products, frozen fruits and vegetables, amounted to 348 million pounds. In 1960 the production of those two categories was 2,656 million pounds. To this figure must be added 1 billion pounds of frozen fruit concentrates, principally citrus, and more than three-quarters of a billion pounds of prepared or precooked frozen foods which have proved to be such a boon to the busy housewife.

The 1960 figure of 1 billion pounds of frozen fruit concentrates may be compared with the production of 2 million pounds of those items in 1946. Production of frozen cooked potatoes, an increasingly popular item, rose from 71 million pounds in 1953 to 551 million pounds 6 years later, in 1960. This impressive development has been achieved in a political and economic climate relatively free from outside restraints and controls.

An industry with such a record of progress does not deserve to be shackled by Government restrictions created in an attempt to solve the national farm problem—an attempt which we consider to be misguided as it is reflected in title I of H.R. 6400. The regulations contemplated, which penalize processors for the supposed benefit of growers, are uneconomic, impracticable, and foreign to traditional American concepts of government.

As a grower in the Florida citrus industry we have found out things are economically unsound for our processing industry, and which are, therefore, secondly, impossible and basically unsound for the producers themselves.

If the frozen food industry had been subjected to the outside restraints of grower groups and the Department of Agriculture it could not, we are firmly convinced, have reached its present sound and constantly expanding stage of development. The fundamentally important fact cannot be overlooked that the unnecessary and impractical controls proposed for the frozen food industry will inevitably affect adversely the interests of the public which purchases the industry's products. The curtailment of growth and opportunities for expansion inherent in the operation of H.R. 6400 will result in diminished incentive for competition and for improvement of frozen foods to meet rising consumer standards of quality. The artificial limitations on supply of raw materials will carry with it artificiality of prices.

We do not appear here in any spirit of animosity toward the producers of agricultural commodities. We are dependent upon them for our supplies and want them to receive fair prices and fair treatment. As we have in prior years pointed out in testimony before this committee, most crops for freezing are grown under contract with the freezer, entered into in advance of the planting season, thus assuring the contracting grower of a market for his product. This factor alone places the grower of crops for freezing in a category separate from that occupied by crops for the fresh market.

It is not difficult to explain why frozen food processors have always objected to the inclusion in the present "Agricultural Marketing Agreement Act" of marketing orders for processing crops.

1. The extension, as provided by the bill, of present statutory methods of control of raw fruits and vegetables to commodities intended for processing means this: If two-thirds of the growers of a particular vegetable want a marketing order promulgated to institute such controls, the Secretary of Agriculture may impose the order upon the freezers of that vegetable regardless of their desires in the matter. This is the effect of the present act and of the act as amended by H.R. 6400.

2. The order would be administered by a committee or agency appointed by the Secretary of Agriculture, under statutory authority which makes no provision for processor representation (sec. 8c(7) (C) of the present act).

There is one exception: In the case of grapefruit for freezing the consent of 50 percent of the growers is required and provision is made for one or more processor members on the committee or agency administering the order.

Yet the entire expense of administration of the order would be paid for by "handlers," a term which includes processors, under the present act (sec. 10b(2)) and under the act as amended by H.R. 6400. The only exception would be that when allotments for growers are made in an order under section 8g as added to the present act by H.R. 6400, such growers would be required to share in the expenses. It should be noted that, under section 8c(7) of the Agricultural Marketing Agreement Act, as amended by the bill, advertising programs could, for the first time, be paid for out of assessments for administrative expenses. Thus, freezers could be faced with the necessity of paying for programs advertising fresh commodities with which their frozen products compete. In addition, under the present act and under H.R. 6400 criminal penalties for violation of provisions of a marketing order are applicable only to handlers or processors (sec. 8c(14) of the present act).

