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HEARINGS

BEFORE THE

SUBCOMMITTEE ON WHEAT

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH CONGRESS

FIRST SESSION

ON

H.R. 6540, H.R. 6541, H.R. 6542, H.R. 6543, H.R. 6544, H.R. 6545,
 H.R. 6546, H.R. 6547, H.R. 6548, H.R. 6549, H.R. 6550, H.R. 6551,
 H.R. 6552, H.R. 6553, H.R. 6554, H.R. 6555, H.R. 6556, H.R. 6557,
 H.R. 6558, H.R. 6559, H.R. 6560, H.R. 6561, H.R. 6562, H.R. 6563,
 H.R. 6564, H.R. 6565, H.R. 6617, H.R. 6661, H.R. 6825, H.R. 6848,
 H.R. 6869, H.R. 6994, H.R. 6999, H.R. 7001, H.R. 7027, H.R. 7035,
 H.R. 7121, H.R. 7483, and H.R. 7633

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WHEAT

MONDAY, JULY 22, 1963

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

The subcommittee met, pursuant to notice, at 10 a.m., in room 1310, Longworth House Office Building, Hon. Graham Purcell (subcommittee chairman) presiding.

Present: Representatives Purcell, Jones of Missouri, Stubblefield, Harding, Olson, Matsunaga, Belcher, Latta, Dole, and Findley.

Also present: Representatives Poage, Quie, and Smith of Iowa; Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimburger, general counsel; Robert C. Bruce, assistant counsel; and Francis M. LeMay, staff consultant.

(The texts of the various bills being considered by the subcommittee appear in the appendix.)

Mr. PURCELL. The committee will come to order, ladies and gentlemen.

As the members of the committee I believe know, we have meetings scheduled for today and tomorrow. Due to the funeral of our former colleague from North Dakota, Mr. Nygaard, certain of our colleagues cannot be here today and we will set up another day for a third meeting in this series of hearings. Those interested particularly in what is referred to as the Quie-Dole-Short bill will be heard on Friday. If Friday is inconvenient to all the members we will try to accommodate them, but a meeting is scheduled for Friday as well as today and tomorrow.

This morning we are honored to have as our first witness in regard to legislation on wheat the Senator from South Dakota, Mr. George McGovern. We are anxious to hear from you, Senator, and appreciate your coming before us today. We will be glad to hear whatever statement and comment you have to make.

STATEMENT OF HON. GEORGE McGOVERN, U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA, ACCOMPANIED BY DR. WALTER W. WILCOX, SENIOR SPECIALIST IN AGRICULTURE, LIBRARY OF CONGRESS

Senator McGOVERN. Thank you, Mr. Chairman.

I want to say first of all that I had the pleasure of serving as a member of the House Committee on Agriculture for 2 years. I look back on it with great satisfaction and a feeling of pleasure. I never came to a meeting of this committee without learning something about the problems of agriculture and I am sure this morning will be no exception to that.

Since the wheat referendum, Mr. Chairman, I have been concerned, as I know other Members of the Congress have, about the prospect of low wheat prices, runaway production, and impaired farm income in 1964 and subsequent years.

If there is a way of avoiding a "bust" in 1964, I think it is in the national interest to find it.

Modification of the wheat program in the Food and Agriculture Act of 1962 to eliminate the compulsory feature, which, as I understand it, was the chief target of opposition in the May referendum, was suggested to me.

I requested Dr. Walter W. Wilcox, agricultural specialist of the Library of Congress, to study this voluntary suggestion and give me a report. He prepared such a report under the date of June 10, and a supplemental set of cost comparisons between the wheat program resulting from the May referendum and the proposed voluntary certificate plan. Mr. Chairman, I ask unanimous consent to place those two reports in the subcommittee's hearing record.

Mr. PURCELL. Without objection, it is so ordered.

(The documents referred to follow:)

MEMORANDUM PREPARED AT THE REQUEST OF SENATOR GEORGE MCGOVERN BY DR. WALTER W. WILCOX ON ECONOMIC ASPECTS OF A VOLUNTARY WHEAT CERTIFICATE PLAN

The wheat certificate program, authorized under subtitles B and D of Public Law 87-703, the Food and Agriculture Act of 1962, could be changed into a voluntary program by eliminating section 332 and related language in other sections which authorizes national marketing quotas. In place of the marketing quota requirements, wheat producers, to be eligible for certificates on their pro rata share of the wheat used for food and export, might be required to comply with the wheat acreage allotment and conservation reserve requirement set for the farm by the Secretary of Agriculture. The conservation reserve requirement under such arrangements would include the minimum acreage diversion from feed grains under the freed grain program, as well as a minimum wheat acreage diversion. Wheat producers who voluntarily complied with the wheat and feed grain diversion programs would be eligible to receive wheat marketing certificates. Wheat producers who overplanted their wheat allotments or failed to divert the minimum feed grain acreages specified would be ineligible to receive the wheat marketing certificates or price support loans. However, under a voluntary wheat certificate program no penalty would be imposed. Ineligibility for wheat certificates worth 70 cents per bushel on approximately 75 percent of a producer's marketings in recent years and ineligibility for wheat and feed grain price support loans, would be sufficient penalty to assure a high degree of voluntary participation.

A wheat producer with a 200-acre wheat allotment and a 100-acre feed grain base in 1963, under a voluntary program for 1964, might have approximately the following alternatives:

VOLUNTARY COOPERATION WITH WHEAT CERTIFICATE AND FEED GRAIN PROGRAMS

160 acres of wheat at 20 bushels per acre equals 3,200 bushels at \$1.25 per bushel.....	\$4,000
80 acres of grain sorghum at 20 hundredweight per acre equals 1,600 hundredweight at \$1.60 per hundredweight.....	2,560
60 acres conservation reserve (diversion payments).....	820
3,000 bushels wheat certificates at 70 cents per bushel equals.....	2,100
1,600 hundredweight grain sorghum price support payment at 15 cents per hundredweight.....	240
Total wheat, feed grain, and conservation reserve income.....	<u>9,720</u>

SAME FARM UNDER NONCOMPLIANCE

200 acres of wheat at 20 bushels per acre equals 4,000 bushels at \$1.25 per bushel.....	\$5, 000
100 acres of grain sorghum at 20 hundredweight per acre equals 2,000 hundredweight at \$1.60 per hundredweight.....	3, 200

Total income under noncompliance (production costs also would be higher because of cropping of 60 additional acres)..... 8, 000

With appropriate amendments a voluntary wheat certificate plan probably could be operated at no greater cost to the Government than the mandatory program provided for in Public Law 87-703.

It could be operated in such a manner as to provide for an orderly reduction to desirable levels in Commodity Credit Corporation wheat stocks.

A voluntary wheat certificate plan based on amendments to Public Law 87-703, as outlined above, would not hold farm income quite as high as a mandatory program (at any specified support level for wheat used for food and export), but it would hold farm income substantially higher than a voluntary wheat and feed grains acreage diversion program with wheat price supports based on the feeding value of wheat.

The Government cost of a voluntary wheat certificate plan, plus the cost of the 1964-65 voluntary feed grains program, also would be less than the Government cost of a combined voluntary wheat and feed grains acreage diversion program for these and later years.

Savings in Government cost achieved by a voluntary certificate plan for wheat, as compared with a voluntary acreage diversion program results from the collection of the face value of the wheat certificate from the wheat millers and exporters.

Cooperators in a voluntary wheat certificate plan do not improve market price for noncooperators.

A voluntary wheat certificate program would not be subject to the limitations of most voluntary production adjustment programs where the noncooperators benefit from the substantial market price enhancement resulting from the production adjustments of the cooperators. Instead, through the certificate arrangement, cooperators are permitted to get premium prices for their food wheat from the market system in return for their contribution to helping adjust the production of wheat and feed grains used primarily for livestock feed. Since the market price of wheat would be related to the market price of feed grains on a feeding value and location basis, the extra wheat produced by the noncooperators would affect wheat market prices only as it affected all feed grain prices.

SOME WHEAT CERTIFICATE INCOME WOULD BE AVAILABLE TO FINANCE FEED GRAIN ACREAGE DIVERSION PROGRAM

On the basis of the program announced by the Secretary of Agriculture, the 1964 wheat marketing allocation for food and export would have been 950 million bushels with the wheat certificates valued at 70 cents per bushel. A marketing allocation of this amount allowed for a 150-million bushel reduction in Commodity Credit Corporation stocks. On this basis wheat producers would have received marketing certificates worth \$665 million (950 times \$0.70). Flour millers, wheat processors, and exporters would have purchased these as they purchased wheat for domestic food utilization or for export.

Under a voluntary plan the same marketing allocation would be made and the same requirements would apply to wheat purchased by wheat processors and exporters. All such wheat would have to be accompanied by certificates. If, however, 20 percent of the wheat producers (on a volume basis) chose not to comply, \$133 million of the certificate funds collected from the wheat processors and exporters would not be paid out to the noncooperating wheat producers. These funds could be used to help finance the feed grain acreage diversion program.

Assuming producers having 10 million wheat allotment acres chose to stay out of a voluntary wheat certificate plan and overplant allotments by 30 percent, they would increase wheat plantings by 3 million acres and wheat production by 60 to 75 million bushels. The estimated \$133 million collected on wheat marketing certificates, not paid out to noncooperating wheat producers and available for feed grain acreage diversion payments, would be sufficient funds to induce

additional voluntary participation in the feed grain program, fully offsetting the extra wheat produced by the noncooperating wheat producers. This would be true even though only 70 or 75 percent of the wheat producers (on a wheat acreage basis) cooperated in a voluntary wheat certificate plan.

In summary, a voluntary wheat certificate plan would have the same administrative problems in handling the certificates as a mandatory program. It would have the same equity problems in allocating wheat acreage allotments and in the determination of normal yields as a basis for awarding wheat marketing certificates. Difficulties associated with the administration of penalties for overplanting wheat allotments, however, would be eliminated. Producers whose allotments did not fit their current farming operations could grow as much wheat as they desired and sell it at market prices based on its livestock feeding value. Their only penalty for overplanting would be the denial of wheat marketing certificates and price supporting loans for both wheat and feed grains. In this respect noncomplying wheat producers would be in the same position as non-complying feed grain producers.

The Secretary of Agriculture could provide for an orderly reduction in CCC wheat stocks when setting the annual wheat marketing allocation, by its sales policy and by a loan program for wheat (at about feed grain prices).

The cost to the Government of a voluntary wheat certificate plan would be approximately the same as for a mandatory program. The level of farm income would be slightly lower than for a mandatory program.

The level of farm income would be substantially higher, however, and the cost to the Government would be substantially lower than if wheat were added to the 1964-65 voluntary feed grains program with price supports for wheat based on its livestock feeding value.

MEMORANDUM PREPARED AT THE REQUEST OF SENATOR GEORGE MCGOVERN BY DR. WALTER W. WILCOX, SENIOR SPECIALIST IN AGRICULTURE, OF THE LIBRARY OF CONGRESS, ON COST COMPARISONS, 1964 WHEAT PROGRAM, UNDER "No" VOTE AGAINST VOLUNTARY CERTIFICATION PLAN

If no special acreage diversion programs are put into effect for the 1964 wheat crop, production is expected to exceed domestic food and export needs by about 300 million bushels. If 200 million bushels of this additional wheat is fed to livestock it will displace about the same amount of corn. Hence the net effect of producing 300 million extra bushels of wheat may be the addition to CCC stocks under price support loans of:

	<i>Millions</i>
100,000,000 bushels of 1964 wheat at \$1.25 per bushel-----	\$125
200,000,000 bushels of 1964 corn at \$1.07 per bushel-----	214
Government cost of acquisition of extra wheat and corn-----	339
Government cost of storage and handling for 5 years before disposal at 15 cents per bushel per year: 300,000,000 bushels at \$0.75-----	225
Total cost to Government of producing 300,000,000 bushels excess wheat in 1964 under "No" vote-----	564

Technicians have estimated that there may be higher participation and additional acreage diversion under the 1964 voluntary feed grain program as a consequence of the defeat of the wheat referendum. If increased participation and acreage diversion in the feed grain program reduced feed grain production by 200 million bushels at a payment-in-kind cost equivalent to \$1 per bushel (approximate cost of the 1963 program), Government costs of the wheat program in 1964 under the "No" vote would be:

	<i>Millions</i>
Cost of additional diversion of 200,000,000 bushels of feed grains-----	\$200
CCC acquisition of 100,000,000 bushels of wheat at \$1.25 per bushel-----	125
Government cost of storage and handling for 5 years before disposal at \$0.75 per bushel-----	75
Total Government cost with increased feed grain acreage diversion-----	400

In contrast to estimated Government costs of \$400 to \$600 million for increased feed grain acreage diversion or for acquiring and disposing of approximately 300 million bushels of excess wheat, direct Government costs of a vol-

untary wheat certificate plan, based on amendments to the Food and Agriculture Act of 1962, would not be expected to exceed \$100 to \$200 million.

If there was 80-percent voluntary participation, with the marketing allocation set at 950 million bushels (as announced by the Secretary prior to the referendum), producers would be eligible to receive 760 million bushels certificates having a face value of \$0.70 per bushel or \$532 million.

These certificates would accompany the 1964 wheat marketed by producers who were in voluntary compliance with the announced diversion and conservation reserve programs. After the certificates had passed into the hands of the first purchasers of the wheat, the Commodity Credit Corporation would stand ready to buy them at their face value of \$0.70 per bushel. If CCC purchased the entire 760 million, its investment in the certificates would be \$532 million. It would then offer them for sale to the domestic millers, food manufacturers, and exporters at the same face value. Domestic millers and food manufacturers would utilize about 500 million bushels of wheat and would be required to purchase an equal number of these certificates. Since the current export subsidy is about \$0.60 a bushel and the certificates have a face value of \$0.70 per bushel, the Government, on this basis, would receive a net of 10 cents a bushel on the certificates acquired by the exporters. The accounting for the certificates would be about as follows:

	<i>Millions</i>
Government cost of purchase of 760,000,000 certificates from grain trade.....	\$532
Less:	
Sales of 500,000,000 certificates to domestic millers and manufacturers.....	350
Net from sales of 600,000,000 certificates to exporters (face value \$0.70 less \$0.60 export subsidy).....	60
Total received by Government.....	410
Government cost of voluntary certificate plan for 1964.....	122

The Food and Agriculture Act of 1962 authorizes acreage diversion payments on the wheat acreage diverted to comply with the 1964 wheat acreage allotments. If acreage diversion payments were made a part of a voluntary wheat certificate plan, even though made as payments in kind, they would increase the net Government cost \$100 to \$200 million. Although acreage diversion payments would not be required for the success of a voluntary wheat certificate plan they would avoid an equivalent drop in wheat producers' incomes.

SUMMARY

A voluntary wheat certificate plan, similar to the one authorized in the Food and Agriculture Act of 1962 without acreage diversion payments, would result in Government savings of \$200 to \$400 million as compared with the Government's obligations under existing legislation, with wheat marketing quotas for 1964 disapproved by the producers. If diversion payments were added to a voluntary wheat certificate plan, the Government cost would be no higher and might be \$100 to \$200 million less than under existing legislation.

A voluntary wheat certificate plan for 1964 with the wheat certificates valued at 70 cents a bushel would not increase the cost of wheat to domestic millers as compared with current prices, and would increase the net cash income of wheat producers \$400 to \$500 million as compared with their prospective income, since 1964 wheat marketing quotas have been disapproved. If acreage diversion payments were made a part of a voluntary wheat certificate plan, wheat producers incomes would be held \$500 million or more higher than their prospective income under existing legislation or at about the level expected if marketing quotas were in effect.

Senator McGOVERN. Indications are that the voluntary certificate plan would increase farm income more and cost the Government less than any other proposed voluntary program.

It would protect feed grain markets from a great influx of wheat. It would make possible continued reduction of wheat stocks.

I asked Dr. Wilcox to check his findings with other agricultural economists. He tells me that several have agreed with his analysis.

I have asked a considerable number of wheat experts and organization leaders to give me the benefit of their reactions and thoughts. There has been agreement thus far with the above conclusions.

I do not profess to have secured everyone's views. I doubt very seriously if all of the farm groups will find merit in it, and I do not claim the voluntary wheat certificate plan is the one and only solution to the wheat problem.

I do think, Mr. Chairman, that this subcommittee will be an excellent judge of proposals that have been made on wheat and that you are doing a great service to hold hearings and study them all. You are discharging the legislative responsibility of our democracy in the best manner at a time when it will doubtless be difficult to secure congressional action on major farm legislation. I commend you for it.

I expect to propose the voluntary wheat certificate plan to the Senate because I am convinced it should be carefully considered. If you or the Senate committee finds something better, I shall rejoice and join in supporting it.

I am here to present the voluntary certificate plan and the supporting materials, but if I have any point to argue or to advocate, then it is the case for early action—action, if at all possible, in time to affect the 1964 wheat crop, and prevent a situation which will inflict a great hardship on hundreds of thousands of wheat producers and have serious effects throughout all of agriculture.

The analysts tell me that the voluntary wheat certificate plan will mean approximately three-fourths of a billion dollars in increased farm income and decreased Government costs combined.

If this is anywhere near correct and there is no better plan offered, we ought to pass it without delay. If there is some other plan proposed that is better, it should be enacted quickly.

The sums, and the number of people whose economic well-being is involved are too large to delay casually for a year because no one is beating on our doors for relief at the moment. As elected representatives of wheat areas—and I might say as elected representatives concerned with the public interest—we have a responsibility to foresee trouble and avoid it without waiting for an outcry from home after the economy has gone into a skid.

The prospective trouble in this instance may be more easily handled now than a year from now.

Bakers have already said that the prospective decline in the price of wheat resulting from the referendum is too small in relation to the total cost of bread to result in a price cut for bread.

The New York Times of Sunday, May 26—and this was an article attempting to analyze the impact of the wheat referendum on the economy—reported as follows:

The effect of the vote against farm controls on the consumer is easiest to gage, according to the baking and milling industry. The price of a loaf of bread will stay about the same. One official of a large New York City baking company said late last week:

"As long as the customer wants a fresh, wholesome loaf of bread produced by a decently paid bakery employee in an extremely competitive market, we will have to spend the money on preservative chemicals, vitamins, and other additives, packaging, salaries, and other things, of which flour is the least important factor."

But I am convinced that if we let the price of wheat fall in 1964 to \$1.25 a bushel, and then attempt to put it back up toward \$2 a bushel in 1965, we will be confronted with an increase in bread price and consumer resistance to a voluntary program resistance which is not now present, with the going price of wheat already around \$2 per bushel.

I am especially pleased that on the Senate side the voluntary wheat certificate proposal will apparently have bipartisan support, including a Senator or two who had previously joined in a proposed act to extend the current farm program—the 1963 program—for another 2 years.

The bill I propose makes the wheat program in the Food and Agriculture Act of 1962 voluntary simply by repealing the provisions of that act, and prior acts on which it was built so there will be no penalties on wheat producers for planting more wheat than the Secretary of Agriculture determines to be needed in a marketing year. In other words, it leaves the bill intact except to strike the penalty and mandatory features. It also repeals those sections of existing legislation which provide for withholding and storage of any excess wheat which might be produced.

If the penalty provisions for overplanting were eliminated from existing wheat legislation, wheat producers in 1964 and subsequent years could overplant their wheat acreage allotments without any penalties other than having to accept market prices for their wheat based on its livestock feeding value. But those who planted within their allotments and maintained corresponding conservation reserves would be eligible to receive pro rata shares of the national quota of wheat marketing certificates, which in 1964 would be valued at 70 cents a bushel. The economic advantage of planting within the wheat acreage allotments and receiving these certificates would be such as to assure substantially higher voluntary participation than in the present feed grains program—which has been successful, as the committee knows, in reducing surpluses.

Dr. Wilcox, in his study, found that a farmer with 160 wheat acres and 80 feed acres could realize \$1,520 per year more gross through compliance than noncompliance in an illustrative case he works out on page 2 of the study that I have submitted for the record.

Feed grain and livestock producers have a stake in enactment of a wheat corp adjustment bill. We all know that wheat prices will drop sharply and wheat producers' incomes will drop even more sharply if several hundred million extra bushels of wheat are produced next year, as now seems probable under the program resulting from the "no" victory in the referendum. Feed grains and livestock producers' prices and incomes also will be adversely affected by the extra wheat entering the livestock feed market. Dr. Wilcox estimates that the overproduction of wheat could displace 200 million bushels of corn in the feed market, thus forcing it into CCC stocks under loans. This would mean corn market prices under the announced \$1.10 corn support rate—and wheat market prices below the \$1.25 support rate.

Economic analyses of the voluntary certificate plan by the Legislative Reference Service and in the Department of Agriculture—and I want to make it clear, Mr. Chairman, that the Department of Agriculture has given no official position on this proposal—conclude that such a program, based on the Food and Agriculture Act of 1962

with the penalty provisions for overplanting wheat acreage allotments removed, would achieve the following positive goals:

First of all, it would permit farm income at a more favorable level than other voluntary programs. Wheat producers would have received 70 cents per bushel certificates on 950 million bushels of food and export wheat under the compulsory program, or \$665 million in 1964. They could, by voluntary action, get certificates up to this amount under this voluntary plan.

Secondly, the plan would permit an orderly reduction in Government stocks of wheat. The analysts believe 70 to 80 percent of producers, and production, would be in compliance to get the certificates.

Third, the plan would result in a reduction in Government costs.

And fourth, it would avoid an increase in the price of food since the cost of wheat for food use would remain stable.

The bill makes no changes in the way the national wheat marketing quota and the farm acreage allotments of wheat would be established when the supply of wheat is excessive.

It makes no change in the way the national marketing allocation of wheat would be established.

It makes no change in the authorized price support level of from 60 to 90 percent of parity.

It makes no change in the provision for small farm acreage allotments.

It makes no change in the wheat-feed grain acreage substitution provisions in the 1962 act.

It makes no change in the marketing certificate provisions of the Food and Agriculture Act of 1962 except to state that individual producers must comply with the wheat acreage allotments and conservation acreage requirements established for their farm in order to receive their pro rata share of the wheat marketing certificates.

This bill, by removing the Government-imposed penalties for overplanting wheat acreage allotments, eliminates the so-called loss of freedom issue which was a dominant factor in the recent referendum vote. Yet, the economic incentive for complying with wheat acreage allotment and conservation reserve requirements in order to be eligible to receive wheat marketing certificates is so great that the analysts assure us a very high proportion of the wheat producers will comply.

If no legislation is enacted in this session of Congress and no special acreage diversion programs are put into effect for the 1964 wheat crop, production is expected to exceed domestic food and export needs by several hundred million bushels.

Taking into account the acquisition cost, and cost of storage and handling for several years, of additional feed grains and perhaps some wheat acquired by the Commodity Credit Corporation because of the excess production of wheat in 1964, Government costs resulting directly from the excess wheat produced are estimated as high as \$500 million or more.

As compared with prospective Government costs for the 1964 crop of \$500 million or more under existing legislation, a voluntary wheat adjustment and price support program utilizing marketing certificates, as authorized in the Food and Agriculture Act of 1962, would hold wheat producers' incomes from wheat up to 50 percent higher, permit a greater reduction in total grain stocks and hold Government costs down.

As I have said, Government savings and increased farm income combined could run to \$750 million or more.

The results of a voluntary wheat program based on the certificate plan may be compared with anticipated results from two other voluntary programs which have been proposed.

The voluntary program authorized in S. 1617, introduced in the Senate on May 27, 1963, with Farm Bureau backing, and similar bills, would provide for wheat price supports at about livestock feeding value levels plus a massive Government-financed cropland retirement program estimated to cost up to \$2 billion a year. Its low support levels for both wheat and feed grains, its high cost, and the unfavorable experience with the soil bank program, make it an unattractive alternative.