3. Freezing crops, but not their products, would be subject to the marketing order authority under the present act (sec. 8c(2) as amended by H.R. 6400. The fact, however, that the restraint of the marketing order runs, not to be frozen product, but only to the raw material, does not mean that effective control is not exercised over the freezer. The restraint of purchases of commodities by the processor, which is a prime objective of the marketing order, would obviously constitute a fully effective limitation upon the production of the processed food. For a commodity which cannot be bought by the freezer cannot be processed. Thus, the mainspring of the freezer's business is placed fully under the control of the Government and of the grower committees, I shall consider the adverse economic effects of such an order when I deal with the producer and handler allotment provisions of new section 8f of the present act, as added by H.R. 6400.

BASIC NEW PROVISIONS OF H.R. 6400—EXTENSION OF MARKETING ORDER
AUTHORITY TO ALL AGRICULTURAL COMMODITIES

The control authority now proposed in H.R. 6400 outstrips any which has heretofore been planned for application to this industry. The present Agricultural Marketing Agreement Act (despite the word agreement in its name, under this act orders may be imposed

without the agreement of processors) does not apply to commodities for processing (with the exception of olives, asparagus, and grapefruit). Under existing act orders must be limited in their application to the smallest regional production or marketing areas consistent with carrying out the declared policy of the act (sec. 8c(2)) to extend marketing order coverage to "any agricultural commodity * * * not subject to orders" under present law, thus including all crops for freezing or other processing (subtitle B, section 111(4) of the bill). Furthermore, it would amend the existing statute to authorize provisions in marketing orders applicable "to any or all production or marketing areas of any commodity." This is a complete departure from the basic policy of the present act of restricting orders to local production or marketing areas. It would permit a single order for California and Arkansas strawberries or for Idaho and Florida potatoes.

PRODUCER AND HANDLER ALLOTMENTS

Next, the bill would add a new section 8f to the present statute to authorize provisions in marketing orders—

alloting or providing methods for alloting the amount of such commodity or product or any grade, size, or quality thereof, which each producer may be permitted to market or dispose of in any or all markets or use classifications * * *

When allotments for producers are established by a marketing order, allotments would also be authorized for handlers—

so that any and all handlers will be limited as to each producer to the quantity allotted to each producer * * *

The term "handler," as I have noted, includes freezers and other processors. The exact extent of this grant of authority over what processors may buy and from whom they may buy, is not clear, but it is abundantly clear that it opens wide the door to Government and grower control of their business.

The basis for determining individual produce allotments under new section 8f is the amount of a commodity produced or marketed by the producer in such prior period as the Secretary determines to be representative, or the quantities of the commodity currently available for marketing by the producer, or both. Thus, the Secretary would be empowered to determine the supply of each commodity available for processing from each producer and the quantity which each processor could purchase from each producer. The amount of each grade, size, or quality which the processor could obtain from a producer could be determined by the Secretary based on the markets in which the commodity is purchased for the uses to which it is to be put by the processor. The processor would be responsible, subject to criminal penalties, for purchasing amounts, not in excess of his allotment, of fixed grades, sizes, or quality of a commodity, and could only purchase the commodity in specified markets and for a specified use, as determined by the Secretary in the marketing order.

This is a direct control of the processor's business. Even if the economic interests of those affected required some regulation of the processing of frozen foods, as we submit they do not, we seriously question the competence of the Secretary of Agriculture to make the business decisions involved in determining the amounts, sizes, grades,

and quality of the commodities for freezing required by processors. In fact, we are certain that neither he nor the growers who will advise and assist him and control the machinery for administering marketing orders possess such competence. Even were the Secretary and the growers equipped to make such decisions, we would protest their interference with the processing business in the manner proposed, as unjustified and contrary to the basic economic principles upon which the frozen food industry has built so well.

I want to emphasize the effect of the contemplated controls upon the growth factor which is such a prominent feature of the frozen food industry, as indicated by the production figures which I have quoted. The historical basis which the bill would establish as determinative of quotas would inevitably operate as a deterrent to the founding of new businesses and the expansion of present business units. The Secretary and the grower committees would be the arbiters of whether a new business was desirable. The same would be true with respect to expansion of existing businesses. Certainly this would amount to an effective stifling of the competitive urge and an abrupt departure from the conditions which have made for industry growth and improvement of its products. The allotment feature of the bill would constitute a positive notice to entrepreneurs that, even if they could obtain a place for themselves in the frozen food industry, they would be subject, in vital business functions, to the dictates of Government regulation. The hazard inherent in dependence upon administrative decision for commodity supply would be discouraging to the most venturesome of investment capital.

"NATIONAL" MARKETING ORDERS

In addition to the provisions which I have discussed, subtitle B of title I of the bill would add yet another danger to the processing business. It adds to the present statute a new section 8g, authorizing the establishment of national marketing orders for all commodities for processing in major production or marketing areas. Orders issued under section 8c of the present act, including those fixing the allotments authorized under H.R. 6400, which I have mentioned, are subject to certain minimum procedural safeguards including notice and hearing and findings by the Secretary of Agriculture based upon the evidence introduced at the hearing (sec. 8c (3) and (4)). New section 8g as proposed in the bill would eliminate these procedural provisions and would provide only an opportunity for interested parties to comment upon the proposed order. No hearing would be required. Consent of two-thirds of affected producers would be necessary but processors would not be consulted. The determination of the content of the order would be solely in the hands of the Secretary of Agriculture. This includes, as the bill specifically provides, a determination of the areas constituting major production or marketing areas to be covered by the order.

The provisions of a national marketing order would be those authorized by the present act and would have the debilitating effect upon the business of processors to which I have already referred.

MARKETING QUOTAS—PRICE STABILIZATION

Subtitle C of title I (sec. 121) provides for national marketing quotas, and subtitle D provides for price supports, to achieve artificial price stabilization, which apply to all agricultural commodities, including commodities destined for processing. The quota, stabilization, and marketing order programs are directly interrelated.

Under subtitle C, quotas for each commodity would be apportioned by the Secretary among the States on the basis of past marketings or production of such commodity during a period of not more than 10 years. The quota for each State would be apportioned among the farms of the State on which the commodity has been produced in any year during a period of not more than 5 years. The basis for a farm quota would be past marketings or production of the commodity; the quotas or allotments previously established for the farm; certain additional factors specifically named in the bill; and "other relevant factors" to be determined by the Secretary. In the alternative, the Secretary may apportion State quotas among the several counties of the State and divide the county quota among the farms of the county.

Not more than 5 percent of the national quota for a commodity may be apportioned among farms for which marketing quotas have not been established. A State marketing quota for any commodity may be converted by the Secretary into State and individual farm acreage allotments, and the same conversion and allocation may be made of the amount reserved from the national marketing quota for apportionment among those farms for which marketing quotas were not established (that is, 5 percent of the national quota). Presumably the reserved portion of the quota could be used to permit the establishment of new units of farm production. It is by no means clear, in any event, whether the percentage reserved would be sufficient for that purpose or to what other uses it could be put.

In the case of some commodities it is evident that the establishment of acreage allotments and a fixed reserve is entirely unrealistic. Citrus trees, for example, take from 10 to 15 years to develop full production and in the first 4 to 6 years there is no production at all. The position of a commodity of this kind in the regulatory scheme would be uncertain and hazardous in the extreme.

In any event in these provisions for marketing quotas and price supports we find again a control of the source, amount and price of commodities available for processing, a regulatory device which we oppose for the basic reasons which I have stated in my discussion of marketing orders and allotments.

"SAFEGUARDS" PROVIDED UNDER H.R. 6400

Any order applicable to all production or marketing areas of any commodity, including any "national" marketing order under new section 8g; any order providing for producer or processor allotments; any national marketing quota program; and any price stabilization operation, may be issued or prescribed only (1) after consultation with the National Farmer Advisory Committee for the commodity affected, which would be established pursuant to subtitle A of title I, (2) after approval by the President, and (3) after either House of

Congress fails to veto the order, marketing quota, or stabilization operation, within 60 days after the President shall have transmitted to the Congress a "statement" describing the basic features of such order, quota, or operation, as provided under subtitle E of H.R. 6400.