The voluntary combined wheat and feed grain program authorized by H.R. 6546, introduced in the House of Representatives on May 23, 1963, by Representative Quie and others is superior to the Farm Bureau's proposal. It would provide minimum price supports at 65 percent of parity for wheat with acreage diversion payments equal to 50 percent of the value of the crop not produced. Analysts indicate, however, that such a program might not result in sufficient wheat acreage diversion to permit an orderly reduction in Government stocks. The Government cost of a program of this type also would be substantially higher than the Government cost of the current voluntary feed grains program. It also would be higher than the cost of a feed grains program combined with a voluntary wheat certificate program according to the economists.

As I have previously noted, unless some effective voluntary wheat adjustment program involving relatively low Government cost is developed and enacted, wheat producers will produce at least 200 or 300 million bushels of wheat in 1964 which will have no other market outlet than livestock feed and this extra wheat would depress feed grain prices.

With 75- to 80-percent participation in the voluntary wheat certificate program, the amount of wheat going into the feed market would be minimized. Additionally, money paid by processors and exporters for certificates to cover wheat produced by the noncompliers, but not earned by the producers, would go to the Government and could be used to finance further feed grain diversion to offset the effect of non-compliance wheat which does get into the feed markets—noncompliers would not receive certificates or price supports.

Despite the outcome of the May referendum on the compulsory wheat certificate plan, I do not feel that we can ignore the potentialities for improved farm income, Government savings, and reduction of stocks which a voluntary program offers. It would be very, very hard to justify making no effort to pass such legislation, even though there may be little present demand for a wheat bill from the country and the prospects for passing a bill are not bright. It would amount to turning our backs for a year on three quarters of a billion dollars of Government savings and increase farm income.

I know that it is the general opinion that no new wheat legislation can be enacted this year.

This belief was certainly abroad before the voluntary certificate plan was conceived and studied.

It is my position that this voluntary certificate plan proposal has changed the premises from which we have viewed the situation in the past.

The President said, at a press conference following the wheat referendum, that the administration would at any time consider a plan which would improve farm income, cut Government cost, and permit reduction of surplus stocks. He did not close the door to administration consideration of a program for the 1964 crop.

In the absence of a specific proposal which met all three of the President's tests, I have therefore initiated a study of the voluntary certificate proposal. The judgment, suggestions, and criticisms of this experienced committee can be most helpful in determining the feasibility of this approach. Subject to the reaction of your committee, of the interested wheatgrowers, of my colleagues in the Senate, and other individuals, I am seriously considering the introduction of legislation this week.

Thank you very much, Mr. Chairman.

Mr. PURCELL. Thank you very much, Senator McGovern, for giving us this statement.

If it will meet your approval, I feel sure members of this committee, having a basic inquisitive attitude, have some questions they would like to ask you.

Senator MCGOVERN. I shall be very happy to do my best, Mr. Chairman.

Mr. PURCELL. Mr. Findley.

Mr. FINDLEY. I am wondering about the acreage diversion feature of your plan. I notice in the memorandum appended to your statement there is the comment—

The conservation reserve requirement under such arrangements would include the minimum acreage diversion from feed grains under the feed grain program, as well as a minimum wheat acreage diversion.

How much diversion of wheat acreage would be involved?

Senator MCGOVERN. Mr. Chairman, I wonder, as we get into these more technical questions, if I could ask Dr. Wilcox, who is here in the room, to join me and assist me in supplying information of that kind?

Mr. PURCELL. Yes.

Senator MCGOVERN. It may be we will have to defer a definite answer to that, but if you could handle it, Dr. Wilcox, I would appreciate your assistance.

Dr. WILCOX. I would say that is provided for in the 1962 act. It is under the discretion of the Secretary.

Mr. FINDLEY. Is that pretty much open end authority to involve any number of acres he would determine?

Dr. WILCOX. No, sir; there are specific rules he must follow.

Mr. FINDLEY. I was wondering what the Government would be getting in return for these certificates. Are they tied directly to land retirement?

Senator MCGOVERN. Congressman, the Government does not finance the cost of the certificates. That cost is borne by the processors and the exporters. The Government involvement is in the \$1.25 price support level, but whatever cost is involved in the certificates does not come out of Federal funds, and the wheat acreage diversion authority that exists in the 1962 law, as Dr. Wilcox indicated, is not

changed by anything that is included in the voluntary plan I have suggested here. The plan simply strikes the penalty provisions and the mandatory acreage controls and quotas that were included in the recently defeated referendum.

Mr. FINDLEY. The CCC would serve as a clearinghouse for this money? You plan the same type of operation in that regard?

Senator McGOVERN. Yes.

Mr. QUIE. Will you yield?

Mr. FINDLEY. Yes.

Mr. QUIE. I do not see how you could say the taxpayer would not pay for any of the certificates. As I understand, both the domestic wheat consumption and the exported wheat would be certificated and the taxpayers would actually pay for the export certificates since the exporter would pay for the certificates and then he receives a subsidy in return.

Senator McGOVERN. As far as the taxpayer is concerned, there is no additional cost in the certificate plan that is not present in the 1962 authority which the Congress has previously approved.

Mr. QUIE. When you say "present" you are talking about the 1962 or 1963 law that the wheat farmer is operating under. However, if the certificate plan had prevailed in the referendum the domestic wheat consumption for food would have been paid by the miller, however, the exported wheat certificates would be the taxpayer's burden?

Senator McGOVERN. I am advised that is correct.

Mr. FINDLEY. Do you anticipate the whole cost of the certificate would be absorbed by the bakers without increasing the price of bread?

Senator McGOVERN. This would not affect the price of wheat so far as the bakers or consumers are concerned. It attempts to prevent what we anticipate would be a drop in wheat prices a year from now if we do nothing at all in the form of legislation, but it does not have in mind an increase in wheat prices either to the consumers or the processors.

Mr. FINDLEY. In the absence of certificates the bakers could anticipate a saving which they possibly could be able to pass on to the consumers?

Senator McGOVERN. The bakers have been queried on this point following the "no" result of the referendum. They said the wheat for flour involved in a loaf of bread is such a small part of the cost that they do not anticipate passing on any saving in the form of lower bread prices. There may be some evidence to the contrary I am not aware of, but any public statements that have come to my attention indicate we cannot anticipate a decrease in bread prices even though we do nothing at all in the way of this legislation.

I saw some studies on this some time ago that indicated the wheat content of a 1-pound loaf of bread is only 2½ cents as far as the miller is concerned, so I doubt anything we do will have any significant effect on the price of bread to the consumer.

Mr. FINDLEY. If it has such an insignificant effect on the price of bread, maybe we should try to help the wheat farmers by making the certificates worth still more.

Senator McGOVERN. I would be willing to take another look at the proposal.

Mr. FINDLEY. That is all.

Mr. PURCELL. Mr. Jones.

Mr. JONES of Missouri. What do you estimate the production of wheat that would be eligible for this 70-cent-per-bushel certificate?

Senator MCGOVERN. I think we estimate in my statement about 950 million bushels. It would be approximately 75 or 80 percent of the total wheat production.

Mr. JONES of Missouri. What does that figure out at 70 cents?

Senator MCGOVERN. Congressman, near the bottom of page 4 of my prepared statement we included some estimates. Wheat producers returns on 70-cent-per-bushel certificates for 950 million bushels could be as high as \$665 million total. That is assuming you would get as much compliance on a voluntary basis as we would have secured on a mandatory basis. My judgment is it would be something less than that, but that would be the maximum involved.

Mr. JONES of Missouri. You make the statement here a couple times about the Government saving under the voluntary wheat certificate plan approximately three-quarters of a billion dollars. Then you would take the \$750 million and subtract the \$665 million from that?

Senator MCGOVERN. No, Congressman. The \$665 million would be the absolute maximum that could be paid in certificates to producers.

Mr. JONES of Missouri. That would be the farm income?

Senator MCGOVERN. That is correct. The three-quarters of a billion dollars is an estimate based on what the analysts believe would be the actual situation, and that is the total of increased farm income plus savings to the Government, so we are talking about a net increase in farm income and a saving to the Government which totals three-quarters of a billion dollars, but it is not based on the assumption you would get total compliance, where we derive the \$665 million figure.

Mr. JONES of Missouri. In other words, the total Government cost would be about \$750 million; is that right?

Senator MCGOVERN. No; because the \$665 million, even assuming we had full compliance, would not be paid by the Government but would be paid by processors and exporters.

Mr. JONES of Missouri. The people who did not comply would be selling their wheat less than the cost of wheat where the fellow had to use the certificate?

Senator MCGOVERN. That is correct.

Mr. JONES of Missouri. He would use the wheat that was not produced under compliance first, would he not?

Senator MCGOVERN. Yes; but on the part he used for domestic food consumption, he would pay the certificate which would go into a fund that could be used for acreage diversion payments. It would not be turned over to the wheat producer unless he was in compliance.

Mr. JONES of Missouri. But there are some people who would not comply with the 70-cent certificate and they would put their wheat on the market?

Senator MCGOVERN. Yes.

Mr. JONES of Missouri. And that would sell for more than the wheat support?

Senator MCGOVERN. Congressman—

Mr. JONES of Missouri. Counsel tells me that if the person bought it under the price the miller would have to pay that 70-cent certificate.

Mr. BRUCE. If he uses it for domestic food consumption purposes he has to have a wheat certificate in order to be able to dispose of it in domestic food channels.

Senator McGOVERN. We have suggested that on the certificates that are paid for by millers, for that part of the wheat they purchase from people not in compliance, rather than that money going to producers it would go in a fund that could be used to finance the acreage diversion features of the program.

Mr. JONES of Missouri. In other words, the Government is fixing the price on all wheat whether they are in compliance or not?

Senator McGOVERN. They would be in effect fixing the price to the miller only for certificates so there would be no advantage in buying from a noncompliance producer.

Mr. JONES of Missouri. Where would the competition be, then; only in quality?

Senator McGOVERN. Competition would be the same as under the present program, Congressman.

Mr. QUIE. Will the gentleman yield?

Mr. JONES of Missouri. Yes. I do not understand it.

Mr. QUIE. Of the \$665 million cost of the program you talked about, you say this would not be a cost to the taxpayer but just a cost to the miller.

What percentage of the 950 million bushels would you say is for domestic food consumption and how much for export?

Senator McGOVERN. I am advised about 500 million bushels would be domestic food wheat and the balance would be in export.

Mr. QUIE. Of the balance in export, you consider the figure would be less than the wheat we have exported in recent years?

Senator McGOVERN. Congressman, we had a memorandum that the Department of Agriculture submitted that I think you are familiar with before the recent referendum. It was prepared in the Department, on which these figures are based. All I have done is to say that people under this plan, if you had full voluntary compliance, would attain the same results. These are really Department of Agriculture estimates that were arrived at in advance of the recent referendum. If we had as many producers voluntarily complying with this program as would have been brought in on a compulsory basis if the referendum had prevailed, then these figures would come into application.

Mr. QUIE. You used the same figures the Department had used previously?

Senator McGOVERN. Yes. Those factors, if they were valid then, would still be valid under this program.

Mr. QUIE. Using the figure of 500 million bushels for domestic food consumption, of this \$665 million cost of the program, \$350 million would be paid by millers and \$315 million would be the cost to taxpayer?

Senator McGOVERN. That is substantially right.

Mr. QUIE. Thank you.

Mr. JONES of Missouri. In other words, the miller pays 70 cents a bushel on all the wheat he buys and if he buys it from a complier it would go to the producer and if he buys it from a noncomplier it would go to the Government?

Senator McGOVERN. That is correct.

Mr. JONES of Missouri. Thank you.

Mr. PURCELL. Mr. Latta.

Mr. LATTA. Senator, pursuing this line of questions a little further, and keeping in mind the fact you say in the third paragraph of your statement that you want to eliminate the compulsory features of this program—which was the chief target of opposition in the May referendum—would we not in effect be saying that the person who does not go into the program would also not participate in certificate wheat sales to the miller? He could not then get a higher price. What will he do with it?

Senator MCGOVERN. There is nothing in the program that would prevent him from selling wheat for milling purposes as I understand it. I see nothing that blocks that possibility.

Mr. LATTA. It is not clear to me. Assuming I am a producer and I do not want to go into the program under your bill but I want to sell my wheat to the miller, can I still sell it without the certificate?

Senator MCGOVERN. Well, there is nothing in the legislation to prevent that, Congressman.

Mr. LATTA. Then why wouldn't the miller buy all his wheat from noncompliers?

Senator MCGOVERN. As far as the miller is concerned he would still have to pay the 70-cent certificate price. The 70-cent premium does not go to the producer but the impact on the miller would be the same as buying from a producer that was in compliance.

Mr. LATTA. Who would he pay the 70 cents to, to the Government?

Senator MCGOVERN. Yes.

Congressman, I think we can basically say that what we are proposing to do in this suggestion here is to take the recent options that were available in the wheat referendum and make those available on a voluntary basis, but to the person who does not want to comply he is completely free from acreage restrictions or marketing quotas or penalty provisions of any kind. The only thing he forgoes is the reward that goes to the person in compliance through the certificate plan.

Mr. LATTA. By that same system, he could keep the price down to the person who does not comply to about \$1.15 a bushel?

Senator MCGOVERN. That is correct.

Mr. LATTA. Are you familiar with the supply situation of Soft Red Winter wheat?

Senator MCGOVERN. I cannot speak of expert knowledge.

Mr. LATTA. According to the Department of Agriculture we are down to 3 million bushels and I was just wondering whether we would be penalizing this producer by bringing in a program like this? Are we not going to keep their price down to \$1.30 even though there may be a stronger market for it?

Senator MCGOVERN. Dr. Wilcox is very familiar with this. He estimates there would be no impact on the price of wheat that is available for bread purposes that would stem from the certificate plan.

Mr. LATTA. We do not make bread out of Soft Red Winter wheat?

Dr. WILCOX. I would say because of the demand for wheat for food use, it is not expected that the 70 cents a bushel would have any effect on the amount of wheat used for food, and the price of wheat will depend basically upon the international price of wheat and on the feed

price. All wheat will sell at those prices, and the noncomplier and the complier would get the same price for his wheat, but the complier gets, in addition, a certificate worth 70 cents which goes to the first buyer of wheat under the 1962 act, and then the Government buys back the certificate at 70 cents a bushel and resells it to the manufacturer of food products.

Mr. LATTI. We are familiar with that, but my question is, if we adopted even this voluntary program, would we not be penalizing the producer of Soft Red Winter wheat at a time when the supply situation is the lowest in history and when supply and demand might bring the price up higher than \$1.30 in 1964 without your program?

Senator McGOVERN. My own judgment is that we would not be penalizing those people, Congressman. I cannot see anything in this proposal that would react unfavorably on the producers to whom you are referring.

Mr. LATTI. By your bill, would you not cut them to \$1.30 as far as the price is concerned because most of them would not participate in the program anyhow, at a time when there was a demand for their product?

Senator McGOVERN. It would seem to me in the absence of a program of this kind, with surplus production, you are going to have a depressing effect on the income of producers as a whole. I think they might be in a worse price situation than they would through the adoption of this plan. It ought to have the effect of bolstering our entire wheat price situation.

Mr. LATTI. Then your thinking apparently has not changed since you were a member of this committee, that wheat is wheat.

Senator McGOVERN. I recognize there are different categories of wheat, but I think, as a general rule, it is in the best interests not only of the wheat producers of various kinds, but of our feed grain producers, to do whatever we can to encourage production at a level that is within our needs. I think the voluntary wheat certificate plan works in that direction, and does it with a minimum amount of interference with the producer. I think the plan will actually benefit the producers of all types of wheat and feed grains.

Mr. LATTI. Coming back to the third paragraph of your statement, you say the compulsory feature was the chief target of opposition in the May referendum. Do you not also think that farmers were fearful of the police-state regulation which would be imposed in enforcing such a program? Do you not think they were a little bit fearful about that?

Senator McGOVERN. I think various fears were aroused in this wheat referendum which helped to explain its defeat, and that may have been one of them.

Mr. LATTI. Would it not be more difficult to administer and to police a program such as you are proposing here than to have a mandatory program where everybody took part in the program? You will have half the people in and the other half out, or whatever ratio there might be. Would it not be more difficult to police that type of program than a mandatory program?

Senator McGOVERN. I would say no. We have had some experience with the voluntary feed grain program. My observation has been that

that program has worked out rather satisfactorily, that it has not raised undue administrative difficulties. I think the same kind of principle would work very well on wheat.

Mr. LATTA. You mentioned, Senator, that under your proposal costs would be less than any other proposed voluntary program. I have not had a chance to examine your statement completely, but have you a comparison of the cost of the various programs which are proposed?

Senator MCGOVERN. I have asked the Legislative Reference Service at the Library to give us an opinion on this program as compared with some of the other voluntary proposals that have been made, and this was the judgment that was provided, that it would be less costly. I do not have the exact figures. The Reference Service has advised me there would be substantially less cost to the taxpayer from this program than from the others that are now being considered.

Mr. LATTA. Under your proposal, you are setting up an entirely new type of program. This is true, is it not? It is something that we have never tried before.

Senator MCGOVERN. It has some of the same features, I think, Congressman, that we have used under the voluntary feed grain program.

Mr. LATTA. You are setting up two prices.

Senator MCGOVERN. I think it is new in that sense.

Mr. LATTA. Would it not naturally follow that, since the feed grain program has worked quite successfully, it would be cheaper just to add wheat to the feed grain program?

Senator MCGOVERN. This is a possibility. I think the plan I have suggested here would secure even greater compliance and would be more effective in achieving the three guidelines which have been laid down by the administration in terms of our wheat situation. I think the feed grain program has been very successful. Rather than go without legislation at all, I would be very happy to support a wheat program which would take us in that direction. I think this is superior to it.

Mr. LATTA. That is what I am trying to get at. I know you have given both of these plans a lot of thought. I should like to pinpoint the reason you went in this direction rather than in the other direction of adding it to the feed grain program.

Senator MCGOVERN. I pointed out in my statement, Congressman, and Dr. Wilcox has reminded me of an additional advantage that it does provide for financing through the market system rather than to rely entirely on the Treasury for support. I think the other program would probably be somewhat more costly to the Treasury and to the taxpayers than the plan that I have suggested here, which is to a great extent self-financing.

Mr. LATTA. Have you worked out any comparative tables as to how the farmer might fare under your program and under the feed grain program?

Senator MCGOVERN. No; I have not.

Mr. LATTA. Have you, Dr. Wilcox?

Dr. WILCOX. No; I have not.

Mr. LATTA. Other than the cost to the Government, we do not know at this time which program might be more beneficial to the farmer. Is that a fair statement?

Dr. WILCOX. Yes.

Mr. LATTI. Under your proposal, Senator, are you advocating for the so-called 15-acre farmers, if they want to come into the program, the double cut provided under the two-price system?

Senator McGOVERN. It does not change their situation at all as it now exists in the 1962 law. They are eligible on the same basis that other producers would be eligible.

Mr. LATTI. They still would have to take a double cut if they wanted to come under this program. That is one of the main reasons we did not go for this proposal out in Ohio. Most of our producers are small producers, and it would be taking away their exemption and giving them an average. If they wanted to get under the program, they would have to take an additional cut, and they did not like that.

Senator McGOVERN. In my part of the country, Congressman, I get a good deal of pressure from producers who think that the 15-acre people ought to be excluded entirely, but I would leave them in, in order to get the support of people from your part of the country.

Mr. LATTI. It might work the other way around.

Senator McGOVERN. We think we have made considerable concessions already to the 15-acre producers.

Mr. LATTI. Maybe if you reasoned the other way around you would get more support from our area.

Senator McGOVERN. These matters, as you know, always involve compromises. If we were to permit any one section of the country to write major legislation, it would not win the support of other areas. I think we have to make compromises on both sides.

Mr. JONES of Missouri. In other words, if we were to pass this bill, the 15-acre producer could still produce up to 15 acres, as he can at the present time, is that right?

Senator McGOVERN. He would be subject to the same acreage restrictions that any other producer would be, Congressman.

Mr. JONES of Missouri. What is that? Say we adopt your bill, in 1964 what would happen to the fellow who has been producing 15 acres of wheat? How much could he produce?

Senator McGOVERN. I cannot tell you the exact provisions which are in the 1962 act, but whatever they are, they are unchanged in my proposal. It does not change the status of the 15-acre producer at all from the act that the Congress passed in 1962.

Mr. JONES of Missouri. He could raise 15 acres of wheat, then?

Senator McGOVERN. As I understand the 1962 act.

Mr. JONES of Missouri. Fourteen and one-half.

Mr. QUIE. I thought he could plant only the average of what he had planted previously, but if he wanted to come into the program, he had to take a cut below that. Anybody could plant the average.

Mr. JONES of Missouri. I thought this was a voluntary program and he would not be taking a cut.

Mr. QUIE. Everybody has that exemption.

Senator McGOVERN. He does not take any cut if he chooses not to participate. No one does. The small or the large producer could produce at whatever level they wished if they wanted to forego the certificate advantage, regardless of what size producer they are.

Mr. JONES of Missouri. We want to find out how much a 15-acre producer, who has been and is producing 15 acres, could produce in 1964 if your bill were adopted.

Senator McGOVERN. That would depend on what acreage allotments the Secretary would set. I could not anticipate that. As for the relationship of the small producer to the allotment program, there isn't anything in my proposal which would change that. The Secretary would be acting from the authority that he has under the 1962 act.

The only difference is that it would strike the penalty provisions from the law so if a person chooses not to participate at whatever level the Secretary sets, chooses not to participate under the program, he is free to do so.

Mr. JONES of Missouri. What would be the difference in his position in 1964 if we do not pass any more laws and if we do pass this? What would be the difference?

Senator McGOVERN. The difference would be that my proposal would give him the option of staying within whatever acreage allotments the Secretary sets, if he wants to do that, in return for which he would receive 70 cents a bushel above the price support.

Mr. JONES of Missouri. That would go to his entire population? That is on the actual production?

Senator McGOVERN. That is correct.

Mr. LATTI. I wish to yield to Mr. Belcher, but I would like to follow up and complete the other half of Mr. Jones' question, which I do not think you answered. In case he does not go under your program in 1964, he would still be held to what he had in 1962 under your bill?

Senator McGOVERN. No. If he does not choose to participate, he can produce as much wheat as he wants and do whatever he wants with it, but he does not get any protection under this bill. He is on his own.

Mr. LATTI. I thought all you were changing when you started out was making it voluntary rather than mandatory, taking out the penalty.

Senator McGOVERN. That is right, but that has the effect of permitting him to go into all-out production if he chooses to do so.

Mr. BELCHER. In other words, the 15-acre farmer could plant 15,000 acres if he wanted to?

Senator McGOVERN. Conceivably.

Mr. BELCHER. But if he wanted to get in your program, then he would have to take a percentage cut off the average.

Senator McGOVERN. That is correct. That is exactly right.

Mr. BELCHER. That is the reason it is voluntary or involuntary. The present bill is not a voluntary bill, because if you overproduce you have to pay the penalty. You have to come into the program or you are penalized for not coming in.

Senator McGOVERN. That is correct.

Mr. BELCHER. Under this program, you could come in and take the benefits or you could stay out and take nothing.

Senator McGOVERN. That is correct.

Mr. PURCELL. Have you anything further, Mr. Latti?

Mr. LATTI. Yes.

On page 3 at the bottom of the page you say:

If the penalty provisions for overplanting were eliminated from existing wheat legislation, wheat producers in 1964 and subsequent years could overplant their

wheat acreage allotment without any penalties other than having to accept market prices for their wheat based on its livestock feeding value.

I notice you do not mention anything about the loss of history. Would they lose history if they overplanted in 1964 and subsequent years?

Senator McGOVERN. There is no provision for changing the existing 1962 provision, Congressman. That would remain the same.

Mr. LATTI. That is all, Mr. Chairman.

Mr. PURCELL. Mr. Olson?