The formal requirement of consultation with the National Farmer Advisory Committee places no duty upon the Secretary or his delegate to heed the advice of the committee. This hardly constitutes a convincing safeguard. Moreover, the Secretary has effective control of the election of nominees to the committee and will appoint members. From the processor's standpoint it represents no safeguard at all, since the membership of the committee would include no processor representative.

The fact that the President must approve national marketing orders, those containing provisions for allotments and national marketing quotas and price support programs does not lessen the concern which I have expressed. Aside from the unsoundness of the controls themselves as they affect processors, it is evident that the head of Government can have no adequate knowledge of the effect upon individual processors or even upon an entire industry, of the kind of regulation contemplated. Thus, large numbers of individual growers, processors, and other handlers may be covered by a generally applicable marketing order providing allotments for a single product such as peas, potatoes, or strawberries. The product may, for example, be used by handlers and processors in the fresh fruit and vegetable industry, the frozen food industry, the canning industry, and the preserving industry. The President cannot be adequately informed to make a sound judgment in the numerous matters of great scope and detail which would be involved. He is too busy. In practice, it is evident that the final decision as to the individual allotments or quotas of growers and processors must be made by the Secretary and the committees or agencies of growers established pursuant to the marketing order. It must be recognized, therefore, that control of the processors' businesses will be in the hands of the Department of Agriculture and, more immediately, in those of the grower administrative committees, not of the President. This will in fact be the case whether or not he makes a formal delegation of approval authority to the Secretary.

In our opinion the right of veto which would be extended to Congress by the bill is, in reality, little more than a gesture to this legislative body, which, by enactment of the bill, would delegate its legislative function over the vast food producing and processing industries of this country to the Secretary of Agriculture and to his appointees in the grower segments of those industries. The Congress is entirely unequipped to explore the manifold aspects and effects of the many orders which may be anticipated under the authority granted under H.R. 6400. In fact, there is no assurance that any order of the Secretary would ever be brought up for action in this body. Interesting enough, moreover, the bill does not provide that the orders of the Secretary will be submitted to Congress. It requires only the filing with Congress of "a statement describing the basic features" of a program which has been adopted by the Secretary. Thus, there is not even a requirement that all the facts of a particular program be officially placed before the legislative authority.

In conclusion, these are our views of H.R. 6400, Mr. Chairman. We earnestly hope that they will be carefully taken into account and that economic regulation will not be imposed upon the food processing industry, just as you have refused to impose such regulation each time it has been proposed in the past. We ask that the bill be amended to exclude from marketing orders, allotments, quotas, and price support programs, agricultural commodities for processing—specifically those for freezing and canning. The amendments proposed in the statement of the National Canners Association will accomplish this purpose. Their adoption by the Congress will, in our considered view, avoid the doing of a disservice not only to all segments of the food-producing and processing industries but also to the public which must use their products.

The CHAIRMAN. Thank you very much, Mr. Wright.

Mr. WRIGHT. Thank you.

Mr. GRANT. I would like to ask these gentlemen a question; that is, Are Coca-Cola and Minute Maid mixing pretty well?

Mr. WRIGHT. Delightfully, sir. [Laughter.]

The CHAIRMAN. Very good.

Our next witness is Mr. Bob Casper, vice president of the National Farmers' Organization. We shall be glad to hear you now, Mr. Casper.

STATEMENT OF ROBERT L. CASPER, VICE PRESIDENT, NATIONAL FARMERS' ORGANIZATION

Mr. CASPER. Thank you, Mr. Chairman and members of the committee.

We appreciate this opportunity to present the National Farmers' Organization views on general farm program legislation. We understand that this particular hearing is to be confined primarily to title 1 of H.R. 6400 and related matters.

The National Farmers' Organization is concentrating its organizational efforts in Idaho, Kansas, Nebraska, South Dakota, Minnesota, Iowa, Missouri, Kentucky, Illinois, Wisconsin, Michigan, Indiana, and Ohio. We are a general farm organization, a legal cooperative bargaining association under the authority of the Capper-Volstead Act. We have no business enterprises, we are nonpartisan and only producers of agricultural products can become members. Our membership fees are \$25 per year and farmers wishing to join sign a 3-year agreement under which by a two-thirds vote of producer members they retain the right to accept or reject marketing contracts.

We are offering a program of collective bargaining to the American farmers, pointing out the lack of ability of an individual farmer to price his products is perhaps the most fundamental weakness of our agriculture system. As long as farmers go to market and say, "What will you give me?", there will be a farm problem as there would be a problem of any business who tried to price their products in this manner.

There are four major causes of farm distress. One is lack of bargaining power. By this we mean the inability to obtain a fair price even though the supply and demand are in some reasonable balance. The NFO has just recently completed a holding action. By this we

mean that we asked farmers of the Midwest to hold their hogs, cattle, and sheep from market for a few days. Thousands of farmers participated in counting livestock at markets, both local and terminal, on a 24-hour basis during this period. As a result of our observations of the marketing system during this period, we will state flatly to this committee that we are convinced that our present livestock marketing system is completely controlled and the supply and demand factor that we normally think of as being an essential element of a free competitive market no longer exists. We do not expect this committee to take our word for this, and therefore, we would like, with your permission, to enter into the hearings at this point a transcript of the hearings before Subcommittee No. 5 of the Select Committee on Small Business, House of Representatives, 86th Congress, 1st session, pursuant to House Resolution 51—a resolution creating a select committee to conduct a study and investigation of the problems of small business. This particular set of hearings was held in Denver, Colo., November 11-17, 1959, by this committee chaired by Mr. James Roosevelt, composed of Representative Tom Steed, of Oklahoma, Charles H. Brown, of Missouri, R. J. Moore, Jr., of West Virginia, William H. Avery, of Kansas. Of particular interest to us was the testimony of various livestock marketing interests ranging from farmers, ranchers, president of stockyards at Denver, and various packers and representatives of chainstores regarding livestock pricing and livestock movements in the Denver area.

I would like just to refer a moment to this and give you an inkling of what this type of hearing contained. The National Tea Co., for instance, is able to slaughter 1,500 head a week from their own lots. And they named two or three others.

And they summarized it by saying that—

There are seven or eight other giant feeders in Colorado, including the American Stores in Pueblo, and there are many contracts-type of feeding arrangements between packers and chainstores and large feeding operations now going on also. Now, together it has been estimated they are feeding more than half of the annual total Denver slaughter of some 750,000 head.

I would comment, also here that in the testimony Mr. Pexton, who is chairman of the board of the Denver Stockyards Co., he points out how the packers use direct buying to set terminal market prices, and he said, referring to the packers:

But I say that under the present Packers and Stockyards Act, the effect of that—now, they went beyond Denver, they did not buy in their local territory but they went on north, beyond Denver to points where we have been getting fat cattle from two growers who had been customers of ours, and they bought those cattle and they knew both their yield, their quality, and the way they would grade. They picked out the best cattle up there. They purchased those at home, paying sufficient amounts to get them—it might be only a nickel or a dime more. But it has always worked out that way, both in the case of cattle and sheep. They intercept the choice cattle or the best cattle in the country, and permit the mediocre livestock to come to market to set the basis for, again, the purchase of choice cattle in the country.