Mr. OLSON. Senator, I think we should bear in mind what you are attempting to accomplish, going back to the stated purpose of your bill, is to preclude all wheat from falling to the 1964 support rate of \$1.25 per bushel.

Senator McGOVERN. Yes, that is part of the objective of the bill.

Mr. OLSON. If we had no interest in maintaining farm income, we would not need any legislation. When we get into the matter of supply and demand and penalizing someone, could not the market price of wheat seek its own level, regardless of that certificate?

Senator McGOVERN. Yes, it could.

Mr. OLSON. If a different quality of wheat was in short supply, I do not know whether the tremendous surpluses of wheat will hold down all qualities of wheat or not, but if you say this is not true and some type of wheat were in short supply, it could definitely go up as high as the market would bring—could it not?

Senator McGOVERN. I should think that would be the case.

Mr. OLSON. Actually, legislation of this type might aid wheat in this category in going up, because it would control surplus production. Is this what you feel?

Senator McGOVERN. To whatever extent there is a depressing effect on all wheat and feed grain prices when you go into runaway production, as it is called, this legislation would have the advantage of preventing that undesirable situation.

Mr. OLSON. I am grateful, and I think the committee is grateful, too, for your presenting your views and your suggested legislation, because I think it is the consensus that the price of wheat is going to go down. We need to analyze all proposals in an effort to keep it up. You presented testimony in relation to the small possibility of bread prices being reduced, and it is very important to remember it is easy for it to go up afterwards, if wheat should ever fall to \$1.25 support level. It is pretty well established by your testimony and by various other sources that the price of bread will not be reduced if wheat prices go down. I think this is a point which should be emphasized.

Thank you.

Mr. HARDING. I certainly appreciate your fine testimony this morning, Senator McGovern. It is an interesting alternative you have offered us here today. I think there are a number of alternatives before us and I would like to hear your views on them.

First, we have the voluntary certificate program that you have proposed here this morning. Second, we have proposals for an extension of the emergency wheat program similar to the emergency feed grain program. Third, we have the alternative from the wheat referendum which will go into effect next year if nothing further is

done. Fourth, we have the control certificate program which was defeated in the wheat referendum. Then there is a fifth alternative—we could complete the abolition of the wheat program completely, removing both controls and price supports.

Considering these five alternatives, which would be your first choice?

Senator MCGOVERN. Congressman, in answering that question, let me say that I answered and replied to a similar question before the referendum, that I thought a “yes” vote in the referendum was in the national interest. However, that was rejected by the wheat producers by a very substantial margin.

I think it is not feasible for us to think in terms of reviving that alternative. For various reasons, it does not seem to have support in the country. So, while I think that might come the closest to achieving the three criteria that the administration set out earlier this year—higher farm income, reduced Government costs, and reduced surpluses—I do not think we should think in terms of that alternative any longer.

Of the others you have mentioned, with the exception of my own proposal, I think the extension of the existing programs for another year or two might be the most desirable. Here again, that does not come nearly as close as the proposal I have suggested, to meeting the three criteria that I think most of us will accept as desirable, of substantial reduction in Government cost and surpluses, and increased farm income. I think it would fall somewhat short of the proposal that I have suggested here in meeting those three goals.

Mr. HARDING. What about the alternative proposition on the wheat referendum that will go into effect if we do nothing?

Senator MCGOVERN. The alternative proposition, it seems to me, would be disastrous. I think it quite true that if we do nothing at all and the “no” results of the referendum go into effect, we will see a demoralized wheat market at this time next summer. We will not feel the impact of that in time for it to be apparent to producers who may be voting in the referendum next spring. Our planting situation is such that it is not until July or August that you really begin to feel the full impact of what farmers have voted on in this last referendum.

I think it is true if we do nothing, we will see wheat at \$1.25, maybe lower than that. I think we will see a couple of hundred million bushels of surplus wheat displacing corn and feed grain, perhaps having a depressing effect on feed grain prices. It is no secret that it will have a harmful effect on our livestock and hog market. I think we also could anticipate a sharp increase in Government costs under that kind of alternative.

So, for various reasons I hope, if you cannot find merit in the proposal I have suggested here this morning, we do something that provides a more hopeful alternative than the one that now faces us.

Mr. HARDING. I agree with you that the 1964 prospects under the alternative program are not good for wheat farmers.

You stated that you supported the certificate plan, which was defeated in the referendum, because you felt that program would have raised farm income, cut the cost to the taxpayers and cut down on the wheat surplus, therefore it was the best of the five alternatives. I wonder then if, in the national interest, we should adopt an inferior

program solely because it is the best program that the Congress can pass and that the farmers will approve, or whether we should give the farmers a chance to speak again in another referendum.

There were many reasons that the referendum was defeated. I believe a lot of people in Idaho voted "no" on the referendum because the Farm Bureau was promising them: "Vote this program down, and Congress will turn around and enact a better program for you." I think many of those people realize now that is not so. Some of those "no" votes will be "yes" votes next time.

I believe a lot of people were concerned about charges of the "loss of freedom," that you mentioned earlier here. Many farmers actually were convinced the Government is trying to take over agriculture. There were actually advertisements published during the referendum which showed the farmer with a ball and chain just like a prisoner. I wonder if Congress now said: "We offered you a program which would increase farm income, cut the taxpayers' costs, and reduce the surpluses. You turned it down in a 'free' referendum. We certainly are not going to force it upon you. We still feel it was the best program but you will have another chance to consider it next year. This is what Congress feels is best, it is available, but it will never be forced on the wheat farmers." Wouldn't this approach be in the national interest?

Senator MCGOVERN. Congressman, I confess much of what you say appeals to me. It fits my own thinking to a considerable extent. I agree with you 100 percent that there was a great deal of misleading information circulated in this last referendum which gave farmers an inaccurate picture of what the referendum would have accomplished had it carried on the "yes" side.

Realistically, looking at the rather overwhelming defeat of the proposal, it is unlikely that we could secure a "yes" vote on that referendum next spring. If I thought there was much chance of that happening, I would not be too interested in encouraging this proposal now, but I am afraid some of the same forces that were misleading people in 1963 would be equally active again in 1964. The unfortunate situation is that the people who I think will be hurt by the "no" vote in 1963 will not begin to feel that unfavorable result until it is too late to influence their vote in 1964 in the forthcoming referendum. Those referendums are held before the full impact of the harvest makes itself clear.

Mr. OLSON. I would like to make an observation here, if I may, on the misinformation about farmers losing their freedom and Congress imposing its will. I do not think it ever has been pursued or much mention made of the fact if Congress really wanted to pass a program which they, in their judgment, felt was in the national interest to farmers, to taxpayers, to our economy, we could have passed such a program without a referendum. So, the farmers should understand Congress has leaned a long way in agriculture. We have before us a quality stabilization bill which will not be decided by a businessmen referendum. It will be voted up or down in the Congress. I think maybe farmers should be reassured once in a while that Congress is not sitting around the corner waiting to jump upon them; that they, in fact, are trying to present a program to them and certainly present the facts with that program.

Really, we are not such bad fellows as we are sometimes painted out in the farm area.

If you have a comment on that, go ahead.

Senator MCGOVERN. I think there is a lot of merit in that, Congressman. I should like to call your attention to the fact that one advantage of the proposal which I have suggested here is that it does permit a situation to exist whereby those producers who want a program can have it and can participate on a voluntary basis. It offers much the same advantages that were available on the "yes" side of the referendum which was just turned down. Some people have suggested that since the referendum was turned down rather decisively and a "no" vote was registered, we ought to let the farmers live with this situation. The difficulty with that is that it penalizes the man who voted "yes," who believed in some kind of rationalized production, the same as the person who was out charging that we were going to lose all our freedoms if the program went into effect.

My proposal has the merit of offering what I would think would be an appealing alternative to both those who want to go out on their own and those who feel, on the other hand, there ought to be some reward in store for people who tailored their production to our needs.

Mr. OLSON. This one question in relation to your last statement, Senator. Is it not in fact true that the farmer who did vote "yes" and might cooperate with your program will be affected by that percentage of the farmers who do not comply with their quota in their plantings? In other words, the wheat supply will be determined by the whole.

Senator MCGOVERN. That is correct.

Mr. OLSON. They will have to take their proportionate reduction under a future quota, if necessary, to offset.

Senator MCGOVERN. That is correct.

Mr. HARDING. Is it not further true that if we operate under the alternative program in 1964 if nothing is done, that the big cost there will not be to the Government but to farm income?

Senator MCGOVERN. That is correct.

Mr. HARDING. The only way you can assume that this program will cost the Government more money is if you make the assumption that the Government is going to wind up subsequently taking over all of the surplus wheat which will be produced without controls. If the Government just adheres to its obligation of taking into CCC stocks that wheat which is produced by compliers, the Government is apt to get off very cheap under the alternative.

Senator MCGOVERN. That is correct.

Mr. HARDING. Are you not concerned about the increasing cost of farm programs and the effect they might have on city Members of Congress and their reluctance to support them in the future?

Senator MCGOVERN. I am concerned about it on several counts, not only because it adds to the general burden of all the taxpayers, but because I think what you have suggested is absolutely correct, that we may be headed for a real revolt against our whole farm program if we cannot bring the costs to more reasonable levels.

Mr. HARDING. Do you not feel that the greatest fault of the emergency feed grain program is the excessive cost of the program?

Senator MCGOVERN. Yes; I think that is correct.

Mr. HARDING. Is not a major reason for this excessive cost the fact that it allows the noncomplier to benefit equally or possibly greater than the complier. This is because we have only one price support and the Secretary cannot dispose of Commodity Credit stocks at less than 105 percent of price supports and costs? Therefore the noncomplier, knowing that the market price will be the support price, plants increased acreages, utilizes more fertilizer, better land, and increased irrigation to obtain higher yields and increased production.

Senator MCGOVERN. I think that is a valid point.

Mr. HARDING. Is not one of the ideal things about the program that you have suggested, that the noncomplier will not enjoy the advantage of almost an identical price as the complier?

Senator MCGOVERN. That is one of the appealing aspects of it as far as I am concerned.

Mr. HARDING. It is certainly appealing to me, because I do not believe in programs which give the noncomplier equal footing or maybe an advantage over the complier. I like your proposal that the noncomplier will not receive the 70-cent incentive, or whatever it may be.

Do you not feel we would be better off, if we cannot get the program which was defeated in the referendum and if we cannot adopt something of the nature you have suggested here this morning, if we refused to adopt an emergency wheat program based on the same type of program we have in feed grains where, again, there is the incentive not to comply? Secretary Freeman earlier last year said this program was self-defeating in the long run because it induced farmers not to comply and hence the need for his feed grain control program which was defeated in the House. Do you not feel it would be in the interest of agriculture not to adopt a wheat program similar to the feed grain program?

Senator MCGOVERN. I do not know whether I would go that far or not, Congressman. I think we are talking about some very serious matters when we speak of permitting our economy to drift into the kind of situation I think we would be in if we did nothing at all. I think perhaps the worst possible alternative would be to sit tight and permit what I think will be a disaster in our wheat area to take place.

It may be that some argument could be developed that over the long pull the only way we can secure the kind of public understanding which is needed for a strong program is to go through some kind of economic hardship. I have heard that argument made with some persuasion. I think it is a rather painful experience to put millions of farm producers through who are already prepared to go along with reasonable cuts in their production, in order to secure fair prices. The farmers who have indicated down through the years, at least out in my part of the country and I think it is true all over the United States, that they are willing to comply with a reasonable program, are put in a very painful situation when they are forced to pay the price for the lack of good judgment on the part of other producers.

So, I would hope, if we cannot pass the program which I have suggested here, we will try to come up with some alternative that is better than now confronts us.

Mr. HARDING. I appreciate your suggestions and frank answers. It has been a real pleasure to have you before our committee, Senator McGovern.

Mr. LATTA. Senator, I presume you supported the mandatory two-price system.

Senator McGOVERN. Yes, I did, Congressman. I think you were out of the room when I said I urged a "yes" vote.

Mr. LATTA. And you supported it before the Senate?

Senator McGOVERN. Yes.

Mr. LATTA. You say here this morning if this alternative plan of 50 percent of parity goes into effect, as now contemplated, it will be disastrous to the farmer?

Senator McGOVERN. Yes.

Mr. LATTA. Have you lost sight of the fact that this 50-percent alternative plan which you say now would be disastrous to the farmers, was in the same bill that you supported when it was in the Senate?

Senator McGOVERN. Yes. I do not see anything contradictory in that.

Mr. LATTA. It seems to me we are contradicting ourselves when we support half of a legislative package and say one is good and the other is bad. It seems to me we would be in a better position today if we attempted the alternative, so we would not be faced with the situation we are now in. Do you not think that would have been a better approach?

Senator McGOVERN. I am not sure that it would, Congressman. We are not in that situation now. We are faced now with trying to begin with the authority we have and make a practical judgment as to where we go from here. It may be some mistakes were made in the proposal that was offered in 1963. I do not know about that. We probably could look back and see certain things that we wished we had handled differently, but that does not help us today. Now I think we need to come up with a reasonable alternative, given the situation which exists today.

Mr. LATTA. I think you probably would agree that we are learning a little bit as we go along here. When we have these alternatives, we ought to give the farmer a real alternative rather than a 50-percent deal such as you give him here. Then I think we could avoid these pitfalls and these so-called disastrous situations.

Senator McGOVERN. It may be some producers feel they can operate without any kind of program at all. We are giving them that option in the proposal that I have suggested here this morning.

Taking our economy as a whole, if everyone took that route, we would be buried in wheat. By offering these alternative possibilities, I think we can avoid that.

Mr. LATTA. That is all, Mr. Chairman.

Mr. FINDLEY. During this discussion, Senator, I have had a chance to examine a little more carefully the appendixes to your statement. I am not clear what you propose as to acreage diversion. This will help the supply-demand situation only if the effect of this program is to take land out of production.

I am wondering how you will accomplish that. Would you plan to have permanent authority to pay for land retirement, or would you chop it off after 2 years, as under the plan which was rejected May 21?

Senator McGOVERN. That authority in the legislation stems from the 1962 act. It would depend on the diversion level that the Secretary felt was needed to accomplish the desired production goals.

I could not tell you exactly what that level would be for next year or in subsequent years. The authority stems from the 1962 act.

Mr. FINDLEY. The diversion would necessarily be a part of this plan, would it not?

Senator McGOVERN. It could be. In all probability, there would be an acreage diversion program under this plan.

Mr. FINDLEY. If you had no acreage diversion program permanently, how could we hope to hold down wheat production? You say we would be buried in wheat next year. Would not the same forces for production carry on under your proposal unless we had some effective way of taking wheat acreage out of production?

Senator McGOVERN. The plan not only provides for taking land out of production under a diversion program, but it also provides an incentive for all producers who want to participate, to cut back on their production.

Mr. FINDLEY. What is the incentive to cut back?

Senator McGOVERN. The 70-cent certificate.

Mr. FINDLEY. You mean they have to cut back in order to get that. That presumes, then, they have to lay out some land for wheat production.

Senator McGOVERN. That is correct.

Mr. FINDLEY. You will not permit them, for example, to lease or sell the acres that previously they had planted to wheat, to someone else so those acres could stay in production?

Senator McGOVERN. No. In order to qualify for the certificate payments, they could not do that. They would have to stay within their allotments as set by the Secretary.

Mr. FINDLEY. They could not dispose of unneeded acres on their farm?

Senator McGOVERN. No; they could not.

Mr. FINDLEY. So, there would be an element of control there.

Senator McGOVERN. Yes. Those who choose to go into the program would have to comply.

Mr. FINDLEY. There is a possibility under your proposal that there would be no paid land retirement, no paid diversion of land?

Senator McGOVERN. There could be; that is correct.

Mr. FINDLEY. Have you any dollar figure on your proposal? Have you any idea how much it will cost, taken all together? I see the \$156 million figure, but that does not include anything for acreage diversion.

Senator McGOVERN. It does not, Congressman; that is correct. I have suggested in my colloquy here this morning that some of the funds that might be paid in the form of 70-cent certificates by the millers on wheat that is purchased from producers who are not in compliance, could be set aside by the Government to finance part or maybe all of the cost of acreage diversion.

Mr. FINDLEY. Would you propose limiting the payment for acreage diversion to the amount of dollars available from that source?

Senator McGOVERN. No; I have not suggested that, but I think it is a source of picking up part of the cost. It might be enough to cover the whole program. It is a little difficult to know in advance how

much the Secretary would decide was needed to be diverted in order to achieve the desired production.

Mr. FINDLEY. You have indicated you anticipated a severe drop in wheat prices if nothing is done. How do you account for the remarkable stability of the wheat futures market?

Senator McGOVERN. I have not followed that probably as closely as I should have, but I understand there has been a falloff in wheat futures in the last 2 or 3 weeks.

Mr. FINDLEY. It is far from the \$1.25 or \$1.30 level.

Senator McGOVERN. We are still operating under a support program at the present time. As I indicate here, we will not really feel the impact of that probably for a year or more.

Mr. FINDLEY. Would the futures market not tend to reflect the expected impact?

Senator McGOVERN. There is some sign that there already has been a depressing effect on wheat futures. I am not prepared to say exactly what this is, but I know there has been a downturn.

Mr. FINDLEY. Thank you.

Mr. QUIE. Have you anticipated what would be the required diversion, what percentage diversion would be required under this program? I understand before the referendum it was anticipated a 10-percent mandatory retirement and another 10-percent voluntary retirement would be necessary in 1964 in order to accomplish what the USDA desired.

Senator McGOVERN. I think that is probably a fair estimate. Talking it over with some of the analysts with whom I have worked on this, they have estimated somewhere between 15- and 20-percent diversion might be necessary.

Mr. QUIE. If the payments were to be made at the same level that the Department anticipated they would have to be made, would we be safe to assume, since this is an entirely voluntary program, that it would be necessary to make the same level of payments for this full 20 percent as the administration anticipated was needed for the voluntary 10 percent under the mandatory program?

Senator McGOVERN. This might not be the case, because the alternative to participation now would be no support at all.

Mr. QUIE. In other words, if your program were enacted, they might use a similar system under which they were to operate the 1964 initial requirement to receive the certificate payment, and additional payment if they retired something in addition to that minimum amount.

Senator McGOVERN. Yes.

Mr. QUIE. So, there could be many alternatives of figures for determining the cost of the program.

Senator McGOVERN. Yes.

Mr. QUIE. That is all, Mr. Chairman.

Mr. PURCELL. We are very glad to have you with us, Mr. Poage.

Mr. POAGE. Thank you very much, Mr. Chairman. I appreciate meeting with the subcommittee and hearing Senator McGOVERN, who has made a most interesting presentation.

You have a little easier problem with wheat than feed grain because it will not cost the Government so much money. You cannot use the certificate plan, as far as I can see, with feed grains.

If I may, I simply want to raise a question about one rather collateral issue that I have observed pops up every time the full com-

mittee discusses wheat. I do not think this has anything to do with the Senator's proposal, but I am alarmed at the way this thing continues to be bandied around, despite the fact that apparently everybody actually understands the facts. The inference was given here, and apparently the subcommittee believes, that there is a shortage of Soft Red Winter wheat, and for some reason or other there ought to be something done to increase the production of Soft Red Winter wheat, that somehow or other the market was just crying out for Soft Red Winter wheat and you cannot sell Hard Red Winter wheat.

I got the figures for just last Friday at Chicago, and on last Friday, Hard Red Winter wheat was \$1.95 $\frac{1}{4}$. Soft Red Winter wheat in the same market on the same day was bringing \$1.83 $\frac{3}{4}$.

It is perfectly obvious, it seems to me, that if the market were in need of Soft Red Winter wheat, the Soft Red Winter wheat would be bring more than Hard, but the contrary is true and has been true during all this period of time when we have been hearing about how we were having to use Hard Red Winter wheat when we should be using Soft, when the market wanted Soft, that nobody could get what they needed, we could not get the kind of wheat we need, and that the Government program was preventing the production of the wheat we needed for a great many products.

If any of this is true, why in the world doesn't the market pay at least as much as it does for Hard Red Winter wheat, which is supposed to be in tremendous surplus?

If you think the Chicago market was an exceptional case, in Kansas City on the same day, Hard Red Winter wheat was bringing \$1.97, and Soft Red Winter wheat was bringing \$1.89 $\frac{3}{4}$.

The point I am making is that Soft Red Winter wheat has not been bringing in as much as Hard Red Winter wheat has for years. The same situation is true right now. If there was actually a need for Soft Red Winter wheat, the market would pay for it. It is available. We are exporting it under the CCC program. We are taking it off because it is surplus and moving it into foreign markets under the CCC program. We are not paying as much for it at home as we are for the Hard Red Winter wheat.

It seems to me it does not take much calculation to know if there was any serious economic need for a commodity, it would go up in price and at least equal the price of the commodity which is supposed to be in abundant surplus.

We keep hearing statements made, and apparently our committee as a whole simply does not go into the facts, does not analyze them. Somebody says there is not as much Soft Red Winter wheat and, therefore, there must be a need for it. Of course there is not as much. They do not grow it because it will not bring as much, because there is not the demand for it, because there is not the economic need for it that there is for other wheat.

Thank you very much, Mr. Chairman.

MR. PURCELL. Are there any other questions?

MR. QUITE. Just one question.

Since we determined that the only place we can secure payments, other than tax sources, is from the millers when they buy the certificates, what would your reaction be to making only the millers purchase the certificates, and not the exporters? It is pointed out, for

example, the exporter pays 70 cents for the certificate, and then in return receives a 60 cent payment as an export subsidy. It may work that way sometimes and may work a little differently other times. As I recall the old 2-price plan for wheat, it was for domestic food consumption.

Senator McGOVERN. I think you are right on that, Congressman. It is simply a question of how far we want to go in keeping up the income to our wheat producers. Looking at the total problem, I felt we ought to include the export wheat as well as the domestic food. This is a judgment we have to weigh carefully.

Mr. QUIE. I recognize there is a difference of philosophy here on the committee as well but if we took the amount of money that now goes into the export subsidy program and put it over into diversion payments, it would not cost the taxpayers any more money, and it seems to me you would get more land out of production. Do you follow me?

Senator McGOVERN. I think this would raise some pretty serious questions in terms of our export position or competitive position in the international markets which might react against our best interests.

Mr. QUIE. You mean since we would not force the export price to the exporter, that is, the price at which he buys?

Senator McGOVERN. I misunderstood your position. I thought you were suggesting we repeal the present export subsidy program.

Mr. QUIE. You could if you did not require the exporter to buy certificates. The price would stay right about the world market price.

Senator McGOVERN. I am not really prepared to comment on all the implications of that approach.

Mr. QUIE. We hope you will give it consideration before you introduce your bill. There may be a possibility of making the voluntary certificate more simple if this could be done.

Senator McGOVERN. I appreciate the suggestion. I certainly will look into it very carefully.

Mr. QUIE. I want to ask our counsel to be looking into the possibilities of a voluntary program this year, because we understand the President thinks there should be no legislation, since the referendum was turned down. Those statements assuring a new wheat bill could be even more accurately made next year if the referendum were turned down, because I think it is inconceivable that we would go another year without new legislation if the referendum were turned down next year.

Senator McGOVERN. I am not here as an apologist for the administration, but the position of the administration, as I understand it, was that they have no plans for additional legislation this year if the referendum failed. I think that is correct. I think there has not been an administration plan in mind in the event the referendum indicated a "no" vote.

Mr. QUIE. It may have started out from Washington that way, and by the time it got out in the country the harsh statements gained momentum.

Mr. LATTA. I should like to say to the gentleman from Texas, we welcome his annual speech on the price of Soft Red wheat, but I would like the record to show, first, that the Department of Agriculture's own publication on wheat shows there was only a 3 million bushel

carryover of Soft Red Winter wheat. Second, they have not been programming Soft Red Winter wheat under Public Law 480. Third, Spain just recently indicated her interest in $3\frac{1}{2}$ million bushels of Soft Red wheat. With our 3 million bushel carryover, I don't believe we could, or did, supply it.

Mr. PURCELL. Any other questions?

Mr. FINDLEY. I should like to say the Chicago wheat futures for September closed last Friday at \$1.54.

Mr. PURCELL. Senator McGovern, let me say what already has been said, but I know I speak for all the members of our subcommittee when I say we appreciate your being here, and we appreciate the thought and effort you have put into this. I think the American farmer is just as thankful knowing that you are interested and you have come forth with a proposal in spite of very little encouragement. We appreciate your interest for the farmer.

The committee will stand adjourned until 10 o'clock tomorrow morning.

(The subcommittee adjourned at 12 noon.)

WHEAT

TUESDAY, JULY 23, 1963

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

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 1310, Longworth House Office Building, Hon. Graham Purcell (chairman of the subcommittee) presiding.

Present: Representatives Cooley (chairman), Purcell (presiding), Jones of Missouri, Stubblefield, Harding, Duncan, Olson, Matsunaga, Belcher, Short, Latta, Dole, and Findley.

Also present: Representatives Poage, Gathings, Abbitt, Johnson of Wisconsin, Hoeven, Dague, McIntire, Quie, Mrs. May, Beermann, Hutchison, Smith of Iowa, and Reifel.

Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimbürger, general counsel, Robert C. Bruce, assistant counsel; and Francis M. LeMay, consultant.

Mr. PURCELL. The subcommittee will come to order.

First, I have a statement from our colleague, Laurence J. Burton, which he has asked me to put in the record, and without objection it will be made a part of the record at this point.

(The prepared statement of Hon. Laurence J. Burton follows:)

STATEMENT OF HON. LAURENCE J. BURTON, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF UTAH

Mr. Chairman and members of the committee, I appreciate the opportunity to present my views on the legislation under consideration. I thank those who have responded favorably to the request for hearings.

My bill, H.R. 7027, is one of several bills before this committee which proposes a different approach to the problems facing farmers today.

The purpose of this legislation is to adjust wheat and feed grain production and to establish a cropland retirement program. If adopted, I believe it will bring the supplies of wheat and feed grains in line with the current demand. This will assist in reducing the problems in agriculture, and would make possible both the reduction of surpluses and a decrease in public costs, and would create an atmosphere to improve the farmers' income. And the most appealing feature of the program is that it is voluntary. The element of compulsion, so contrary to our way of life, is absent.

This proposal also removes the undesirable feature of creating an economic situation where the farmer would become dependent upon Government appropriation for support of the program.

If my colleagues will pardon personal reference, I would like to refer to my campaign for election last year. As a freshman, perhaps you will excuse these comments.

During the last campaign, I traveled extensively in every county in my district, stressing the need for the removal of Government control in agriculture. I called attention, time after time, to the almost complete failure of the Government con-

trol programs in the troubled areas of wheat, livestock, and the dairy industry. This committee is presently seeking a solution to these problems. The farmers in Utah are so vitally interested in this legislation because of the impact it would have on the farming industry in our State. As the figures indicate, more than 80 percent of the cash receipts come from livestock and livestock products. For example, the year 1962, the total receipts from livestock and livestock products was \$126,994,000, as compared with \$38,551,000 for crops for the same year. It is readily apparent that Utah has a vital interest in any legislation which would affect the price of feed grains, which is an integral part of the cost of livestock and livestock products.

This committee made a great stride forward in 1958. Unfortunately, this program was reversed under the present administration. I cite this to emphasize the philosophy which I stressed during my campaign.

This bill would implement my philosophy, and I believe it represents the attitude of a majority of the people—farmers and consumers—in my district.

In the recent wheat referendum in Utah, more than 71 percent of the votes cast were against the Government program.

Now I don't believe this vote can be interpreted as an absolute demand that the Government withdraw completely from the farm picture. This is an impossibility at this time when one remembers that the Government is the biggest manipulator in the grain markets today. The CCC stocks of corn and wheat could be used to almost completely destroy the operation of a competitive market. And with billions appropriated for expert activity, it is unrealistic to withdraw immediately all programs.

However, I do believe the recent vote is a clear signal indicating the direction the farmer wants to travel. In my district, my farmers and consumers want less Government control and a reduction in the cost of the farm program.

It is because of this situation that I have introduced H.R. 7027, and I urge that it be approved and reported to the House.

The bill terminates all authority for acreage allotments and marketing quotas on wheat. It repeals the authority for a further referendum on the wheat certificate plan, and it also repeals the current costly "emergency feed grain program," which includes compensatory payments on feed grains. I voted against this bill when it was before the House.

My bill would prohibit the release of CCC stocks and feed grains for domestic use at less than 115 percent of applicable price support, plus carrying charges. This provision would remove the CCC stocks from the market and would permit supply and demand a greater function in market operations.

The bill would set new loan rates for wheat and feed grains. The wheat loan rate would be set at the higher of the average world price during the preceding 3 years, or 50 percent of parity, with premiums for milling and baking quality. The loan rates for feed grains would be set at the higher of 90 percent of average farm prices during the preceding 3 years, or 50 percent of parity. This concept would eliminate the discretion of the Secretary of Agriculture, and it would permit the support levels for wheat and feed grains to adjust to the changing supply and demand conditions.

My bill would also permit voluntary retirement of cropland on a bid basis.

Such a program as outlined in this legislation would provide for a transition from where we are to where we should be. It is the only direction we can travel if we are to avoid complete regulation and control by the Government.

In conclusion, may I cite for the committee that it has been my observation over the past several years that those agriculture commodities which are under Government controls have been in a less favorable economic situation than those which have been free of controls. A high percentage of American agriculture production is free from control and support programs. These products, on the average, have responded to market conditions of supply and demand and have benefited from freedom of operation. This should be a lesson to us, and I recommend that the committee follow the guidelines in my bill to permit other commodities the same opportunities.

Mr. PURCELL. We have with us this morning Mr. Charles B. Shuman, president of the American Farm Bureau Federation, as our first witness. We are glad to have you with us, Mr. Shuman. We will be glad to hear your statement at this time.

STATEMENT OF CHARLES B. SHUMAN, PRESIDENT; ACCOMPANIED BY JOHN LYNN, LEGISLATIVE DIRECTOR; AND MARVIN McLAIN, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION; G. A. BIGGS, PRESIDENT, PENNSYLVANIA FARMERS ASSOCIATION; C. H. DeVANEY, PRESIDENT, TEXAS FARM BUREAU FEDERATION; J. D. HAYES, PRESIDENT, ALABAMA FARM BUREAU FEDERATION; L. B. MARTIN, PRESIDENT, IDAHO FARM BUREAU FEDERATION; WILLIAM KUHFUSS, PRESIDENT, ILLINOIS AGRICULTURAL ASSOCIATION; WALTER PEIRCE, PRESIDENT, KANSAS FARM BUREAU FEDERATION; AND WENDELL WELLER, PRESIDENT, OHIO FARM BUREAU FEDERATION

Mr. SHUMAN. Mr. Chairman and members of the committee, I would like to have up with me Mr. Jack Lynn, legislative director and Mr. Marvin McLain, assistant legislative director, of the American Farm Bureau Federation.

We also have with us here in the row of first chairs, the presidents of several of our State Farm Bureau federations: Mr. Biggs, president of the Pennsylvania Farmers Association; Mr. DeVaney, president of the Texas Farm Bureau Federation; Mr. Hayes, president of the Alabama Farm Bureau Federation; Mr. Martin, president of the Idaho Farm Bureau Federation; Mr. Kuhfuss, president of the Illinois Agricultural Association; Mr. Peirce, president of the Kansas Farm Bureau Federation; and Mr. Weller, president of the Ohio Farm Bureau Federation.

We appreciate the opportunity to present our views on the need for proposed wheat and feed grain legislation.

It is our candid opinion that the overwhelming defeat of the multiple-price wheat certificate plan in the May 21 referendum demonstrates beyond question that wheat farmers want no part of such compulsory Government supply-management programs. The plan received only 47.8 percent of the vote when it needed 66.7 percent to carry. This happened in spite of a costly, all-out USDA propaganda campaign—the like of which has never before been seen.

We believe new legislation is needed because the provisions of law which will apply to the 1964 crop, if no further action is taken, were not developed for the purpose of providing a workable program. As matters now stand, wheat producers are confronted with an indefensible mixture of rules developed to implement marketing quotas, an allotment program without quotas, and a price support level that was intended to discourage producers from voting against quotas.

Furthermore, if no new legislation is enacted it will be necessary to hold another referendum on the certificate plan next spring. Any idea that the results can be changed by holding another referendum early in 1964 appears to us to be a delusion. It would, however, mean delay in the solution of the wheat problem, and another vigorous referendum campaign. We do not see how such developments could benefit anyone.

You are well aware of the fact that Farm Bureau has a membership of over 1,607,000 farm families in 49 States and Puerto Rico. Most of our members produce feed grains and livestock products along with

other major commodities such as wheat and cotton. A large number produce both wheat and feed grains. Our members believe that the feed grain and wheat problems are closely related and that both affect livestock, dairy, and poultry production and prices. We believe that any future legislative proposals for feed grains and wheat should be considered together. We should keep in mind that roughly two-thirds of U.S. cash farm receipts are derived from the sale of livestock and livestock products. We must make sure that any action we take will not adversely affect this large segment of American agriculture.

On February 28, 1963, we appeared before this committee to urge delay in extending the feed grain program beyond 1963. We said, among other things, that it was unwise to pass any further feed grain legislation until after the multiple-price wheat referendum. We suggested that, if the wheat referendum failed, the Congress would face a completely different set of circumstances in legislating for both wheat and feed grains. We were quite sure then that if wheat farmers really understood the multiple-price wheat plan they would overwhelmingly turn it down.

In spite of our urging that action on feed grains be delayed until after the wheat referendum, a bill was reported by this committee and subsequently approved by the House by a scant five-vote margin.

Since the May 21 wheat referendum clearly indicated wheat farmers want no part of the multiple-price wheat plan—see tabulation of wheat vote by States in table 1—the provision of law authorizing further referendums on this program should be repealed. It would be the height of folly to force wheat farmers to vote again next spring on such a complicated, unwise, and unjust program.

If wheat and feed grains are to be considered together, as we firmly believe would be best, the temporary Feed Grain Act of 1963 also should be repealed.

Seventeen Members of the Senate and 19 Members of the House have introduced bills known as the Wheat and Feed Grain Act of 1963. These bills, if enacted, would authorize what Farm Bureau believes to be a sound program for future crops of wheat and feed grains.

The House bills, now before this committee, which carry out Farm Bureau recommendations in principle—with slight modifications in three instances—are H.R. 6540, H.R. 6541, H.R. 6542, H.R. 6543, H.R. 6544, H.R. 6545, H.R. 6617, H.R. 6661, H.R. 6825, H.R. 6848, H.R. 6869, H.R. 6994, H.R. 6999, H.R. 7001, H.R. 7027, H.R. 7035, H.R. 7121, H.R. 7483, and H.R. 7633.

We are happy that, in the House and the Senate, members of both parties have joined in sponsoring this proposal. We urge this committee and the Congress to consider our proposed program on its merits.

Farm Bureau believes changes are needed: Farm Bureau members believe that a change of direction in farm programs is long overdue. They believe there is a need for changes which will—

1. Permit market prices to serve as the dominant influence in guiding the use of farm resources and the movement of farm output into consumption;
2. Provide for price supports which will facilitate orderly marketing without substituting Government price fixing for market prices that reflect the economic forces of supply and demand;
3. Protect markets from farm products against the burden of

accumulated CCC stocks so that prices can rise above support levels as the balance between output and market requirements improves;

4. Provide Government assistance, by means of a cropland retirement program, to help farmers make needed adjustments in resource use and output during the transition to freer markets; and

5. Eliminate price-depressing surpluses and clear the way for higher per family net farm incomes through a healthier supply-demand situation by bringing production into line with current market requirements.

FARM BUREAU PROGRAM

The bills listed above carry out the five program changes we have enumerated for wheat and feed grains. The principal provisions of these bills are as follows:

1. All authority for wheat marketing quotas and acreage allotments on wheat would be terminated. The multiple wheat plan provisions of the 1962 Farm Act would be repealed. The 1963 Feed Grain Act, which applies only to the 1964 and 1965 crops, also would be repealed.

These actions are necessary in order to clear the slate for a new approach to the wheat and feed grain problem. Efforts to control wheat and feed grain production by means of acreage allotments and marketing quotas have failed dismally. They have created inefficiencies in the production of farm commodities. They have increased production costs. They have shifted the surplus problem from one commodity to another.

The "emergency" feed grain programs of recent years have been extremely costly in relation to the limited results that have been achieved. The 1963 feed grain program is proving even more expensive and less effective than its predecessors.

There is no justification for insisting that acreage allotments remain in effect for a crop for which marketing quotas have been disapproved. To continue acreage allotments—and the provision which reduces the base history of producers who overplant—in a year when marketing quotas are not in effect would place a special penalty on the areas that have limited alternatives to wheat production.

Our program would enable each farmer to decide for himself which grains he should grow, how much of each he can best produce, and whether he would be better off to place a part or all of his farm under a cropland retirement contract.

2. Beginning with the 1964 crop, price supports for wheat would be set at the U.S. farm price equivalent of the average world market price during the immediately preceding 3 marketing years—currently about \$1.30 per bushel (see table 2, p. 41). Also, premiums and discounts would be used to reflect market demand for milling and baking quality. For corn and other feed grains, supports would be set at rates equal to 90 percent of the average price received by farmers for these grains during the immediately preceding 3 years—currently the average price received by farmers the last 3 years is about \$1.06 per bushel for corn (see table 3, p. 41).

Under no circumstances would the price-support level be permitted to fall below 50 percent of the applicable parity price—currently about

\$1.25 per bushel for wheat and 80 cents per bushel for corn. At the present time support prices computed by the market price formulas would be considerably higher than 50 percent of parity in all cases. This approach would eliminate administrative discretion with respect to price-support levels for wheat and feed grains. It would automatically adjust support prices to changing supply and demand conditions.

Support prices set in this manner would not impede the workings of the market; would not be an incentive to increase production; and yet, would provide real protection against any substantial drop in wheat and feed grain prices.

Because price supports set in this manner would not be an artificial stimulant to production, it would not be necessary to couple them with restrictions on production or marketing of grains. Price supports set at higher levels—as proposed in other bills now before this committee—would stimulate production and make impossible the elimination of controls on individual farms. These proposals for higher levels of price support would grant to the Secretary of Agriculture discretionary authority to increase the level to 90 percent of parity. We could not defend the high cost to taxpayers of such proposed programs, nor do we believe it wise to grant such discretionary authority to any Secretary of Agriculture.

3. The Secretary would be authorized for a period of 3 years to enter into contracts for the voluntary retirement of cropland with emphasis on whole farm retirement. Payment rates would be established through competitive bidding by farmers, and land placed in this program would be retired for periods of not less than 3 years.

A cropland retirement program of this nature would lead to the withdrawal of much greater productive capacity per dollar cost and would eliminate most of the administrative problems associated with the emergency-type programs of recent years.

Producers of all commodities would be given an opportunity to participate in the cropland retirement program. Producers would be required to establish and maintain proper vegetative cover on the retired acres. They would not be allowed to graze or harvest any crop off the land. The voluntary nature of this proposed cropland retirement program minimizes the likelihood that it could have any adverse effects on individual counties or communities; however, to make certain that no area would be adversely affected, the Secretary would be directed to place a maximum limitation on the percentage of total cropland which could be retired in any one State or county.

4. To protect farmers against competition from the release of CCC surplus stocks of wheat and feed grains, sale of these stocks domestically at less than 115 percent of prevailing support levels, plus reasonable carrying charges, would be prohibited except for sales that are offset by open-market purchase. This exception is designed to provide needed flexibility for the maintenance of good inventory management practices. This restriction would not apply to exports.

The isolation of CCC stocks from the market would reinstate immediately the traditional functions of the market system in establishing farm commodity prices and guiding agricultural production. Farmers should not be handicapped by ceilings put on current commodity prices through the dumping of CCC stocks, which have been built up under unsound programs of the past.

EFFECT OF FARM BUREAU PROGRAM

The proposal to terminate both wheat allotments and the present feed grain program and to institute a cropland retirement program puts all grains on the same basis. It provides no restrictions on individual farm operations except those applying to land voluntarily retired under the program. All farmers will be completely free to use all their noncontracted cropland as they wish, except for crops under marketing quotas. This would lead to a restoration of competitive markets and more efficient feed production. Thus, it would lead also to more efficient and more profitable livestock, dairy, and poultry production.

The termination of wheat allotments and quotas also would terminate controversy with respect to such things as the 55-million-acre minimum national allotment; marketing quota exemptions for small acreages; relatively short supplies of certain classes of wheat; and the conditions under which wheat producers supply wheat to the feed market.

Producers who have been growing wheat under the 15-acre, marketing-quota exemption would have a variety of choices. Many who began wheat production to take advantage of the exemption and high guaranteed prices can be expected to drop out gradually and return to crops grown previously—or perhaps turn to new crops. Some would place part, or all, of their acreage in the cropland retirement program. Others may continue to grow wheat. The net result is likely to be a substantial reduction in the amount of wheat grown on small acreages—regardless of geographical area. In wheat, as in most farm enterprises, increasing the size of small operations leads to lower costs per unit of output and higher net profits.

Some will argue that the termination of wheat allotments would lead to a big increase in the output of wheat. We think this would not happen under our proposal for the following reasons:

1. Total cropland acreage would be substantially reduced by the program. Undoubtedly, payments would be sufficiently high to attract much wheatland throughout the Great Plains.

2. Any increase in wheat acreage would mean an approximately equal reduction in the acreage of other crops—principally feed grains.

3. While an expansion of wheat acreage might occur in the relatively drier areas that do not have satisfactory alternatives to wheat production, average yields are lower there than in the more humid wheat-growing areas where acreage is likely to decline.

4. The level of price support proposed for wheat should permit an expansion of wheat markets and would reduce the artificial incentive to increase yields by greater use of fertilizer, irrigation, and other expensive yield—improving practices.

5. Many farmers who have been growing wheat in higher cost areas under the present marketing quota exemption would likely find it more profitable to shift to some alternative crop—or to put land in the cropland retirement program—as support levels for wheat are adjusted.

It also will be argued that this proposed program would reduce the income of traditional wheatgrowers. However, this argument fails to recognize the importance of such factors as the right to make the best possible use of one's land, labor, and capital; premiums for milling and baking quality; and the opportunity for market prices to rise above the support level.

The following points must also be considered :

1. Over the last several years traditional growers have been forced to shift much acreage from wheat to secondary crops such as barley and milo. In many cases, these crops have returned little more than actual costs. In the absence of controls, many farmers will return this land to wheat—the use to which it is best adapted—or retire it. This will mean both lower wheat production costs per bushel and a higher income from land now being used for secondary crops.

2. A new approach to dealing with the wheat problem obviously is needed. This year's "emergency" program differs only in degree from the program that caused the trouble. Wheat farmers overwhelmingly demonstrated in the May 21 multiple-price referendum their unwillingness to adopt the complicated, unworkable, bread tax, certificate plan for future years. Surely, Congress would be well advised to repeal this provision of law so that it will not be necessary to waste another year's precious time by holding another referendum.

3. One of the major weaknesses of the present program—and also the certificate plan—is the high cost of the export subsidies and surplus disposal programs required to maintain a desirable level of wheat exports. Eventually we are going to have to reduce the cost of exporting wheat, or else reduce the volume of our exports. Farm income is affected by volume as well as by price.

4. Under Farm Bureau's proposal CCC stocks could not be sold domestically except at prices well above support levels. Annual output probably would be less than current utilization. Therefore, a drop in market prices for wheat equal to the proposed decrease in the support price is highly improbable. Market prices for quality wheat should average substantially above the basic loan rate.

5. Because feed wheat prices would be more competitive with other feed grains, there would be greater buyer demand for wheat. In most areas feed wheat prices would reflect the price of feed grains at the source, plus transportation. Prices of quality wheat, of course, would be higher.

6. Under the proposed program, wheat would be grown in areas of the country where it can be produced and marketed most efficiently as was the case prior to the present program.

7. Farmers will be free to expand production of the types and qualities of wheat which have the best market demand.

One of the primary goals of Farm Bureau's program is to provide farmers the opportunity to use their land, capital, and labor for the production of commodities which promise greatest returns and highest possible net income. The relative shortage of Soft Red Winter and Durum wheat in most recent years, contrasted to the flood of surplus Hard wheat, is a good example of the waste and misuse of farm resources which result when legislative or administrative decisions are substituted for farm operator decisions based on market needs.

COST OF VARIOUS PROGRAMS

There have been many wild claims about costs and savings of various existing and proposed Government programs for wheat and feed grains.

We do not claim that our proposals for wheat and feed grains would not cost a substantial sum of money for a short time. The big difference between our program and proposals such as the present

feed grain program and the 1964 version of the wheat certificate plan is that our program would lead to a solution of the wheat and feed grain problems that is practical, workable, and acceptable to farmers.

Even on a short-run basis we believe our program would cost much less than programs it is designed to replace. The 1963 feed grain program is costing about \$900 million. The 1964 program is likely to be equally expensive if no new legislation is enacted. If the certificate plan had been approved, certificates would have been issued for 475 million bushels of export wheat. At 70 cents per bushel this would have meant a Treasury cost of \$332.5 million. Another \$250 million would have been spent for wheatland diversion payments. Thus, the certificate plan, as proposed for 1964, and a continuation of the present feed grain program would cost about \$1.5 billion annually just for wheat and feed grains. You will note we have not included in this calculation the substantial cost to consumers of the wheat certificates on the domestically consumed portion of the crop.

We are certain our proposed program would cost much less and be much more effective in both the short and the long run.

With the level of supports we are proposing under our program, both the need for, and the cost of, retiring land would be greatly reduced. Furthermore, our approach would achieve needed shifts in land use instead of perpetuating our excess capacity problem, which is what happens when parts of farms are retired on a year-to-year basis.

In conclusion: The program we have outlined is designed to solve the feed grain and wheat surplus problems within the framework of the market system. It gets away from historic bases, yield factors, minimum allotments, and the other problems inherent in Government efforts to regulate individual farming operations. It preserves the opportunity for each farmer to make his own decisions. It provides for needed adjustments in resource use without forcing every farmer to retire a part of his farm without regard to his individual situation. It uses support prices to encourage orderly marketing and orderly adjustments in production rather than to fix prices. In order to give the market an opportunity to function it provides protection against the dumping of CCC stocks.

Such a program is the road to high per family farm income. It will make it possible for farmers to build markets at home and abroad and to improve their incomes by producing what the market wants rather than what Government planners want.

The program we have recommended would serve the interests of both producers and consumers—since it insures continued improvements in agricultural efficiency all along the line. There is no more dependable safeguard to all parties concerned. The bread tax, price fixing, and control approach overwhelmingly voted down in the May 21 wheat referendum not only would have cost a great deal of money but would have seriously aggravated many of our present problems.

We believe the general public will support a reasonable expenditure for Government farm programs, provided we can demonstrate that these programs will solve existing problems instead of making them worse. Our program is a bridge to an improved agricultural situation in which the need for Government expenditures will be greatly and permanently reduced.

We believe the suggestions we have made, if adopted, would strengthen the market system, reduce Government regulation of individual farming operations, preserve the opportunity for farmers to adjust to changing conditions, expand domestic and foreign markets, and increase per family net farm income.

We have attached three tables and a detailed technical explanation of our proposal which we would like to have inserted in the record at this point.

I would be glad to answer questions, or the presidents of these State Farm Bureaus would, I am sure, be glad to answer any questions.

Mr. PURCELL. All right, sir. You will be allowed to insert the additional information at the end of your statement into the record at this point.