These statements were taken under oath. We believe that anyone reading the transcripts of these hearings would be convinced beyond any reasonable doubt that a free competitive market on livestock does not exist, that packers and chainstores, by operating their own feedlots and through the operations of their direct buying systems, are in a position to, and do exercise control over the pricing at our

terminal markets. We would like to refer members of this committee to the Department of Justice which has compiled records for many years on certain matters. These investigations will show terminal markets where each packer's share of the livestock sold at that market will not vary as much as 1 percent year after year.

We believe it is obvious that an individual farmer, no matter what the size of his operation is almost helpless when confronted with this mass bargaining power of modern industry.

The second major cause of farm distress is the inability to control supply. There are commodities and even at times the total production of our agricultural plant will have surpluses over normal market-needs. The percentage involved is usually small, seldom over 8 percent. When such situations occur, farmers must have means of adjusting supply to demand just as any other business. We do not look upon this as a curtailment of freedom, but failure to adjust supply and demand seems to us, to show lack of responsibility.

A third major cause of farm distress is the few tools for developing new markets. No one in the entire industry is in a position to take losses, for instance, that must be incurred in developing new markets, either at home or abroad. We often have inadequate promotion of our products and there are many other tools that other segments of industry use effectively that agriculture simply does not possess.

A fourth factor of great importance in our estimation has been the lack of interest of farmers in farm programs in recent years. In the first years of our farm programs, the best farmers in all communities took an active interest, because they felt they had a hand in policy-making and in control of their programs. In recent years this has not been true, and as a result, the programs have become identified more as Government programs rather than farm programs.

We support H.R. 6400 because we feel it provides the tools which will enable farmers to meet whatever problems they may be faced with. There are two main objections that could be raised and are being raised against this bill. One is the method by which some people say Congress is being bypassed. We would like to point out that many years ago Congress provided to industry our corporate legal structure. It is this corporate legal structure that has not only helped make America great, but it has also raised the problem of control of our markets by chainstores and packers and processors of various kinds. Congress did not seek to lay out a program for American industry each year, but they have given them the tools to solve their own problems and have set up various agencies to see that the power granted them was not abused. I would like to point out that our corporate laws are not subject to veto power by Congress and the limitations on size, pricing and profits are very few. Congress, likewise, gave to labor tools equivalent to that given industry, and while Congress does maintain some restraining influence, they do not, except in time of emergencies, seriously challenge the rights of unions, for instance, to get whatever wages they are able to obtain. And, again, this power is not subject to congressional veto, nor is it something that Congress concerns itself with annually.

We believe that H.R. 6400 is providing no more for farmers than Congress has already provided to labor and industry. In fact there are limitations that are not present in either corporate or labor leg-

isolation. We do not object to the limitations within the bill, however, because there are other areas in the bill in which the Government will do things and provide services to farmers that go beyond those provided to these other groups.

We would like to point out one thing further for those friends of agriculture, and that is that we are going to lose a number of Congressmen after the redistricting of 1962 and it will be much more difficult to get farm legislation through Congress in the future than in the past due primarily to the increased number of Congressmen who will have little understanding of agricultural problems. With this in mind it seems very important to the NFO that the approach to farm legislation involved in this bill be adopted.

The other objection that is being raised is in the manner of selection of advisory committees. We doubt that any plan proposed by anyone, including our own, if we would promote one, would be satisfactory to anyone but ourselves. The important thing in our estimation is that it does provide for farm advisory committees, something that we have not had in the past, nor do we have now.

The NFO is in a rather unique position. We criticized Mr. Eisenhower rather severely for appointing farm advisory committees on which few farmers were serving. We also criticized Mr. Kennedy very extensively in the Midwest for his selection of advisory committees with similar backgrounds. We believe one of the major causes of our farm problem, is the fact that so few farmers have ever been involved in policymaking, and while in the future if this bill passes, we may be unhappy with the way some committees are selected, we are confident that having farmers on these committees, whoever they may be, will be preferable to having no farmers at all. We have great confidence in the American farmers. They are rather conservative individuals. We believe if given the responsibility, they will write a tougher, more realistic program for themselves than Congress has ever been able to write for them, and that they will support it better. We believe that any program that passes by two-thirds vote of the farmers involved will be a sound program. Nor are we concerned with the 60-day limitation placed upon Congress, for we believe that Congress will fulfill its duties in the future as it has in the past in a responsible manner. If we could not believe this, we could hardly believe in democracy itself.