(The tables, 1, 2, and 3, and the statement headed "Technical Explanation of the Wheat and Feed Grain Act of 1963" follow:)

Following are the State-by-State final reports on the 1964 crop wheat marketing quota referendum:

TABLE 1.—*Votes cast*

State	Estimated number of eligible voters	For	Against	Total	Percent voting for	Number of challenged ballots disallowed
Alabama.....	5,736	1,719	1,243	2,962	58.0	6
Arizona.....	1,631	177	554	731	24.2	29
Arkansas.....	12,066	1,914	3,697	5,611	34.1	92
California.....	5,703	878	2,268	3,146	27.9	91
Colorado.....	31,159	7,916	8,280	16,196	48.9	169
Connecticut.....	45	8	22	30	26.7	2
Delaware.....	1,507	403	427	830	48.6	12
Florida.....	1,116	270	654	924	29.2	0
Georgia.....	18,387	13,143	1,985	15,128	86.9	81
Idaho.....	52,036	7,756	18,725	26,481	29.3	0
Illinois.....	128,995	21,262	49,783	71,045	29.9	1,316
Indiana.....	144,189	20,269	59,015	79,284	25.6	946
Iowa.....	17,399	5,709	3,255	8,964	63.7	137
Kansas.....	221,534	48,404	65,131	113,535	42.6	2,607
Kentucky.....	40,506	22,875	3,803	26,678	85.7	0
Louisiana.....	1,682	159	784	943	16.9	6
Maine.....	35	24	8	32	75.0	0
Maryland.....	8,529	963	4,802	5,765	16.7	220
Massachusetts.....	25	4	18	22	18.2	0
Michigan.....	143,020	15,871	61,987	77,858	20.4	0
Minnesota.....	83,648	32,310	16,850	49,160	65.7	802
Mississippi.....	2,543	428	1,415	1,843	23.2	45
Missouri.....	224,310	57,184	30,928	88,112	64.9	564
Montana.....	42,022	13,206	12,446	25,742	51.7	916
Nebraska.....	106,232	27,542	22,993	50,535	54.5	799
Nevada.....	653	87	276	363	24.0	0
New Jersey.....	2,724	559	1,181	1,740	32.1	15
New Mexico.....	4,847	1,087	1,457	2,544	42.7	23
New York.....	38,534	7,005	15,239	22,244	31.5	0
North Carolina.....	107,858	64,756	15,250	80,006	80.9	207
North Dakota.....	123,380	54,632	28,387	83,019	65.8	0
Ohio.....	180,840	20,169	68,722	88,891	22.7	383
Oklahoma.....	85,250	18,488	26,838	45,326	40.8	279
Oregon.....	24,501	4,992	5,191	10,183	49.0	0
Pennsylvania.....	51,564	7,345	26,031	33,376	22.0	618
Rhode Island.....	10	2	6	8	25.0	0
South Carolina.....	30,157	16,604	3,350	20,014	83.3	20
South Dakota.....	69,080	22,634	12,028	34,662	65.3	311
Tennessee.....	42,229	20,367	6,332	26,699	76.3	106
Texas.....	79,001	22,484	27,567	50,051	44.9	765
Utah.....	8,687	1,307	3,233	4,540	28.8	215
Vermont.....	54	5	38	43	11.6	0
Virginia.....	29,604	7,429	11,767	19,196	38.7	393
Washington.....	37,863	7,673	8,576	16,249	47.2	245
West Virginia.....	3,510	1,384	1,482	2,866	48.3	49
Wisconsin.....	10,153	3,519	2,827	6,346	55.5	198
Wyoming.....	4,450	1,212	1,721	2,933	41.3	73
Total.....	2,230,004	584,284	638,572	1,222,856	47.8	12,740

TABLE 2.—Wheat: U.S. average farm prices, export payment rates, and estimated world prices

[U.S. farm price bases in dollars per bushel]

Marketing year July-June	Average farm price received	Export payment rate	Estimated world price
1956-57.....	1.97	0.74	1.23
1957-58.....	1.93	.61	1.32
1958-59.....	1.75	.47	1.28
1959-60.....	1.75	.53	1.22
1960-61.....	1.75	.50	1.25
1961-62.....	1.84	.54	1.30
1962-63 (preliminary).....	2.01	.66	1.35

TABLE 3.—Feed grains: U.S. season average farm prices

[In dollars per bushel]

Crop year	Corn	Grain sorghum	Barley	Oats
1952-53.....	1.520	1.580	1.370	0.789
1953-54.....	1.480	1.320	1.170	.742
1954-55.....	1.430	1.260	1.090	.714
1955-56.....	1.350	.977	.920	.600
1956-57.....	1.290	1.150	.990	.686
1957-58.....	1.110	.973	.887	.605
1958-59.....	1.120	.999	.900	.578
1959-60.....	1.040	.858	.860	.646
1960-61.....	.997	.836	.838	.598
1961-62.....	1.080	1.010	.981	.640
1962-63 (preliminary).....	1.110	1.020	.925	.622

TECHNICAL EXPLANATION OF THE WHEAT AND FEED GRAIN ACT OF 1963, A BILL TO ADJUST WHEAT AND FEED GRAIN PRODUCTION, TO ESTABLISH A CROPLAND RETIREMENT PROGRAM, AND FOR OTHER PURPOSES

Short title: This act may be cited as the Wheat and Feed Grain Act of 1963.

Section 2: Declaration of policy: To bring the supplies of wheat and feed grains into line with the current demand in order to increase per family farm income, reduce the surpluses, and decrease the public costs. Programs are established to assist farmers in diverting cropland from production, carrying out voluntarily a program of conservation and obtaining market prices higher than support prices.

TITLE I—LAND RETIREMENT AND SOIL CONSERVATION

Section 101. (a) The Secretary of Agriculture is directed to carry out the cropland retirement program. The Secretary shall make an annual determination of (1) the total cropland available for the production of crops in the United States; (2) the total acreage of wheat, corn, oats, rye, barley, grain sorghum, soybeans, and flaxseed necessary to bring the total estimated annual production, plus the anticipated release from the Commodity Credit Corporation stocks into balance with the estimated annual disappearance of such commodities; and (3) the total acreage of farm cropland which should be retired from production in order to achieve a supply-demand balance. It is recognized that it will not be possible to retire all the necessary acreage the first year, and the Secretary is directed, therefore, to estimate the amount of acreage that can be effectively and economically retired in the respective year.

(b) The Secretary is authorized to enter into contracts for the retirement of cropland for 3 years. He must announce a period within which such contracts will be entered into. There should be sufficient time so that maximum producer participation is possible. Policies should emphasize the retirement of whole farms. Producers of all commodities should be given the opportunity to participate. To prevent unduly disruptive effects upon the economies of counties and local communities, the Secretary is directed to place a maximum limitation on the percentage of total cropland which may be retired in any one State

or county. Cropland so retired shall be deemed in subsequent years to be planted cropland for the purpose of establishing cropland history.

(c) The Secretary is directed to make rental payments in cash or in kind to producers who have retired cropland under the program and have complied with other requirements of the program. The rate of rental payments shall be determined by the Secretary with the view toward providing producers with a fair and reasonable return on the land retired and in accordance with other specified criteria. *Rental rates shall be adjusted on a State, county, and individual farm basis, and the lands to be covered by contracts shall be determined by a competitive bid procedure whereby a producer wishing to obtain a contract shall specify the percentage of the rental rate applicable to his farm which he is willing to accept.*

(d) The Secretary is directed to compensate participating producers (1) through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem in cash or (2) if option is exercised by the producer 30 days before compensation is tendered, through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem in wheat, corn, oats, rye, barley, or grain sorghum. The Secretary is directed to limit certificates redeemable in kind if he finds such certificates will have an adverse effect upon the market price of wheat, corn, oats, rye, barley, grain sorghum, or livestock. A certificate may not be redeemed at less than 115 percent of the current support price, plus reasonable carrying charges for such commodity. The Secretary shall coordinate this program with the agricultural conservation program established pursuant to the Soil Conservation and Domestic Allotment Act.

Section 102. (a) Under any cropland retirement contract, the producer shall agree (1) to establish and maintain the proper vegetative cover on a specifically designated acreage of land which has been regularly used in the production of crops; (2) to allow to remain idle on acreage of the remaining cropland on the farm which is not less than the acreage normally allowed to remain idle; (3) not to harvest any crop from the designated acreage except timber, wildlife or other natural products; (4) not to graze the acreage; (5) not to adopt any practice or divert lands to any use specified by the Secretary as tending to defeat the purposes of the contract; (6) to abide by regulations prescribed by the Secretary; and (7) to such additional provisions as the Secretary determines are desirable, including provisions relating to control of noxious and other objectionable weeds.

(b) In the event that the Secretary determines that there is a substantial violation of the contract, the producer shall forfeit all rights to payments and shall refund to the United States all payments received by him under the contract. Where the Secretary determines that the violation is not substantial, adjustments of payments may be prescribed by the Secretary.

Section 103. Technical provisions of the Soil Bank Act, including judicial review, reapportionment, utilization of local and State committees and other agencies, utilization of land use capability data, protection of tenants and sharecroppers, etc., are incorporated.

Section 104. (a) The Secretary may formulate and announce retirement programs during the 3-year period 1964-66. All contracts are to expire by December 31, 1969, except contracts for establishment of tree cover which may continue until December 31, 1976.

(b) Contracts may not exceed 3 years except tree-cover contracts which may extend for 10 years.

(c) Funds are authorized to be appropriated as may be necessary to carry out the program, including funds to reimburse the Commodity Credit Corporation for its actual costs under the payment-in-kind program.

Section 105. The Secretary is authorized to terminate or modify contracts with producers by mutual agreement when determined to be in the public interest.

Section 106. The Secretary is directed to prescribe such regulations as he determines necessary.

TITLE II—REPEAL OF AUTHORITY FOR ACREAGE ALLOTMENTS AND MARKETING QUOTAS ON WHEAT AND CORN—PRICE SUPPORTS ON WHEAT, CORN, OATS, RYE, BARLEY, AND GRAIN SORGHUM

Section 201. Authority for the establishment of acreage allotments and marketing quotas for wheat and corn is repealed, effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum.

Section 202. Public Law 74, 77th Congress, relating to farm marketing quotas is repealed, effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum.

Section 203. Sections 327 and 328 of the Food and Agriculture Act of 1962 are repealed, effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum.

Section 204. Authority to conduct a special acreage diversion program for the 1964 and 1965 crops of feed grains is repealed.

Section 205. Beginning with the 1964 crops, price supports shall be made available to producers for each crop of corn, oats, rye, barley, and grain sorghum at 90 percent of the average price received by farmers during the 3 calendar years immediately preceding the calendar year in which the marketing for such crop begins. Authority is given to adjust price supports so as to make allowance for abnormal quantities of low-grade grain in any of the years. The price support for such crops may not be set at a level lower than 50 percent of the parity price for such crop.

Section 206. Beginning with the 1964 crops, price supports for wheat shall be set at the U.S. farm price equivalent of the average world market price during the immediately preceding 3 marketing years. The level of price support for wheat may not be less than 50 percent of the parity price.

TITLE III—GENERAL PROVISIONS

Section 301. Lands reclaimed under flood control projects are made ineligible for any land retirement benefits under the cropland retirement program.

Section 302. Effective July 1, 1964, the Commodity Credit Corporation shall not sell wheat, corn, oats, rye, barley, grain sorghum, soybeans, or flaxseed for domestic use at less than 115 percent of the current support price for any such commodity, plus reasonable carrying charges. Sales which are matched by equivalent purchases are exempted.

Mr. PURCELL. We appreciate your consuming interest in this subject, Mr. Shuman. Obviously much work has gone on in the preparation of your proposed program.

Mr. SHUMAN. Thank you, Mr. Chairman.

Mr. PURCELL. I am sure that there will be questions that will be desired to be asked. I have a few that I would like to ask.

Do you know at this time about how many acres your whole proposal would mean would be diverted?

Mr. SHUMAN. I did not quite get the question.

Mr. PURCELL. How many acres would you hope to divert from production under your proposal?

Mr. SHUMAN. Our recommendation is that the Secretary be empowered and authorized and directed to provide for cropland retirement and that there be leeway or discretion as to the number of acres.

Now I think it is important to recognize at the present time that under the conservation reserve that has been continued we have had 24 million acres taken out, and we would hope that this would be added to, probably, somewhere a total of between 50, 60, 65 million acres. There have been various estimates as to the amount necessary in a recent study at Iowa State College which seems to indicate that the lower range of estimates would be necessary to get substantial adjustment. We have not specified a specific number of acres, because we felt that this would be determined in the Department better than by our calculations.

Mr. PURCELL. What is the lower range that you estimated—you said up to 65 million?

Mr. SHUMAN. We have been saying from 60 to 80 million acres, but these new studies by Iowa State College would seem to indicate that this had just been an estimate of 50 to, say, 60, rather than 60 to 80 million.

Mr. PURCELL. Would that include the present 25 or 28 million acres?

Mr. SHUMAN. Yes, sir; the 24 million I believe is the approximate figure for 1963—it would include that.

Mr. PURCELL. Then under your program would there be any other diversion program other than this General Land Retirement Act?

Mr. SHUMAN. Not for wheat or feed grains. There would continue to be the same program that is in effect for some other crops.

Mr. PURCELL. Then, as I remember the figures we now have about 60 million acres diverted, counting the soil bank and I believe in the neighborhood of about 7 million acres of wheatland, and then about 25 million acres of diverted land under the feed grain program which that program is taking up. Are those figures in line with those that you have used?

Mr. SHUMAN. I believe that is correct.

Mr. PURCELL. Are those about in line with those you have used?

Mr. SHUMAN. I believe that is correct.

Mr. PURCELL. Then if you use your figure of 60 to 70 million acres, actually, you are talking about no additional acres up to about 10 million more acres, as I understand the figures.

Mr. SHUMAN. Yes, this is true, so far as the actual acreage. The main reason that our acreage diversion would be expanded—we would, of course, expect to get better results. At the level of price supports, under current programs, it has encouraged the maximum utilization or maximum production on the remaining acres, whereas under our proposal we would reduce the level of price supports and we think that we would get much more effective reduction.

Mr. PURCELL. Yes; I understand that. You are talking only about 10 million additional acres being diverted?

Mr. SHUMAN. That is, approximately, correct.

Mr. PURCELL. Can you tell us about the number of what we might term wheat acres that would be diverted under this program?

Mr. SHUMAN. We would not be diverting any wheat acres as such, because we would make—we would leave the diversion program open to the producer of any agricultural commodities and would, also, by the same token make it possible for any person to raise as much wheat as he wished.

Mr. PURCELL. I understand that, but do you have an estimate as to the number of acres that we now consider to be under that, because we are in the feed grain and wheat more specifically interested in that in this hearing.

Mr. SHUMAN. No; we do not have an estimate. However, as we said in the statement we are confident that the acreage produced under our program for wheat would, probably, be less; that in some areas there might be some expansion in wheat acreage, but we believe that the reduction in wheat acreage in other areas will more than offset it. We think there will be a gradual reduction in the total of acres going into wheat.

Mr. PURCELL. Then would you start off with a figure of diverted wheat acres or diverted acres for wheat now in the neighborhood of 7 million acres?

Mr. SHUMAN. Well, I think that the total acreage devoted to wheat, in 1964, under our proposal would be less than the average planted of wheat in 1963. How much less I do not believe anyone could make a valid estimate.

Mr. PURCELL. Well now, can you give us any estimate on the number of acres diverted that have been put into cotton, for instance?

Mr. SHUMAN. I am not familiar with the number. I do not believe that there is anyway of determining the amount—you mean the number of acres put into cotton diverted from wheat?

Mr. PURCELL. Yes, sir. What I am trying to get at is and to learn as much as possible about is the number of total acres that you are planning to divert by this program.

Mr. SHUMAN. Well, I think it has been quite apparent under the old program that the number of farmers raising wheat in cotton areas has increased quite dramatically. I think that this trend would be reversed under our proposal, and yet I do not believe that anyone could give an estimate, either, what has happened in total or what might happen.

Mr. PURCELL. Can you give us an estimate of the number of acres that are now in some of the other crops, such as peanuts or rice, or any of those that your plan calls for?

Mr. SHUMAN. No, sir; I do not believe that we could submit figures which would show the change in the trend in the production of wheat in the various areas, to project that, as to just what would happen, other than to say that they would be reduced for the nontraditional wheat areas. I think that the only estimate that I could give with any degree of certainty would be that there would be a tendency, definitely, for the number of producers, and the acreage devoted to wheat in the nontraditional areas to decline. Of course, the rate or the amount I would not have any basis for estimating.

Mr. PURCELL. Then let us get it for feed grains. Can you give us any estimate as to how many feed grain acreages you would be diverting?

Mr. SHUMAN. No, sir; I do not think that it would be possible, except to say that with the present price and demand situation for feed grains the total of these farmers who will be making a choice between increasing wheat production and decreasing feed grains will be such as to reduce the acreage of wheat in the areas which can produce feed grains the best, but the amount I would hesitate to estimate.

We have had so many years of Government intervention in the planning and pricing situation in agriculture that it is almost impossible for anyone to make a valid estimate.

Mr. PURCELL. Then your answer, I think, would be the same on forage land or anything diverted to that type of land?

Mr. SHUMAN. Yes, sir.

Mr. PURCELL. Then can you give us any estimate as to how many acres would be planted to wheat under the first year of your plan as compared with, I guess, the 50 million acres that have been planted in 1963?

Mr. SHUMAN. No, sir. I think for the very same reason that after these 30 years of Government intervention and pricing and attempts to control production we have no basis on which to make a valid statistical estimate as to what will happen. It is unfortunate—it is a tragedy, in a way, but this is the truth.

The only thing that we can say is that we are confident as we know the reaction of farmers that there will be a reduction in the wheat acreage and production in the areas which have not traditionally been

wheat areas, in the production of wheat. There may be some increase in the areas where there are few, if any, alternate crops, but we think that the overall result will be a reduction in the production of wheat.

Mr. PURCELL. Then I suppose that if I asked you the same question about how many acres would be planted in wheat, grain, and these other crops, your answer would be the same?

Mr. SHUMAN. Yes, sir.

Mr. PURCELL. With all of the statistical information that is now available from our economic reports, the Department itself—and I am sure from your economic studies—you feel that you do not have any valid way of estimating what would be planted in any of our basic crops; is that true, sir?

Mr. SHUMAN. That is within reasonable limits. We would be confident of trends, but no valid basis for specific estimates.

Mr. PURCELL. But you do not feel that you would have sufficient information that you can rely on at this time to give us any estimates that we, as a committee, could go on in trying to analyze this proposal?

Mr. SHUMAN. Not in thousands of acres or millions of bushels; no, sir.

Mr. PURCELL. Well, now, I think that an answer was indicated by your statement, but do you propose any limitation on the number of acres that could be diverted in any given community that would be affected by this?

Mr. SHUMAN. Yes; we suggest or we recommend in our procedure, in our bill, that the Secretary of Agriculture shall have the authority to limit the percentage of total cropland to be retired in any State or any county.

Mr. PURCELL. If I remember correctly, last year the proposal was that a 25-percent limitation in any given county, I believe, would be the requirement?

Mr. SHUMAN. Yes, sir; that would be our suggestion.

Mr. PURCELL. But this year you are proposing to eliminate that limitation?

Mr. SHUMAN. That is right. We have not made it specific.

Mr. PURCELL. And then, as I understand it, you are giving the Secretary the absolute responsibility and authority to select the number of acres for any given county?

Mr. SHUMAN. Yes, sir.

Mr. PURCELL. We are all concerned about the authority that the Secretary has, and I wonder what comments you would like to make in regard to, in effect, making the Secretary a czar of the land and his having the absolute authority in selecting the acres and the communities and the counties, and so forth?

Mr. SHUMAN. Mr. Chairman, I think that in any administration of any legislation of this kind it is necessary to give considerable discretion to the Secretary of Agriculture in this area because it is impossible to spell out in the law the conditions which would apply in all parts of the United States, and I think that on the other hand we do propose restrictions in some respects.

We have recognized, as has the Congress, that there must be considerable latitude in the administrative authority, and we think this is one where the percentage retired in one county might be limited to a greater extent than in another part of the United States because of the

difference of impact. For instance, if wheat was not a very important crop in a county in the eastern part of the United States, then it would not be so important to have a 25-percent limitation. There could be no limit at all on the amount that could be retired.

Actually, this 25 percent might be considered to be a suggestion, but I think it is not valid for every county.

Mr. PURCELL. Then do your studies indicate any information pertinent to what you will give as to the effect that such an act might have on a community if the Secretary chose that he would go higher than 25 percent—have you any other safeguards or guidelines that ought to be put in—that is what I am getting at.

Mr. SHUMAN. We think that with the voluntary retirement that we propose and on the basis of submission of bids that this will not be a very important problem and not be one which will cause disruption in many communities. The Secretary of Agriculture will, certainly, be guided somewhat by the opinion of the people in the various areas, and if he has some latitude he, certainly, is not going to permit the retirement of such a sizable acreage as in any community to disrupt the business or the economic life of the entire community.

Mr. PURCELL. Now then, if your program should be adopted this year do you have any way of estimating what you feel like the participation for the first year would be—how much of a signup or how much participation, using whatever term you want—could we expect during, say, the first year of operation of this type of program?

Mr. SHUMAN. Not specifically, no; but we do know from past experience that when the incentive of price supports is reduced that there is a considerable interest in a cropland retirement program, and we think with the reduced incentive of price supports on wheat and feed grains that we propose that there will be no difficulty in getting a large number of applicants, a large acreage, at a reasonable cost.

Mr. PURCELL. I believe this year, if my recollection is correct, that we have about 20 million acres diverted under the feed grain program. Do you think that during the first year of this rather basic change that we will be making what you should expect to get, say, that much participation?

Mr. SHUMAN. I think that we can, at least—I mean, at least that much, yes. I think it would be a very reasonable expectation.

Mr. PURCELL. You would get about 25 million acres?

Mr. SHUMAN. Yes.

Mr. PURCELL. Do you feel then that it would be wise to abandon the feed grain program when this program is diverting about 25 million acres—would it be wise then to immediately drop that program, knowing we need more than twice as many acres to be diverted—do you think it would be wise to drop the feed grain program if we do not expect to get over 25 or 30 million acres?

Mr. SHUMAN. Yes; we do, because the amount of acreage diverted under the feed grain program, No. 1, is extremely high cost acreage. And No. 2, the price support level of the feed grain program is such as to premiumize the use of all kinds of cultural practices, to get the maximum yield.

Under our program we would be reducing that price support guarantee which is really the incentive, and thus we think we will get more real reduction in production by diverting possibly, the same acreage with a lower level of price supports.

Mr. PURCELL. All right sir. So far as I am concerned we now come, perhaps, to the most important discussion of all. What is your estimate as to the cost of your program as proposed?

Mr. SHUMAN. Again, the amount of participation would determine the cost and we do not contend that our program will not cost a considerable amount of money. We think it will. There is no way to definitely establish a figure except that you can compare our program with the present cost of the feed grain program and the projected cost made by the Department of the multiple price wheat plan which was voted down. I believe that their projections indicate—I think we have that in the statement—that their projections, without administrative costs, run \$1.5 billion and we are very confident that our program would cost considerably less than that, the reasons being that it would not be necessary to make as large a payment for the retirement of the acres. This would be the major cost of our program, the acreage, the 24 or 25 million acres that are now taken out, plus, perhaps, another 25 or 30 million acres that would leave the cost of our program far below that of the feed grain and the certificate plan programs.

Mr. PURCELL. If the cost is \$1.5 billion, and use figures that you want, either 60 or 70 million—I have not done the arithmetic—do you know what the per-acre average would be under that?

Mr. SHUMAN. The present 24, almost 25 million acres of conservation reserve are costing an average of about \$12 per acre. The cost of an additional 25 or 36 million acres we recognize would, probably, be a little bit more than \$12 per acre, but, certainly, it would not be more than in the range of \$5 to \$6 or \$7 per acre additional cost for the extra 36 million acres. And so if you took \$7 additional cost on the 36 million acres it would come out to less than \$7 billion total cost for our proposal.

We think that these are as specific as anyone can get as to projecting the cost of the additional 36 million acres, if you want to take the figure of 36 million.

Mr. PURCELL. But then you feel that if you can divert the productive land that we would need to divert in order to hold down the total production, you feel that we can divert that for \$14 or \$15 an acre?

Mr. SHUMAN. Oh, perhaps a little more than that. It might be \$18 to \$20, something like that.

Mr. PURCELL. Well then say that you could figure on \$20 per acre, now then you are talking about diverting high productive land, because that is where the production is high—you feel that at \$20 an acre in corn, wheat, cottonland, whatever it might be, that would be sufficient to divert a sufficient number of acres to bring the production within line so that supply and demand would furnish the price support?

Mr. SHUMAN. Yes, sir; with the incentive of the high guaranteed price supports removed, and on the basis of letting the farmers themselves decide what, if any, acreage is to be diverted. We are not proposing that the attempt be made to take out the highest productive land. Of course, we are proposing that the farmer himself decide on the bid basis. We believe with the experience we have had for several years it indicates that we can buy this reduced production more cheaply on a voluntary basis; yes, sir.

Mr. PURCELL. I have taken more time than I intended with my questions that I had in mind asking.

Do you have any questions, Mr. Belcher?

Mr. BELCHER. No questions.

Mr. PURCELL. Mr. Short?

Mr. SHORT. Mr. Chairman, is it a fair statement, Mr. Shuman, to say that the basic provisions, the basic intent of the Farm Bureau bill is to move away from using the price-support mechanism as a basis for Government pricefixing and to use the price-support mechanism as a sort of safety valve in protecting the farm prices and to move to a free market price economy for farm commodities? Is that the basic principle of the bill that the Farm Bureau endorses?

Mr. SHUMAN. Yes, sir. Our basic purpose is to move toward using the market price to determine the production for wheat and feed grains and to get away from Government determination of the price—to use price supports as the floor, as the name indicates that it should be, rather than as a means of fixing the price. That is a correct assumption.

Mr. SHORT. Well, could I add this further question? I think that one of the criticisms that has been leveled at the Farm Bureau proposal is that it would result in lower farm prices. Do you share this belief that lower farm prices for farm commodities will result and this necessarily means lower farm income?

Mr. SHUMAN. No, sir. The answer to both questions is "No." However, we must recognize that there are five different kinds of wheat and within each kind there are many different grades and subgrades.

I think it would be unrealistic to not recognize that for some qualities and kinds of wheat the price would, necessarily, be lower, because we recognize that some of it is feed quality wheat, and yet other kinds and qualities of wheat would, we believe, be sold for higher prices than they have in the last several years. And we think that the overall price effect would be that, on the average, the price of wheat would be as high or higher than it has been, and the net farm income of individual farmers would increase materially.

Mr. SHORT. One of the other arguments leveled against the Farm Bureau proposal and it assumes contrary to your belief that farm prices are going to go down, the objection has been that this is going to result in the elimination of a great many of these smaller, perhaps, more inefficient farms. Do you believe this?

Mr. SHUMAN. The reduction in the number of very small farms, whether they are inefficient or not, has been something that has been going on for a long time. And as far as I can determine has been continuing at a rather steady rate, regardless of what has been done by the Congress or by administrative action, either one. In fact, the statistics for the last 2 years indicate that it is proceeding at about the same pace it has for the last 15 years.

Our program, our proposal, in my opinion, would not in any way affect the rate of decisions made by individual farmers as to whether or not they were going to continue to farm. It would not in any way affect farming decisions, except the farming decisions of the producers of feed grains and wheat who would then be faced with the decision whether to increase their production of wheat and feed grains or to decrease them. If anything, the freedom of the small farmer to pro-

duce what he wanted to produce might help him in increasing his efficiency, his volume of income to the point where he could compete more effectively with the big-scale operators.

I think it would, if it did anything, favor the small producer.

Mr. SHORT. To get over to a little bit different subject, this overall consideration of using land retirement as a means of reducing the size of our total agricultural productive plant—the land that is now in the soil bank, it occurs to me, that as the contracts expire, much of that land would not come back into the production of cultivated crops.

Since the price of livestock has been high and it is reasonably attractive, it seems to me that much of this land will remain in pasture or remain in the feed production, regardless of what we do in the way of extending any provisions of law for land retirement. Do you think we have taken this factor into consideration to large enough extent in projecting the need for the number of acres that must be retired?

Mr. SHUMAN. Perhaps not. Well, let us say it this way—the objective of our program of cropland retirement is to encourage this transfer of now actively farmed land over into more longtime permanent uses, some of which would be grazing, some of which would be forest production or forest products, perhaps, and many other uses, and we think that this diversion by lease and rental can be ended after a period of time, as these acres become available for different and permanent uses.

Mr. SHORT. Another one of the questions that is always raised with the land retirement proposal is the question of whether or not whole farms should be taken out of production. I notice in your statement of the Farm Bureau you propose taking out entire farms. This is usually interpreted as a mechanism that will result in people leaving the farms and depleting the communities and that sort of thing. Certainly, I think that most of us who live in the rural areas do not like to see any more of this happening. It has happened enough in past years.

The taking of the entire farm out of production does not necessarily do this, does it? Are there not farm operations where the people who do not have to farm to make a living, own farmland and operate this land in various ways? Is not this principle of taking the entire farm out a very necessary one if we are going actually to get the reduction that needs to be made; if it is done properly, to provide for some discretion, considerable discretion on the part of the Secretary of Agriculture, not to adversely affect the community? Is not this principle of taking the entire farm out very important?

Mr. SHUMAN. Yes; we believe so. In the first place, in order to get good results it is almost necessary to encourage this, because otherwise we get just a few of the worst acres being taken out.

And secondly, the reason that your statement is valid is that, at least, in most agricultural communities the whole farms that are taken out quite often those operated by part-time farmers. This is true in my community where I live. Several of my neighbors have taken out their entire farms. They have not moved off the farms. They are people who are working full time or part time in some other occupation.

In order to get results I think it is necessary to provide for some sizable retirement of whole farms, but I do not think that it will affect adversely the farm population in very many communities with the limitation of the Secretary's authority.

I think thereby it can be controlled.

Mr. SHORT. Thank you. Those are all of the questions I have at this time.

Mr. PURCELL. Mr. Jones.

Mr. JONES of Missouri. You speak about the all-out U.S. Department of Agriculture propaganda campaign. Did the Farm Bureau participate in any farm campaign during the recent referendum?

Mr. SHUMAN. Yes, sir. We did the best we could with our limited resources. On the other side, however, there is this one very definite distinction. We used our own membership money which was taken from our members, on a free-choice basis, whereas the Department of Agriculture was using taxpayers' money; in fact, we helped contribute to the campaign that was against us because our members all pay Federal taxes.

Mr. JONES of Missouri. Let me ask you this: What was the basis or what was the argument that you think was most persuasive in defeating the referendum?

Mr. SHUMAN. Well, there were many arguments that were persuasive. I think the one thing that we did which determined results more than anything else—and, of course, we did not do this alone—we had lots of good help—the one thing that happened this time that has never happened before was that a larger percentage of the wheat-growers voted. I am rather confident that we would have defeated these programs long ago if we had gotten the same percentage out voting, as we did this time.

So far as the arguments were concerned I think the arguments that we are moving in the direction in which we are going—supply management, that argument—do you want to go toward compulsion, stricter controls, or do you want to turn in the other direction and move toward the use of the marketplaces? I think this was it.

Mr. JONES of Missouri. Do you think that the statement that is attributed to the Farm Bureau that if the farmers would turn down the referendum that the Farm Bureau would assure them that there would be a better bill passed by the Congress? Do you think that had any influence on many of the people who voted in that referendum?

Mr. SHUMAN. Well, No. 1, so far as I know nobody in an official position in the Farm Bureau made that statement. We said, as we always said, that we would do everything we could to convince Congress that it should provide for interim legislation. We said that in our judgment the Congress will act, but we did not assure anybody that it would.

Mr. JONES of Missouri. Do you know whether any of your local organizations made the statement that if this referendum was turned down, that then the Congress will give you a bill that will be more favorable to your interests?

Mr. SHUMAN. We have over 2,700 county farm bureaus, and quite a few multiple local community organizations. And I suppose it is possible, although I know of none who made that statement—it is possible that some may have done so.

Mr. JONES of Missouri. Well now, another thing, in other words, you were not satisfied with the action that the Congress took last year in passing the legislation which provided for this referendum?

Mr. SHUMAN. No, sir; we opposed it very strongly. And, apparently, the wheat farmers were not for it, either.

Mr. JONES of Missouri. Then I noticed you are, also, recommending that the 1963 feed grain bill be repealed—is that correct?

Mr. SHUMAN. Yes, sir.

Mr. JONES of Missouri. In other words, unless the Congress adopts programs advocated by the Farm Bureau then there appears to be a fact that the Farm Bureau will oppose anything that the Congress does and that you have no confidence in the representation that the people of the United States have sent here to pass legislation?

Mr. SHUMAN. No, sir; that is not a correct assumption in any event.

Mr. JONES of Missouri. Well, I go back—in other words, you recommend that the bill the Congress passed last year was a bad bill—you are recommending that the bill we passed this year is a bad bill—and you are recommending the repeal of both of them. That is the reason I am making the statement and I ask you if it is not a fact that you do not have any confidence in what the Congress does unless we adopt the Farm Bureau program?

Mr. SHUMAN. No, sir. And this is not in accordance with the facts of history where we have seldom, if ever, obtained the passage through the Congress of a proposal of ours exactly as it was proposed, and yet we have accepted on numerous occasions and supported legislation passed by the Congress, despite the fact that we opposed part of it.

The Agricultural Act of 1958 was a prime example.

We fought it as hard as we could—we fought against some of the provisions of the Agricultural Act of 1958, yet when it was passed we gave it support. I think this is a prime evidence that the statement you made, Mr. Congressman, is not applicable to the Farm Bureau's action as to the Congress.

Mr. JONES of Missouri. I will not prolong that discussion, because we have had this before. I just have a different idea from what you do. It appears to me that each time you tell about it that you are always following, what the American Farm Bureau Convention says—you cannot deviate from that—but I will just leave that and get down to something more specific.

If feed grains were supported at the level proposed in your bill, that is, 90 percent of the average during the last 3 years, corn would be supported at somewhere between 95 cents and \$1 a bushel, is that correct?

Mr. SHUMAN. I believe that \$1.06 would be the average price received by farmers the last 3 years.

Mr. JONES of Missouri. Well, I think that if you take the average price of the last 3 years it would be somewhere around \$1, but we will take your figure. Well now, at the support price, what do you think that the market price of corn would be under those circumstances?

Mr. SHUMAN. My estimate would be that it would be, at least, as high, if not higher than at the present time, if the production remained at about the same level.

Mr. JONES of Missouri. What is that?

Mr. SHUMAN. Well, the price of corn today varies in different parts of the country; dependent upon the freight. In my particular area it is in the range of \$1.20 to \$1.25 a bushel.

Mr. JONES of Missouri. Well now, if the market prices are above the supports which you say they will be, and if the Commodity Credit Corporation stocks are locked up until the market reaches 115 percent of parity, that is, of the support price, what would be the advantage for a producer to become eligible for price supports?

Mr. SHUMAN. Under our proposal there would be no eligibility for price support requirements. We would do away with all allotments.

Mr. JONES of Missouri. In other words, everybody would have price supports?

Mr. SHUMAN. Yes, sir.

Mr. JONES of Missouri. In other words, in the past you have seemed to agree that the support prices tend to fix the farm prices, is that correct?

Mr. SHUMAN. The support prices when they are moved up to a place where they replace the market price do fix the price at the farm. When they are below the market price—you see, you must recognize there is always a market price—if the Government price is at or above the actual market price then it does fix the price, and if it is below it does not affect it necessarily.

Mr. JONES of Missouri. Now you are recommending lower price supports for grains?

Mr. SHUMAN. Yes, sir.

Mr. JONES of Missouri. And that would follow that the market price would be lower?

Mr. SHUMAN. No, sir. We have no reason to believe that the market price will be lower. In fact, if you get the price supports down to where they will not be the incentive the market price will be higher. The effect of a guaranteed price which is near or at the actual market price is to stimulate the production of the commodity which is supported, because it is like an insurance policy, it is known in advance and stimulates production, not only because the level is too high, but because it is known.

Under our proposal, by dropping the price supports below the level which would stimulate production, to where it is down in a relatively unattractive area, this leaves an uncertainty as to what the market price is and reduces the stimulating pressure for production, and you get higher market prices on the average.

Mr. JONES of Missouri. I cannot follow your logic on that.

Mr. SHUMAN. Well, Mr. Congressman, it worked for soybeans very definitely—we had higher prices after the price support was reduced in 1958—we had higher prices than we did in the 2 previous years, and there is no reason why it would not work for feed grains and wheat.

Mr. JONES of Missouri. Then, of course, there was not a surplus there—in other words, any time that you do not have a surplus, of course, the price is going up, but when you have a surplus of either feed grains or wheat you are going to have to have something to give a support price or that price will drop. And you have indicated that your market price has been fixed by the support price.

Mr. SHUMAN. The surplus is the creation and the result of these programs, and nothing more. And under our proposal we would isolate

this current surplus from the domestic market by forbidding its sale at less than 115 percent of the currently effective support price. Then, there would not be a surplus to dump on the market to depress the prices as has been done in the last 2 years under the feed grain program.

Mr. JONES of Missouri. You are going to isolate the surplus. What will you do with those stocks?

Mr. SHUMAN. They would be continued to be moved abroad under the programs of assistance and Public Law 480—they would not be sold in the domestic market.

Mr. JONES of Missouri. I cannot follow your reasoning on that at all. I will not take any more time. I will yield.

Mr. PURCELL. Mr. Latta?

Mr. LATTA. Mr. Shuman, it is always enlightening to have you appear before this committee.

Mr. SHUMAN. Thank you.

Mr. LATTA. You, certainly, have made an excellent statement today.

As to this referendum on May 21, I would like to say for the record I think one reason it failed was due to the effective job you did on a certain national television program. After listening to the speakers and observing the manner in which this program was presented, I would have voted no in the referendum just out of protest. I do not feel that the farmers can be persuaded by programs that appear to be slanted one way or the other.

I commend you for your performance on this program, however, you appeared to be standing alone on the program, but off the program, the farmers were standing with you.

Mr. SHUMAN. Thank you, sir. Perhaps appearing before this committee may have prepared me for some of my appearances on that.

Mr. JONES of Missouri. Will you yield for a question?

Mr. LATTA. Yes, I will yield.

Mr. JONES of Missouri. Do you think that the television program influenced you in any way?

Mr. LATTA. Are you asking me?

Mr. JONES of Missouri. I am asking you.

Mr. LATTA. No, no. [Laughter.]

Had I not previously made up my mind it might have.

Let us go back to this matter of price. We have heard a lot said about what the price of wheat will be if nothing is done by this Congress between now and 1964. What do you think the price of wheat will be if Congress does not pass any legislation?

Mr. SHUMAN. I think that there is a good possibility that with no legislation the price of wheat would not, on the average, be much different from what it is at the present time, although, certainly, there would be some kinds of wheat, specifically the feed quality wheat, where the price would drop considerably.

Mr. LATTA. You think then that it would depend upon the quality of the wheat?

Mr. SHUMAN. It will depend almost entirely on the quality and the kind of wheat. And, also, upon the weather factors. The weather factors will have a great deal more to do with the price of some of these special kinds of wheat.

Mr. LATTA. I am interested in all types of wheat, but, especially, in the Soft Red Winter wheat which we produce in Ohio. I notice that

you make reference to it in your statement. Do you think that the price of Soft Red Winter wheat will go down?

Mr. SHUMAN. I think that the price of Soft Red Winter wheat will be fully as good as it is now if not somewhat better.

Mr. LATTI. You think that it might have been hampered pricewise by this rejected program?

Mr. SHUMAN. Yes, sir. I am sure that is true, because there has been a tendency for the millers to substitute as much as they could for some of the scarcer kinds, in fact, there has been a tendency for the producer not to worry as to whether he was producing the best quality of Soft Red Winter wheat or Hard Red Winter wheat or Durum wheat, because he knew that he could get almost the same price for it because of the high-guaranteed loan of the past programs.

Mr. LATTI. Has it not been the history of these price support programs that the price support becomes the market price of the commodity?

Mr. SHUMAN. Yes, sir. That is the main reason why they have failed so miserably in their attempts to reduce production and to adjust production to the real needs to the consumers. Because when the price support is arbitrarily fixed then it reduces the incentive on the producer's part to produce what is necessary.

Mr. LATTI. Coming to your proposal that the price support of wheat would go down to about \$1.30 in 1964. On page 4 of your statement you state:

Beginning with the 1964 crop, price supports for wheat would be set at the U.S. farm price equivalent of the average world market price during the immediately preceding three marketing years—currently about \$1.30 per bushel.

I have heard criticism that this drop might be too rapid. What do you think about doing this step by step?

Mr. SHUMAN. We would be opposed to a graduation for two or three reasons. One is that it is more painful to farmers to cut off a little bit at a time. The political realities are that the pressure would be on it to stop the graduation. And in any case, we believe that the market price will take over and will reduce the impact or the shock or the penalty, whatever words you want to use—that it is much better to get it done quickly than to do it on a gradual basis.

Mr. LATTI. Yesterday we had before us a witness who testified that this proposal for a two-price system—the program that the farmers rejected on May 21—should be a voluntary program for 1964. Do you have any comment on that?

Mr. SHUMAN. Yes, sir; I certainly do. I am convinced that if the Congress wants to stir up a great wave of resentment they will, if they throw the same program back into the teeth of the wheat farmers who voted it down. That would be almost an insult to their intelligence. I think that they will resent it very much. Actually, to look at something other than the reaction of the farmers, this proposal would really not be voluntary because it would be using the bribe feature to try to induce many people to go along with it—it would be very costly in that the same kind of administrative costs would be there, and in cost to the consumers it would have the same bread tax feature—it would be worse, because it would be a bread tax on all domestic consumption.

And it would discriminate against those who did not go along with it.

And, furthermore, it rejects the decision of the referendum.

And the Congress, it seems to me, intended for the farmers to decide whether they wanted that kind of a program. And they decided no. I am sure this would be a very unwise move on the part of the Congress.

Mr. LATTA. Thank you, Mr. Shuman.

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

Mr. STUBBLEFIELD. I would just like to ask the witness what he thinks that the price of corn and wheat would be, that is, Hard Winter wheat.

Mr. SHUMAN. The only indication that anyone could have—and I will agree that it is not a very good indication—is the futures market on the board of trade which is a speculative market—as to what it might be. It has not shown any great weakness on No. 1 and No. 2 Hard Winter wheat. I think that we must recognize immediately that much of the Hard Red Winter wheat that has been taken in by the Commodity Credit Corporation has been of lower quality.

It has been, in effect, mixed wheat. This wheat has value only as primarily feed wheat. I do not believe that there will be much reduction in the price of high-quality Red Winter wheat.

I think that it will be very close to where it is today.

Mr. STUBBLEFIELD. That is all.

Mr. PURCELL. Mr. Dole?

Mr. DOLE. It is safe to presume that the Farm Bureau was active in the referendum as I gathered from some of the questions?

Mr. SHUMAN. Yes, sir.

Mr. DOLE. Have you had any contact with the Secretary since May 21?

Mr. SHUMAN. I have had occasion to write to him on other matters, perhaps, two or three times.

Mr. DOLE. Have there been any efforts to get together on wheat legislation?

Mr. SHUMAN. No, sir.

Mr. DOLE. Has your staff prepared any studies on Russian farm production?

Mr. SHUMAN. No, sir. We did, 2 or 3 years ago—we made a little analysis of Russian agriculture, the impact of some of the programs that had. I believe that was at the request of the Department of Agriculture, was it not? We submitted our observations as the result of some visits and some talks we had. I think that was 3 years ago.

There are none contemplated now.

Mr. DOLE. Mr. Freeman has made a trip or is making a trip to Russia. I personally feel this is a bad time for the Secretary to leave the country and I assume farmers feel the same.

We have had testimony about cost analysis, how much the programs would cost, and the acres that would be retired.

Do your studies as to cost, et cetera, require the same number of people you have engaged in such work as the number employed by the U.S. Department of Agriculture?

Mr. SHUMAN. The latest figure I saw on the number of full-time employees in the Department of Agriculture was something in excess, I believe, of 110,000 full-time employees and about 100,000 part-time employees.

Our staff at the American Farm Bureau level consists of approximately 70 people, including the office secretaries.

Mr. DOLE. Another thing is that many times when someone submits an idea the USDA gives only estimates of the Department. We were told recently acreage could be retired for about \$7 an acre under the so-called cropland conversion program. When there is a wide difference between your organization and the USDA, or any other farm organization, they put many people to work, that is, the Department, to disprove the contentions. It's their way or nothing.

Mr. SHUMAN. That is true.

Mr. DOLE. Do you really believe there will be new wheat legislation this year—do you feel there is a possibility of wheat legislation this year?

Mr. SHUMAN. Yes, sir; very definitely. We are convinced. We have great confidence that the Congress of the United States will see that there is a need for some wheat legislation. We are very confident that they will recognize some of these things we point out here.

I am not prepared to say that Congress will adopt exactly what we propose. They seldom, if ever, do that.

Mr. DOLE. In other words, your attitude is not that it is impossible?

Mr. SHUMAN. No, sir; it is not.

Mr. DOLE. There has been some talk about farmers not responding and that this indicates no interest. I do not believe this to be a good criterion, but this has been the argument put forth by some. Has your mail been heavy from the wheat areas since the referendum?

Mr. SHUMAN. Yes, sir. I have almost been swamped with correspondence following the wheat referendum. It is true that most of this correspondence is of the kind which says, "Congratulations," or "Thank you," but a rather high proportion of it is, also, that which includes statements to the effect that they hope the Congress will act either along the suggestions we make or, perhaps, quite a few of these, many people who write to me, have made additional suggestions, but there is an interest.

Mr. DOLE. In the event there is no legislation—and we feel in Kansas, for example, where there is some surplus of Hard Red Winter wheat—and I notice you commented briefly on this on page 4 of your statement—is it your feeling a farmer should not be penalized if he overplants since he does not get price support and his production does not go into surplus?

Mr. SHUMAN. Yes, sir. Our proposal, of course, if adopted, would eliminate this penalty for overplanting. It would all be replaced.

Mr. DOLE. In the event we cannot pass an act, that is comprehensive legislation, our committee is concerned about certain areas of existing law which could be corrected. This is not to suggest a repeal of the Anfusio amendment, but a moratorium until such time as there is new legislation, marketing quotas, et cetera.

Mr. SHUMAN. We would favor that.

Mr. DOLE. And, also, raising the resale price to 115 percent of parity is another important step?

Mr. SHUMAN. Yes. We believe that is one of the four or five or six important actions.

Mr. DOLE. The president of the Kansas Farm Bureau Federation, Mr. Walter Peirce, from my First District, is here. Mr. Peirce, at the meeting held in Salina with the Farm Bureau, the Farmers Union, the Grange, and the wheatgrowers, did you reach any agreement?

Mr. PEIRCE. That was a committee, Mr. Chairman. There was an agreement on the fact that there should be a provision that the Secretary could sell Commodity Credit Corporation stocks at not less than 115 percent of the support price and, also, that the present acres under the conservation reserve should be retained. Those were the two areas where there was agreement. We did not reach agreement on the Anfuso amendment or an expansion of the conservation reserve, but we did on those two items.

Mr. DOLE. Is it your feeling the meeting was of some significant value, so far as it was an effort by the farm groups to get together, at least, to discuss wheat legislation?