Congress has provided the tools by which giant processors and chainstores can now control markets. One of these tools is the right of control of policy and total assets of a company by a majority of stockholders. Congress has provided the tools which has enabled labor unions to bargain on an equal basis with these giant companies—one of the important tools here is control of union policy by majority vote. We believe H.R. 6400 provides farmers with the same tools already granted these other segments. The bill no more destroys freedom for farmers than corporate and labor laws destroy stockholders' and union members' freedom.

In our opinion our corporate and labor laws have provided an industrial economy that is an example to the world and is one of our strongest bastions against communism. If H.R. 6400 is passed and farmers shoulder the responsibility under this and existing legislation,

we believe agriculture can duplicate the economic well-being and living standards attained by these other groups.

We thank you.

The CHAIRMAN. Thank you very much, Mr. Casper.

Mr. CASPER. Thank you.

The CHAIRMAN. Our next witness is Mr. Walter Goeppinger, president of the National Corn Growers Association. We will be glad to hear you now.

STATEMENT OF WALTER GOEPPINGER, PRESIDENT OF THE NATIONAL CORN GROWERS ASSOCIATION

Mr. GOEPPINGER. Mr. Chairman and gentlemen, thank you for the opportunity of allowing me to appear here. I have no prepared statement.

My name is Walter Goeppinger and I am president of the National Corn Growers Association. Basically I am here to give you our unqualified support of this bill known as the omnibus farm bill H.R. 6400.

We feel this is one of the most important pieces of legislation of our lifetime; that the opportunities are great here for the Nation to solve the problems of agriculture within the scope of this enabling legislation and that the objections to it are basically fringe objections.

The main factor is that this gives agriculture opportunities to balance production with consumption within reasonable rules and regulations as provided for by the bill.

Congress is not subverted; the grower is not subverted; the processor, basically is not subverted; the consumer is not subverted. And the taxpayer is, certainly, aided in this program.

It is our belief that the opportunity to bring agriculture up to the level where it belongs as of today when agricultural income is at about one-half of that of the urban population income, and one-half, a great portion of it, I should say about one-third is from nonagricultural sources, as you gentlemen well know. The mothers are working in hospitals and other places, the sons have jobs at the grocery stores or the daughters may be working as secretaries in town.

We believe that the prosperity of the United States depends upon a prosperous agriculture and without it we will have continuous problems.

The opportunity to solve these for agriculture, we believe, are well thought out in this proposition. It is a decision that we know is other people who have worked on this a long period of time and this is the kind of legislation that can work and do what is needed here in the realm of agriculture.

It provides for the protection of the family farm.

You people from the agricultural areas know the importance of this. Every farm represents a little factory and when a farmer moves out you have shut that factory down and you have lost a customer at the grocery store, the shoestore, the drugstore, in the farm community.

The importance of maintaining the family farm is paramount. We believe this bill will provide for the protection of the family farm and will result in greater prosperity, not only in the farm communities, but in the urban centers that serve the farm communities.

As I said before, I am the president of the National Corn Growers Association, an association representing the largest grain crop both in volume and in value in the United States. The value runs close to \$5 billion and puts about \$5 billion in the pockets of the farmers of the country every year. And we believe this commodity can be operated within the sphere of this law in such a way that it will bring production and consumption into balance and give an adequate price which will leave the consumer with prices at approximately the present levels and give to the consumer an assured supply of food and give to the farmer an assured income, higher than at the present time and within reason and with assurance to the taxpayer that a continuation of the ludicrous buildup of stocks, grain will not continue.