Mr. PEIRCE. It pointed out very basic differences in philosophies, in fact, where we are supporting less Government in agriculture, these other folks were still going along with the idea that there should be Government supply management, even though the farmers in the referendum rejected it. They have not changed their view on that.

The statement is often made that farmers should get together on legislation, but here is a basic difference in philosophy. Some people believe one way and some believe another way. And they are not going to resolve those basic differences in philosophy.

There are areas where we can get together, and we do get together on a lot of other items of legislation.

Mr. DOLE. You have had an opportunity to observe the attitude of farmers, generally, since the May 21 referendum. Do you feel there is real interest in Kansas, for example, for the enactment of wheat legislation by Congress this year?

Mr. PEIRCE. They, certainly, hope that the Congress will see fit to come up with a simple plan. We know that everyone has a different idea, a different interpretation of why the farmers voted "no" in the referendum. I think the main thing that they did was to show by their "no" vote they did not want a complicated system whereby they had to go to the ASC office for every ruling on every acre and all of that sort of thing.

I think that if the Congress can come up with an easily administered plan to control production it will be all right. I think the farmers feel though they need some help to control production, but they do not want this other—they have rejected this Government's management way, and they think that there is a better way and an easier way, a simpler way. I think if Congress can come up with that sort of a plan it will be acceptable to the farmers, because they are looking for help from Congress.

Mr. DOLE. Basically, do you agree that farmers want voluntary programs?

Mr. PEIRCE. Yes.

Mr. DOLE. In wheat?

Mr. PEIRCE. Yes.

Mr. DOLE. One thing that happened in the referendum is that wheat farmers were asked to vote for a mandatory program, while the administration was pushing through Congress with full speed ahead a voluntary feed grain program. It was rather inconsistent and farm-

ers would say, "Why should I vote yes for a mandatory program, when the feed grain program was voluntary?"

Is this a correct assumption?

Mr. PEIRCE. That is true. But even some of the so-called voluntary plans are filled with so much redtape and gobbledygook that they have to go through, such as the ASC office, cross compliance, that they find that there is not much leeway in handling the problem, where much of the land, a big part of it is bare—they could not even plant milo because of the drought and they have to get that land covered.

They want flexibility in the program. This idea of having to leave a percentage out of every crop just was not worth farming those areas, because they have to have a flexible program, whether they want to plant all wheat or all milo or something else. Which is in line with the weather, and whenever they want to, so as to be able to take advantage of the moisture.

Mr. JONES of Missouri. Will you yield?

Mr. DOLE. Yes.

Mr. JONES of Missouri. Do you favor the proposal of Mr. Shuman's here?

Mr. PEIRCE. Yes, sir.

Mr. JONES of Missouri. Thank you.

Mr. DOLE. I will ask you the same question I asked Mr. Shuman. Are there areas that might be acceptable to you?

Mr. PEIRCE. Yes; I think if they are flexible. As I mentioned a while ago, if you could have a simple administered plan, one that is not going to take a great deal of administrative cost and inconvenience to the farmers.

Mr. DOLE. Mr. Peirce, I think that the record might well note that you are a farmer. Could you give us very briefly your farming operations, so the committee will know we are talking to a bona fide farmer?

Mr. PEIRCE. I farm in Hutchinson, Kans.

Mr. DOLE. Do you spend about half of your time in the ASC office or do you divide it more equitably?

Mr. PEIRCE. No; I do not personally. My son and my wife spend some time there.

Mr. DOLE. This is another frustration farmers objected to last year. Every farmer about needs a walkie-talkie to be in close contact with his ASC office, even when on his tractor. As in the past it is too often necessary to stop everything, run to town and find out whether he is in violation or not.

My mail reflects, if it reflects anything, since May 21 the farmers voted "no" as a protest to the almost overwhelming regulations building up, not just in the last 2 years, but the last 10 or 15 years. I feel farmers expressed what they did not want, they did not want more controls, more people working in the ASC offices, and so forth.

All of this, coupled with the great interest, Mr. Freeman expressed in either "Take this or nothing," and the \$2 or \$1 wheat propaganda reacted the opposite way and farmers voted "no," many times hoping Congress might enact some other program.

Have you made the statement in Kansas that Congress would pass new legislation if a "no" vote prevailed?

Mr. PEIRCE. We assumed that the Congress would do something. We did not say that they would, but that was our feeling. It certainly was a field where they could do it.

Mr. DOLE. You did recognize that before there could possibly be a better program farmers would have to vote "no" on May 21?

Mr. PEIRCE. Yes, sir; that is correct.

Mr. DOLE. I am hoping Congress will recognize a simple plan. Sometimes Congress appears to be just the opposite and makes things more complex for the farmer.

Mr. PEIRCE. I believe that Congress should recognize that. I would say that the present Secretary of Agriculture is still going the other way—would like to perpetuate the supply management program. I think Congress should recognize that and try to help the farmers get a more simple plan.

Mr. DOLE. There have been some statements made that indicate that the referendum was strictly a partisan proposition. I do not feel this to be true. This was not a partisan referendum, was it in Kansas?

Mr. PEIRCE. No; even one farm organization against the others, because it was the farmers in and out of all organizations that voted against it—not just the Farm Bureau that voted that way.

Mr. DOLE. Do you regret that it failed at this point?

Mr. PEIRCE. Regret what?

Mr. DOLE. Do you regret that you voted "no" on May 21?

Mr. PEIRCE. No, sir.

Mr. DOLE. Thank you.

Mr. PURCELL. Mr. Harding?

Mr. HARDING. Mr. Shuman, do you believe that there is a trend toward socialism in this Nation today?

Mr. SHUMAN. Oh, the word "socialism" has many definitions. I think that if you define "socialism" not as a political party but as a condition where Government has increasingly determined how the people of the United States spend their money, greater direction over private affairs, I think there has been a trend in that direction for many years.

Mr. HARDING. The definition that I was given in a political science class years ago was that "socialism was government ownership and control of the means of production." Would that agree with your definition of socialism?

Mr. SHUMAN. No; I would give it a broader definition. That is the old traditional definition. I think now it must be broadened to include not only ownership but the control of the means of production.

Mr. HARDING. That is what I said.

Mr. SHUMAN. I beg your pardon.

Mr. HARDING. Control of the means of production.

Mr. SHUMAN. Yes, sir.

Mr. HARDING. Do you believe that there is a trend toward socialism in agriculture?

Mr. SHUMAN. Yes, there is no question but what we have experienced for many years increased direction of Government over our affairs.

Mr. HARDING. Would you like to tell the committee some of the programs of the Department of Agriculture to date that you consider socialistic?

Mr. SHUMAN. No, sir. No person on the present scene is capable of defining exactly what is socialistic and what is not. I would say, in general, there has been a trend toward increased control and direction of individual farming operations on the part of Government.

Mr. HARDING. Do you not think, though, that it is a little unreasonable to say that you believe there is a trend toward socialism in agriculture and then to say that no person is capable of telling which programs are socialistic and which are not?

Mr. SHUMAN. No, I do not think that is at all unreasonable, because until you have a chance in perspective of history to see where something comes out, for instance, something which may appear to be very definitely socialistic may be the very thing which results in causing folks to stand up and reject it, just as the proposal for the wheat certificate plan challenged farmers and caused them to realize Government was moving to gain greater control over their operations, and they turned against it, so I think the wheat referendum certificate plan, the referendum on the certificate plan was, perhaps, one of the greatest blows for improving an opportunity for free enterprise that has been struck in the light of the present experience.

Mr. HARDING. Then, you think that the certificate wheat plan was socialistic in its nature?

Mr. SHUMAN. No; not necessarily. It was a part of this trend toward greater control. I do not say that it was a socialistic thing, because the word "socialistic" is a misnomer, anyway, as applied to any specific action.

Mr. HARDING. Well, that is the line that your publications use so often—and that is why I am pursuing this line of questioning today.

Mr. SHUMAN. I think, sir, if you will review, you will find that we very seldom use the word "socialism" or "socialistic" or very seldom do so in spoken or written word.

Mr. HARDING. Then, Mr. Shuman, I would advise you to read your own State newspapers. And the next time that you come before this committee I will have some samples with me just to point out to you the places that the Idaho Farm Bureau is using "socialistic" in describing specific programs.

Do you consider a land retirement program where the Government takes control of land that belongs to farmers by paying them to retire it from production as being socialistic?

Mr. SHUMAN. No, sir; I would not call any one program socialistic in itself. I think the term "socialism" or "socialistic" is a general term, and I know that it has been used, for instance, rather generally in reference to medicine as socialized medicine, for example.

In actual definition this is a misnomer. Socialism is the trend toward greater control by my definition. I can characterize these programs all as a part of a trend toward socialism, but I do not think it is fair in the present definition to say this is a socialistic program.

Mr. HARDING. I am happy to hear you say that, because there were public charges by the leaders of the Farm Bureau in Idaho that the wheat certificate program voted on in the wheat referendum was a socialistic program. Weren't these charges made, Mr. Martin?

Mr. MARTIN. Yes, they were.

Mr. HARDING. Thank you.

Mr. Shuman, in your cropland retirement program that you have brought before us this morning, you say it is going to cost less than the Department's program which you estimate will cost \$1.5 billion, is that correct?

Mr. SHUMAN. Yes, sir.

Mr. HARDING. And we are talking about the retiring of 70 million acres at the price that you mentioned at \$20 an acre and that it \$1.4 billion?

Mr. SHUMAN. No. I beg your pardon. Just a correction at that point. Whatever figure we take, whether it is 50 or 70 million acres we are including the 24—about 25 million acres that are presently being retired at \$12 per acre.

And then if you take the balance of 35 million acres—if that is a fair figure—at a cost of say, \$18 or \$20, it puts the cost of our program below \$1 billion.

Mr. HARDING. Except that you are assuming then that none of the commodities that would be produced, wheat, feed grains, soybeans, or any of these other commodities, will go into Commodity Credit Corporation stocks, is that correct?

Mr. SHUMAN. That is substantially correct. We think that there would be little, if any, of the feed grains and wheat commodities. Currently, soybeans cannot be included, because they are still being supported on a higher price support under the authority given to the Secretary of Agriculture. Just feed grains and wheat, yes.

Mr. HARDING. In other words, it is your opinion that if you reduce the price support, the market price will fall and there is not an incentive to produce, so there would not be overproduction to the extent that the Government will need to take over these commodities?

Mr. SHUMAN. No, sir; this is not our assumption at all. Our assumption is based on the fact, it cannot be denied, that price supports at levels that we have had encouraged production in large measure because they are known and are guaranteed at a certain price.

Now our recommendation of price supports, to lower the price supports, takes the price support out of the category of establishing the price and leaves the market price uncertain and, therefore, will reduce the incentive to produce it. At the same time the market price might even increase, and very likely would. That has been the experience in the past when we took off controls and price supports, the market price tended upward.

Mr. HARDING. Then you believe an increased market price could lead to a decrease in production?

Mr. SHUMAN. No, sir. I think that it is the other way around. The uncertainty of the price, by having the price support at a lower level—the uncertainty of the market price will reduce the incentive to produce. Then, of course, there is the tendency, if the price responds too much, to encourage increased production. But the uncertainty as compared to the certainty of these fixed prices, under current programs, in my judgment, is, at least, the major factor in causing the production of surpluses, not the level at all, whether it was too high or too low is not so important as the fact that it was known and was certain.

Mr. HARDING. On table 3 pertaining to feed grains here—and I join other members of the committee in stating that I appreciate the information you have furnished to the committee—but on table 3, in 1952,

we had a corn price of, roughly, \$1.52 a bushel, according to your table; is that correct?

Mr. SHUMAN. That is the information we received from the Department of Agriculture.

Mr. HARDING. Can you tell me—I am sure that the other feed grains correspond—can you tell me about what was the amount of the feed grains in 1952 in surplus?

Mr. SHUMAN. I do not recall the figure. We could get the figures on that. Do you mean the surplus held by the Commodity Credit Corporation?

Mr. HARDING. Right.

Mr. SHUMAN. We could obtain those. I do not have them with me. (The information follows:)

Total stock of feed grain off farm¹

Grain	Amount	Date
	<i>Bushels</i>	
Corn.....	465,200,000	Jan. 1, 1952
Oats.....	72,826,000	Jan. 1, 1952
Barley.....	65,573,000	Jan. 1, 1952
Sorghum grain.....	96,462,000	Jan. 1, 1952

¹ From USDA Agricultural Statistics 1962. Includes all off-farm stocks, CCC and other.

Mr. HARDING. And we note that from 1952 on down to 1961 there is a decrease in the price of corn, is there not?

Mr. SHUMAN. Yes, sir.

Mr. HARDING. And it would appear to me that according to your belief then the incentive to produce corn would go down, is that not true?

Mr. SHUMAN. Not necessarily, because the price supports in some of those years was an encouragement to produce. If this has been a market price situation we would have expected the response to the price would have been that, apparently, but we have not had a market price situation in many of those years.

Actually, it is well to remember that the 1952 period was the Korean war period, and after you come past the Korean war period you find that the price of corn has not dropped materially. It has fluctuated and stayed somewhat in the same range.

Mr. HARDING. Well, it has dropped from \$1.12 to a dollar, has it not—that is a considerable drop—or do you consider 12 cents a bushel considerable?

Mr. SHUMAN. No, if you take 1957–58 it was \$1.11, and 1958–59, \$1.12, and 1959–60, \$1.04, and 1960–61, 99 cents, and 1961–62, \$1.08, and 1962–63, \$1.11.

Mr. HARDING. Now we are getting into the emergency feed grain program there.

Mr. SHUMAN. Well—

Mr. HARDING. I want to point out, Mr. Shuman, that in 1952 we had a feed grain surplus of, roughly, 500 million bushels, and it cost the taxpayers of this Nation about \$750 million.

I understand that 10 years later, in 1962, we had a feed grain surplus of about 2 billion bushels, and it cost the taxpayers about \$3 billion in addition to all of these storage costs.

So it does not appear to me that the low price, or if you want to call it, the law of supply and demand that you want to get back to, reduces the incentive to produce, is that not correct?

Mr. SHUMAN. No, sir. We have not had the law of supply and demand in operation. We have not had the freedom to move it. We have had a price support that has maintained it at a very high level during this period.

The principal cause of the surplus has been the price support which has been maintained during this period of time. It is interesting to note that.

Mr. HARDING. Are you attempting to tell me now that these prices listed in the first column were support prices?

Mr. SHUMAN. No, sir.

Mr. HARDING. They are the market price, are they not?

Mr. SHUMAN. This is the average price received, the average farm price received by farmers, but the price support was the major factor in the production during this period, because the price support was very near, especially in the last 6 years, was practically the price for all practical purposes.

Mr. HARDING. I can see that my time is about gone. I have a great number of other questions to ask. I am sure that other members of the committee do, too. It is now 12 o'clock. I yield back.

Mr. PURCELL. I am sure that there are many other questions. I dislike to cut anyone off at this time. Do you have some questions?

Mr. FINDLEY. I have one or two that I should like to ask. I want to thank Mr. Shuman and also Mr. Kuhfuss, the president of the Illinois Agriculture Association, for being here. I am very proud of the work for freedom by the Farm Bureau. I am proud of my fellow Illinoisians, and the only thing that embarrasses me a bit is the fact that the people who live in Mr. Harding's home State made an even better showing on the wheat referendum than my Illinois farmers did. Only 29.3 percent of them voted "yes" on the referendum and 29.8 percent of my Illinoisian farmers voted that way.

Mr. HARDING. Will you yield there?

Mr. FINDLEY. Yes.

Mr. HARDING. If you will—

Mr. FINDLEY. Just a second. Perhaps that is partly due to the fact that there were 1,300 ballots challenged, and maybe if they were added into the total we would at least have matched the record of the Idaho farmers.

Mr. HARDING. I want to point out that Mr. Martin, the State president of the Farm Bureau of my State, admitted here a few minutes ago that in Idaho the officials of the Farm Bureau did refer to the referendum as a socialistic program and that may have had something to do with it.

Mr. FINDLEY. I think probably some of the farm leaders in Illinois called it a step toward socialism. Socialism is a very commonly used word, and is pretty well understood, and I think it accurately described that which was embodied in the certificate plan. The proposal clearly would move agriculture toward socialism.

I would like to ask Mr. Shuman if, under the Farm Bureau proposal, all of the land retirement which is involved here—and I presume that is the only place where the Secretary would have a contract

relationship with the farmers—is all of that land retirement to be on a voluntary basis?

Mr. SHUMAN. Yes, sir.

Mr. FINDLEY. So there is no way in which the Secretary could compel any farmer to lay out any portion of his farm?

Mr. SHUMAN. No, sir.

Mr. FINDLEY. The only discretionary limit would occur if he put a ceiling on the number of contracts which could be issued in any single county?

Mr. SHUMAN. That is correct.

Mr. FINDLEY. As you know, Mr. Shuman, I introduced H.R. 5840 which is very similar to the Farm Bureau approach. It specifies a dollar ceiling on the rental payments for land. I did so in the belief that the market price is the force which would keep supply and demand in balance.

Mr. SHUMAN. Yes, that is our conviction.

Mr. FINDLEY. And that the land retirement is more in the character of a temporary, you might say, transitional acreage payment plan?

Mr. SHUMAN. That is the way in which we hope it will be; yes, sir.

Mr. FINDLEY. You are not expecting land retirement alone to bring about and maintain a balance.

Mr. SHUMAN. No, sir. It would not be possible, except as you had a reduction in price supports as well as the retirement.

Mr. FINDLEY. I would like to ask Mr. Kuhfuss a question, if I may, Mr. Chairman.

Let's consider the situation if we cannot get through any major legislation and have to get along with the existing legislation. There is a possibility that the Secretary could depress the present situation by releasing Government wheat at 105 percent of support, or about \$1.31, and drive down prices. He could also sell under the going-out-of-condition clause tremendous quantities of wheat, just as he did corn just a couple of years ago. What would you recommend that we do to limit the Secretary's authority in that field?

Mr. KUHFUSS. We would like to see the Commodity Credit Corporation's supplies limited. We think the Secretary has made comments relative to his position in using these stocks of the Commodity Credit Corporation, but the feeling of the farmers is that they would rather definitely have the Secretary not use this as the means of manipulating price, and this is not good. They want to see some curtailment placed upon the authority of the Secretary in the use of Commodity Credit Corporation stocks.

Mr. FINDLEY. One provision, possibly, would be to require the Secretary to buy an equal amount of grain on the open market to replace grain that is sold as going-out-of-condition clause.

Mr. KUHFUSS. Yes.

Mr. FINDLEY. What would you do to keep the Secretary from using Government supplies, rather than those of the marketplace to meet cash markets abroad, in the event that the price does get down to or below the world price, as provided in the International Wheat Agreement? Do you feel that there is any problem there?

Mr. KUHFUSS. I think there is a problem. Our feeling is that so far as we are concerned, these supplies of wheat should be recognized.

If we do not, wheat supplies are going to compete with corn, and we would like to see this whole relationship fit into a pattern where they stand on their own merits, and this program of the Farm Bureau is allowed to do that. That is, so far as experts are concerned, this is largely a political manipulation. We would like to see agricultural interests not ruled out at the instance of other groups, because we think that the picture of agriculture in our total economy has to reflect itself all across the board. We would like to see a very strong position made, so far as the export situation is concerned and the negotiation of wheat in foreign trade.

Mr. FINDLEY. Would it be going too far to require that the present stocks of wheat be sold only through Public Law 480 programs?

Mr. KUHFUSS. I am not sure that is the right thing. I think that the use of supplies under Public Law 480 will be continued in some places in which we are now placed, and that there is some wheat being moved. I do not know that we want to curtail that. This gets back to the quality of the wheat used for certain prescribed uses. Let us not limit the use of the quality commodity anywhere in the world where we can fit it in. I would not like to do that in the wheat situation.

Mr. FINDLEY. Is there any proper place in our legislative process for a farmer referendum on a farm program?

The reason I ask this is that all taxpayers are involved in farm programs. All consumers are involved in farm programs. So is it fair to exclude any of these people from a referendum decision?

Mr. KUHFUSS. I was not happy that there was a referendum on the wheat issue. However, I would like to see—and I made this comment a few times—I think it is unfortunate that Congress saw fit to put this responsibility back on the farmers. I think it is not to the best interests of agriculture to have that, because when farmers understood what was involved, it was not a matter of politics or of what group they belonged to; it was the principle involved. I feel that Congress should be able to better reflect the opinions back home than was represented in this wheat referendum position.

I would like to see the position, if it is right and if it is proper, that the Congressman face the legislation and do not reflect back to agriculture, to the farmers, necessarily, to make decisions, but so far as wheat is concerned that was done. I think the result indicates that the analysis was not right on their part.

Mr. COOLEY. I understand that you are opposed to farmer referendums?

Mr. KUHFUSS. Ordinarily, I think that in this kind of instance, that legislation should not always be referred back.

Mr. COOLEY. That is not what I asked you. Are you opposed to referendums in agriculture such as we have had in the past?

Mr. KUHFUSS. Not always; no.

Mr. COOLEY. What do you mean, "not always"?

Mr. KUHFUSS. As I just said, in the wheat referendum.

Mr. COOLEY. I am not talking about the wheat referendum, but just about referendums in principle.

Mr. KUHFUSS. The principle ordinarily—

Mr. COOLEY. Referendums submitted to producers.

Mr. KUHFUSS. In certain areas the responsibility of congressional legislators is to consider that and to properly act on legislation.

Mr. COOLEY. And eliminate the wishes of the farmers?

Mr. KUHFUSS. Oh, no, no; Congress should represent their wishes.

Mr. COOLEY. That is right.

Mr. KUHFUSS. And this referendum—

Mr. COOLEY. But you say not to give the producers the right to vote in the referendum?

Mr. KUHFUSS. In this instance, I think they did not properly represent them as legislators and the voters back there. It should have been properly considered, in my opinion, and if it had, they would not have asked the voters to vote on this.

Mr. COOLEY. Suppose that you did not have the referendum; where would you be?

Mr. KUHFUSS. We would be in worse trouble than we are now.

Mr. COOLEY. All right. So you are not willing to take a position on farmer referendums, are you?

Mr. KUHFUSS. Yes, we are willing to take a position.

Mr. COOLEY. What is your position?

Mr. KUHFUSS. On farm referendums?

Mr. COOLEY. That is right.

Mr. KUHFUSS. Ordinarily I think it is not well that we go back to the people. I think that you people are sent here to represent the people back there.

Mr. COOLEY. In other words—

Mr. KUHFUSS. Congress has that responsibility.

Mr. COOLEY (continuing). We should enact laws providing programs that never give the farmers a chance to vote on them in a specific referendum?

Mr. KUHFUSS. This is why I have tremendous confidence in the system that we have of electing our representatives and as representatives, if they do not reflect the interests of the people back home, then the people have an opportunity to express themselves in their vote at the next election.

Mr. COOLEY. You are just evading the question.

Mr. DOLE. Will you yield?

Mr. COOLEY. No, he yielded to me. You will not take a position squarely on the question I have asked you, will you? Are you opposed to the farmers of my area voting in a tobacco referendum, whether they will or will not have a program, or in rice or in cotton?

Mr. KUHFUSS. We do not have a position as an organization or I as an individual as to referendums. I have stated my individual preference and my individual thoughts, that the responsibility of Congressmen if properly discharged, in very few instances will it be necessary to go back to the people.

Mr. COOLEY. Just one other question that I want to ask. Mr. Findley, or perhaps it was Mr. Dole, said that the taxpayers are involved and that they should vote in the referendums. Do you feel that everybody should vote in a labor union referendum when the labor union goes into the voting booth and votes "yes" or "no" on a closed shop?

Mr. KUHFUSS. This is different.

Mr. COOLEY. I am just asking you, do you oppose or do you advocate that everybody vote in a labor union referendum?

Mr. KUHFUSS. Yes, let them vote.

Mr. COOLEY. All right. That is all I want to know.