Thank you very much for allowing me to appear here before you.

The CHAIRMAN. We thank you very much for your appearance. The Chair recognizes Mr. Matthews.

Mr. MATTHEWS. How many members are there in your associates?

Mr. GOEPPINGER. This association does not state its total membership, but I might tell you that we have members in Ohio, Indiana, Illinois, Iowa, Nebraska, the Dakotas, Minnesota. We have a permanent office with an executive secretary, a fieldman and two women on the staff.

The CHAIRMAN. The Chair recognizes Mr. McIntire.

Mr. MCINTIRE. When did your organization come into being?

Mr. GOEPPINGER. Four years ago.

Mr. MCINTIRE. Thank you.

The CHAIRMAN. The Chair recognizes Mr. Latta.

Mr. LATTA. Did you say that you have members in Ohio?

Mr. GOEPPINGER. Yes.

Mr. LATTA. Do you know how many there are in Ohio?

Mr. GOEPPINGER. Not as of this moment, no.

Mr. LATTA. Do you know approximately how many members?

Mr. GOEPPINGER. I would have to check with our executive secretary to tell you.

Mr. LATTA. Did you poll your membership to find out what their feeling was?

Mr. GOEPPINGER. Yes. We have had our directors polled on this.

Mr. LATTA. Just the directors and not the members?

Mr. GOEPPINGER. That is right.

Mr. LATTA. Do you know just how the members are informed?

Mr. GOEPPINGER. They are kept informed with a monthly bulletin. We have had absolutely no objection whatsoever, but we have had ample support from our membership for the program, the omnibus farm bill.

Mr. LATTA. Thank you.

The CHAIRMAN. Thank you very much, Mr. Goepfinger.

Mr. GOEPPINGER. Thank you.

The CHAIRMAN. Our next witness is Mr. Carl H. Wilken. We will be glad to hear you now.

STATEMENT OF CARL H. WILKEN, WASHINGTON, D.C.

Mr. WILKEN. Mr. Chairman and members, 2 years ago I helped incorporate the National Foundation for Economic Stability and we have made a complete study of the economy not only of agriculture but all of the phases and I am prepared to give any member of the committee, as a whole or a subcommittee, the benefit of that study.

I have just set out these six points in this paper that I wanted to discuss with you.

As you know, the records of this committee will prove that I have continuously pointed out to this committee that it was impossible to have a fully operating economy on an earned basis unless the farm price of farm products was at parity with wages and salaries.

Secondly, you know that I have continuously pointed out to this committee that if agriculture is to have a price that keeps it in balance, which is not only protection for agriculture but for every jobholder in every industry in the United States, it is going to take a minimum of ninety percent price supports on the nonbasic products today.

I know what this committee faces. You are facing a public that has been led to believe that agriculture has been overpaid because of the price system. The record shows clearly that 1950 through 1960, a period of 10 years, agriculture has been underpaid \$158 billion.

The CHAIRMAN. Did you say \$158 billion?

Mr. WILKEN. \$158 billion. This underpayment has moved up from \$2 billion in 1951 to \$28 billion in 1960. And we have gone into debt to offset the loss of income due to that low farm price, and this is proved by the fact that since 1950 we have had to mortgage future income, public and private, at the rate of \$48 billion a year.

This thing is serious. And in 1961, without any increase in gross farm income, it will take \$75 billion of borrowed money to buy the output of our economy at a rate of 95 percent operation. That is an awful lot of money.

I want to leave with you this thought on this, Mr. Chairman, that it is an absolute must for us to restore the income of agriculture. If we do not, we will duplicate what happened to us in 1929 to 1933.

The CHAIRMAN. Thank you very much, Mr. Wilken.

The committee stands adjourned until 10 o'clock Tuesday morning.

(Whereupon, at 12:15 p.m. the committee adjourned to reconvene at 10 a.m. Tuesday, May 9, 1961.)