Mr. DOLE. It is important to make a distinction between a referendum as defined by Secretary Freeman and by Webster's dictionary. One indicates a free choice which Mr. Freeman indicates no choice. When you get down to this proposition, why have a referendum at all? The farmers did not have a referendum. It was just called a referendum. In fact, it was a dictatorial "no choice" policy they had to vote on.

Mr. COOLEY. They voted against the program and so far as I am concerned they have no program.

Mr. FINDLEY. I would like to comment that I do not believe that it necessarily—

Mr. BELCHER. Will you yield right there?

Mr. FINDLEY. Yes.

Mr. BELCHER. That has been the trouble with this committee and the Department of Agriculture—they say to the farmers take what we give or nothing.

Mr. COOLEY. That is right.

Mr. BELCHER. That is exactly what is wrong with it.

Mr. COOLEY. They do not ram it down the throats of my people. My people vote more than 98 percent in favor of the propositions. I have never advocated high price supports for unlimited production of any commodity.

Mr. FINDLEY. How about the farmers in North Carolina who want to grow tobacco but have no tobacco allotment? You would exclude them even though they are farmers and would like to plant tobacco?

Mr. COOLEY. If they have no allotment they cannot vote.

Mr. FINDLEY. The referendum scheme lets Congress get off the hook. I do not think that Congress would ever pass a lot of these farm programs if it were not for the fact that they can go back home and say, "We left it up to you, we put it in your hands and let you decide."

If we had to decide right here, we would decide a lot more wisely than we have.

Mr. COOLEY. You decide it right here.

Mr. PURCELL. I have the distinction of having a resident of my State of Texas here, the president of the Texas Farm Bureau Federation. I have been derelict in presenting you, and there is another distinguished member of this committee who wants to do the same thing.

I would like for you, Mr. DeVaney, to stand up, not to jump on you or to ask you questions or anything else.

Mr. DEVANEY. Thank you.

Mr. PURCELL. Now I recognize Mr. Latta.

Mr. LATTI. Thank you, Mr. Chairman.

The president of the Ohio Farm Bureau Federation is also present. Will you stand up?

This is Mr. Weller.

And now, if I may go off the record?

Mr. PURCELL. Yes.

(Discussion off the record.)

Mr. PURCELL. We will now be glad to hear from Congressman Schwengel.

**STATEMENT OF HON. FRED SCHWENGEL, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF IOWA**

Mr. SCHWENGEL. Mr. Chairman, I was available Monday when the hearings began and have been available ever since and I am glad we are finally reaching the point I can make an appearance. I appreciate your willingness to stay through the noon hour so I may make this brief statement.

I will begin by reminding you I was born and reared on an Iowa farm and have never been out of touch with the farm problem or the farm people. And I believe I represent as real a cross section of American farmers as anybody in the United States, and I welcome this opportunity to come before this subcommittee to testify on the legislation I have introduced, H.R. 6617, which is called the Wheat and Feed Grain Act of 1963, because I feel legislation along these lines affords us the golden opportunity to establish the basis for getting farmers on a market system which will insure high per family farm income, because it is headed—and I think this is so important, it may sound too much like a cliché—but it is headed in the direction of freedom and not in the direction that Secretary Freeman would have us go, which I think is away from freedom. And I think if this type of legislation is adopted it will make it easier for Secretary Freeman to administer a sound or more sound farm program.

Since the State of Iowa is the No. 1 agricultural State, I am very much interested in any legislation dealing with feed grain because the farm income in the State of Iowa in 1961 (according to the latest figures available) was:

From the sale of livestock and livestock products, \$1,995,739,000.

From the sale of crops during the same year, \$559,986,000.

Therefore, any legislation that affects feed grain affects our No. 1 industry—the livestock industry in Iowa—thus you may be sure I have a very real interest in this legislation.

It disturbs me, however, Mr. Chairman, that only a very short time has been allocated to wheat legislation. Many of my constituents—and I have been in touch with them—are beginning to wonder if Congress isn't more interested in boiled peanuts. They wonder if there isn't some substance to the rumor that the wheatgrowers are going to be left to "stew in their own juice." I am not saying this is so. I am saying they are wondering, and I observe that if this is the case, to punish people that disagree with you in any way is a very unfair thing for Members of Congress to do.

I think the people turned down the wheat referendum because they prized their freedom over the extra dollars such a program of strict controls might have put in their pockets. It seems to me we are saying to them, "You made your choice, now live with it." That is if we do not act or give serious consideration to this legislation.

I want to say that I am very, very glad, Mr. Chairman, you raised the question of the possibility of a tour throughout the United States to hear testimony on this legislation or other legislation that may come to grips with this very serious problem, and if you do go on such a tour I hope you stop in Iowa, and I assure you we will make available to you some of the best facilities available in the United States, and at such a hearing I assure you you will hear some of the best testimony on this subject when you come to Iowa.

I would hate to think that the vindictiveness of which I spoke, that sentiment, prevails. I would rather think, since the farmers spoke out in turning down the wheat referendum, that this blow for individual liberty would be a clue for the Congress to come forward with a program which would help get some of the basic crops back into the free marketplace. I am very sincere about this. I went back and sat with the farmers, and not once did I tell them what to do, but I tried to present the facts. The Farm Bureau said: "We will not tell you what to do, but we have an obligation to give you the facts." The organization leaders did not tell them what to do.

Permit me to recall that when the feed grains bill was up for a vote in the House this year there were many of us who voted to have this legislation held up until after the wheat referendum. We deplored the tactics to use passage of the feed grains bill as additional pressure to get a favorable vote on the wheat referendum. To the eternal credit of the American farmer, he did not knuckle under to this kind of pressure.

In taking such a stand, however, the farmer didn't say that he didn't need a program. That need is obvious. Congress is obligated to come forward with a sound economic approach to this problem and to do it as quickly as possible.

I underscore "economic" because I think too often both sides of the aisle have been considering the politics of the problem rather than the obvious economics of it, and I think the farmers are beginning to be willing to consider more seriously—though my farmers have for a long time—the economics of the problem.

H.R. 6617 provides the desired approach. Basically it calls for voluntary retirement of cropland for not less than 3 years with emphasis upon the retirement of whole farms. Some may quarrel with this, but it has more advantages than disadvantages and testimony from people far more qualified on this than I am could establish this, I think, without question.

Under this bill, the Secretary of Agriculture would annually determine the amount needed to be retired on the basis of bringing annual production of wheat, corn, oats, barley, grain sorghum, soybeans, and flaxseed, plus anticipated release from CCC stocks, into balance with the estimated disappearance of these commodities.

This bill authorizes the Secretary to enter into 3-year retirement agreements, during a 3-year period—1964, 1965, and 1966—with all the contracts to expire by December 1, 1969. Let me point out, however, that this expiration date does not apply to 10-year contracts which would be offered for tree cover.

H.R. 6617 authorizes maximum limits on the percentage of cropland that could be retired in any one State or county. Payments for retiring cropland would be in cash or kind with the land retired on the basis of competitive bidding.

The Secretary is directed to limit the certificates in kind if it is determined the certificate grain would have an adverse effect on market prices of grain or livestock. Certificates would be redeemed at not less than 115 percent of support prices plus reasonable carrying charges.

This bill repeals all acreage allotments and marketing quotas on feed grains and wheat. The decision on what to plant on the cropland not retired would be left to the farmer.

Price supports would be available for corn, oats, rye, barley, and grain sorghum at 90 percent of the 3-year market average but not less than 50 percent of parity.

Wheat price supports would be based on the U.S. farm price equivalent of the 3-year average of the world market price or not less than 50 percent of parity.

H.R. 6617 also makes effective on July 1, 1964, a provision that there can be no sales of CCC stocks at less than 115 percent of current support prices plus reasonable carrying charges.

Those are the main provisions of H.R. 6617, the Wheat and Feed Grains Act of 1963. All of us agree, I'm sure, that there must be land retirement on a massive scale if we are to have a sound farm economy. Prof. J. Carroll Bottum, a Purdue University economist, has stated:

It just doesn't take as many harvested crop acres to feed and clothe our larger population now as it did the smaller population in 1950. A land retirement program simply speeds up natural adjustment that must take place if the agricultural surplus problem is solved, and it cushions the income situation for the farmers while the adjustment is taking place.

The farmers have shown in their vote on the wheat referendum that they do not want controls. Over the years we have set up an ever-tightening system of regulations so that the farmer has less chance to exercise his own good judgment and determine what is best for his own farm. The vote on the wheat referendum was a vote to reverse this trend of complete domination from Washington. It stated in no uncertain terms that any of these programs should be voluntary and not compulsory.

H.R. 6617 offers a program of land retirement to take enough acres out of production so that we reduce the surpluses and enjoy a balance in production and consumption. It is a voluntary program and that's important. I agree with the New York Herald Tribune when it editorialized on the defeat of the wheat referendum:

* * * the farmers have had their fill of playing junior partner to the Department of Agriculture, and they are ready to cast aside their depression-era crutches and learn once more to stand on their own feet.

Mr. Chairman, on the basis that H.R. 6617 does offer a program for massive land retirement; that it does offer the program for the wheat producer; that it is voluntary in nature and that it does move us toward less Government domination in agriculture, I respectfully submit that it merits the thorough study of this subcommittee and the entire House Committee on Agriculture so that there can be action on sound farm legislation before we adjourn.

The pace, I believe, of this bill would be accepted on the Senate side, where there is much more feeling for this type of approach than here.

This bill also stresses conservation, Mr. Chairman, and I say this is something we in America had better get excited about. I had a group of college students doing research on a grassroots basis on conservation and they did a special study in Johnson County, and the figures they have given me—and they have been doublechecked by the conservation leaders in Johnson County and in the State of Iowa, in whom I have great confidence—indicate half of the soil of Johnson County has floated down the stream since we started farming, and they are losing 1½ million tons of soil in Johnson County today. This is another rea-

son we should give consideration to this conservation approach. In fact, I feel so strongly about it I think a special subcommittee ought to be created. The Public Works Committee has a Subcommittee on Watersheds, of which I am a member, and I think there should be a Watershed Subcommittee of this Committee on Agriculture to keep that soil where it belongs, to produce food for future generations.

Much more could be said on that, but I point it out as an example of something that needs very serious consideration.

Thank you for this privilege to appear and make this statement.

Mr. PURCELL. Thank you very much.

Any questions?

Mr. DOLE. Is your bill similar to the Farm Bureau bill?

Mr. SCHWENGEL. Very similar, but I have some provisions in addition.

Mr. PURCELL. Before we adjourn, we have three statements from Congressmen who have asked to have them inserted in the record; rather we have four statements.

One is from Mr. Rogers C. B. Morton of the 1st Congressional District of Maryland, one is from Mr. John H. Dent of the 21st Congressional District of Pennsylvania, one is from Charles McC. Mathias, Jr., of the 6th Congressional District of the State of Maryland and one from Frank M. Clark, 25th Congressional District of the State of Pennsylvania. These will be made a part of the record at this point.

(The prepared statements of Congressmen Morton, Dent, Clark, and Mathias follow:)

STATEMENT OF HON. ROGERS C. B. MORTON, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MARYLAND

I am Rogers C. B. Morton, the Member of Congress representing the First Congressional District of Maryland, known as the Eastern Shore. This is a district in which agriculture is the key to its economic life. I appreciate the opportunity to make this statement before the Wheat Subcommittee.

My statement is in support of H.R. 6999, a bill known as the Wheat and Feed Grain Act of 1963.

There have been periods in the course of the history of American agriculture which have presented opportunities for this country to turn agriculture away from dominance by Government and toward its reestablishment as a free agent in the American enterprise system. The philosophy of this bill and the specific purpose of each section represent a move toward taking the Government out of farming and bringing opportunity to the farmer to earn in the marketplace a fair return for his labor and a fair return for his capital investment.

The expression in the May 21 wheat referendum is indication enough that men of agriculture are unhappy with Government control, and the marketing of their wheat and feed grains under the quota and acreage allotment system. Less than half of all those voting in the referendum were in favor of the multiprice, wheat certificate plan. The status quo and the proposals to date do not meet the challenge and the requirements for the millions of farm families throughout the Nation.

Looking down the road and based on past experience, we can clearly see the choice facing the American farmer. He can either move toward freedom and work his way into the competitive arena of the marketplace, or he can take the road of control, and the confines of rigid disciplines established by law and Executive directive. What is best for him, and what is best for the Nation? These are the real and basic questions to be resolved by the deliberation of this great committee.

I am convinced that the Wheat and Feed Grain Act of 1963 is a move toward freedom, yet it is a move without shock. It is the establishment of a program that will provide opportunity, not economic chaos. It is directed toward providing maximum influence of market prices for movement of crops to consumers and for the planning of farm production by the individual operator of the land. It is directed to support by underlying price guarantees that will provide a transi-

tion from control to the freedom of the marketplace. It is directed toward bringing about a normal granary whose dimensions are determined by demand, and eliminating the accumulated and burdensome stocks of grain.

Surplus crops, unusable and costly, represent wasted American energy. They represent the depletion of resources for which there is no recovery. Is this a time in history when the great men of the American land should spin their wheels and deplete the source which may finally be the key to existence, and salvation to a teeming world of people?

This bill provides the opportunity of a cropland retirement program that will bring waste into balance with thrift, that will help farmers along the road from farm to a free marketplace. This program will put wheat on wheatland and corn on cornland, and tend toward the discontinuance of improper land utilization, and will encourage a better balance between the livestock- and feed-producing segments of our agriculture.

Under the program designed by H.R. 6999, the genius and ability of the American farmer will be given the opportunity to seek profit and return on investment. If we are to look at farming realistically, we must see in the future new technologies, new applications of capital, and new ingenuity in production planning. These are part of the American system of freedom and purpose. To deny them or restrict them is to set this country back toward the evils and importance of collectivism.

Now, I say, is the time to express the personality of freedom. Now is the time to give agriculture opportunity instead of discipline. If we proceed in this direction and establish the Wheat and Feed Grain Act of 1963 as the law of the land, I am convinced we will earn the gratitude of the American farmer, the taxpayer, and particularly the generation of tomorrow. Therefore, I respectfully urge the favorable consideration of this bill.

I appreciate the opportunity, Mr. Chairman, for making this statement before this committee.

STATEMENT OF HON. JOHN H. DENT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. Chairman, I appreciate very much the opportunity to appear before your Wheat Subcommittee in support of legislation that I have introduced concerning wheat and feed grains.

During the discussion of the wheat referendum I indicated that if the referendum were defeated I would introduce and support legislation designed to provide a more sound solution to the wheat and feed grain situation. I was quite pleased that the wheatgrowers in my district voted overwhelmingly against the mandatory Government wheat control program. This did not surprise me because the farmers in my district have been for getting the Federal Government out of agriculture as quickly as possible.

In order to keep my commitment to the wheat growers in my district, after the referendum I introduced H.R. 6541. The basic purpose of this bill is to adjust wheat and feed grain production through the establishment of a voluntary cropland retirement program.

This legislation would provide wheat, feed grain, and all other farmers the opportunity to voluntarily retire a part of their cropland if they so chose. It would also provide for price support for wheat to be set at the average world market price during the immediately preceding 3 years. This would be approximately \$1.30 per bushel. Under no circumstances would the price support level fall below 50 percent of parity or about \$1.25 per bushel.

Under the cropland retirement phase of the program the Secretary would be authorized to enter into 3-year contracts to retire either part or whole farm. The payment rates that would be made would be determined on a competitive bid basis.

The legislation would also protect farmers against the dumping of present surplus stocks of wheat and feed grains and thereby ruin their market.

The farmers in my district have indicated their support for this type of legislation. It has the advantage of eliminating the acreage allotment marketing quota system. Farmers would be free to grow what wheat and feed grains they chose with price supports being at such level as to really discourage excess production.

I sincerely hope that the committee will give serious consideration to H.R. 6541. The farmers in my district are all looking to the Congress to take some action. I am confident that my bill would provide a sound solution to the difficult wheat and feed grain problem.

STATEMENT OF HON. CHARLES MCC. MATHIAS, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MARYLAND

Mr. Chairman, I appreciate this opportunity to present my views in support of H.R. 6545 and the companion bills to adjust wheat and feed grain production and to establish a cropland retirement program.

When the wheat farmers of America rejected the multiple price wheat certificate plan in the May 21 referendum, some Government officials interpreted this action as an excuse to go on strike and to refuse to find further solutions to our farm problems. The responsible members of the executive and legislative branches of Government, among whom the members of this distinguished committee are surely to be counted, have realized that the action of America's farmers on May 21 was a challenge to produce a sound farm program and an opportunity to make a fresh start.

The legislation proposed should:

1. Permit market prices to serve as the dominant influence in guiding the use of farm resources and the movement of farm output into consumption.
2. Provide for price supports which will facilitate orderly marketing without substituting Government price fixing for market prices that reflect the economic forces of supply and demand.
3. Protect markets for farm products against the burden of accumulated CCC stocks so that prices can rise above support levels as the balance between output and market requirements improves.
4. Provide Government assistance, by means of a cropland retirement program, to help farmers make needed adjustments in resource use and output during the transition to freer markets.
5. Eliminate price-depressing surpluses and clear the way for higher per family net farm incomes through a healthier supply-demand situation by bringing production into line with current market requirements.

In addition, H.R. 6545 has a unique feature not contained in companion bills. This is the provision for a land use study.

The Nation's land is a vital resource. As agriculture needs have diminished, other needs for land have multiplied. Urbanization is claiming more than 1 million acres a year, mostly in the vicinity of our cities. Linked to urban growth, many factors are pointing to an even greater demand for open land for recreation, transportation, and dams for water, power, and flood control.

Class 1 agricultural land is a prime target for all these uses. But important wildlife, forest, and conservation areas are also targets of indiscriminate development. The worst abuses come from shortsighted practices, ignorance, and selfishness. These abuses are preventable but not without detailed and accurate information about the land, its uses, and the programs or activities affecting it, as a basis for the policies or practices that should be allowed.

The land use survey that is proposed in H.R. 6545 should be made on the basis of criteria established for the appropriateness of various uses of particular areas and sites. Thus the survey could identify opportunities for continued profitable agriculture, and the conversion of agricultural areas to recreation, business, and other extensive uses. Recognizing the impact of urbanization, highway and airport construction on open lands, the survey could produce standards that would allow the designation of sites appropriate for urban development that would also assure the preservation of the important natural environment.

The continued attrition of open land, particularly in the vicinity of our larger cities, the competing demands for land and the appalling disregard of land quality in making development decisions compels the use of our best knowledge and the early establishment of an authoritative basis for development standards and controls. The land use survey is a first step.

STATEMENT OF HON. FRANK M. CLARK, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF PENNSYLVANIA

MR. CHAIRMAN. I appreciate the opportunity of appearing before you in behalf of legislation that I have introduced to deal with the wheat and feed grain situation. While my district is not considered one of the major wheat producing areas, I do have quite a number of farmers who do raise wheat on their farms. It is because of this I was quite interested in the wheat referendum which was recently conducted.

During the course of the wheat referendum I indicated to my farmers that if the referendum were turned down that I would actively support other legislation that would not have all the mandatory Government controls, but would at the same time seek to meet the problem we currently have in wheat and feed grains.

Wheat farmers in my district and in the State of Pennsylvania overwhelmingly rejected the wheat referendum. They were in effect saying that they did not want a Government supply management program.

In order to keep my commitment to them I introduced H.R. 6540. This is legislation which I believe would provide a program to meet the problems of wheat and feed grain farmers through the establishment of a cropland retirement program.

Earlier this year when the House was considering the feed grain program, I did not feel that this legislation should be enacted at that time. It was my point of view that wheat and feed grain legislation should be considered at the same time. I was sorry that Congress took the action it did in connection with feed grains. However, H.R. 6540 would deal with both wheat and feed grain legislation and in my opinion is a much sounder approach. Under my bill farmers would have the opportunity of voluntarily deciding whether or not they want to retire a part of their wheat and feed grain cropland. This would be done on an individual bid basis by each farmer and contracts for the retirement of cropland would run for 3 years.

Under my proposal price support for wheat would be set at the U.S. farm price equivalent of the average world market price for the preceding 3 years. In the case of feed grain, price support would be available at 90 percent of the average price received during the previous 3 years. In addition, farmers would be protected against the Government dumping current surplus stocks of wheat and feed grain on the market.

From discussions that I have had with the farmers in my district they are looking to the Congress to take some action concerning the wheat situation. I am confident the legislation I have introduced, which eliminates the Government mandatory controls and provides for a voluntary cropland approach, has wide support among the farmers in my district. I hope that you and the other members of the committee will give it your earliest favorable consideration.

Mr. PURCELL. Before we go, Mr. Shuman, we have had several requests here that we would like to discuss further with you. The next time that this subcommittee can get this room and can work our meetings in with other meetings which are going on is Friday of this week. We have a meeting set for that time in which we are scheduled to hear Congressmen who have proposals that they would like to be heard on. I know that it is asking much and a real imposition on you to have you come up at this hour to do so, but would it be possible for you to be here on Friday morning?

Mr. SHUMAN. I am sorry, I have a commitment that will not permit me to be in Washington then. We would be glad to have Mr. McLain and Mr. Lynn present—I could come back later—I am sorry that I do have a conflict that I cannot very well change.

Mr. PURCELL. If Mr. Lynn or any other members of the organization can be here, I believe that would be all right. We appreciate knowing your position very much.

Thank you very much.

Mr. SHUMAN. Thank you.

Mr. PURCELL. We will stand now adjourned until 10 o'clock on Friday.

(Whereupon, at 12:25 p.m., the subcommittee recessed, to reconvene on Friday, July 26, 1963, at 10 a.m.)

WHEAT

FRIDAY, JULY 26, 1963

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

The subcommittee met, pursuant to notice, at 10 a.m., in room 1310, Longworth House Office Building, Hon. Graham Purcell (subcommittee chairman) presiding.

Present: Representatives Purcell, Jones, Stubblefield, Harding, Olson, Matsunaga, Belcher, Latta, Dole, and Findley.

Committee staff members present: Martha S. Hannah, clerk; Hyde H. Murray, assistant clerk; John J. Heimburger, general counsel; Robert C. Bruce, assistant counsel; and Francis M. LeMay, staff consultant.

Mr. PURCELL. The meeting will come to order.

Mr. Lynn, of the Farm Bureau, was asked to be here this morning. Are there any questions from those committee members present of the Farm Bureau at this time?

If there are none, Mr. Lynn, we appreciate very much your being here. There is no way I could very well contemplate the other day whether or not there would be questions. We will not be privileged to hear from you at this time.

Mr. LYNN. Thank you, Mr. Chairman.

Mr. PURCELL. I will suggest that Mr. Quie lead off this morning. I believe he is speaking basically for Mr. Short and Mr. Dole, also.

Then after Mr. Quie has testified and questions have been asked and answered, if it is agreeable to those other Congressmen who are not on the committee, as I understand it, Mr. Battin's bill, Mr. Langen's bill, and Mr. Berry's bill are similar in nature, if it is agreeable we will have one of you gentlemen speak for that group. That will be after Mr. Quie.

Mr. JENSEN. Mr. Chairman, Mr. Bromwell, of Iowa, and myself have introduced a similar bill, but it is somewhat more liberal. We would like to testify on our bill.

Mr. PURCELL. That will be fine, Mr. Jensen.

We have quite a list of other witnesses. I was trying to put them in categories. We have some 19 names and we will certainly hear everyone—and I understand we may have more than that.

All right, Mr. Quie. Congressman Quie.

STATEMENT OF HON. ALBERT H. QUIE, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF MINNESOTA

Mr. QUIE. Thank you, Mr. Chairman. First I want to thank you for arranging the Wheat Subcommittee hearings this week. I know if it were not for your hard work we would not have this meeting. This gives us an opportunity, not only the 19 men who introduced this bill but also the others who have introduced other bills, to appear. I understand there are 19 authors of other bills here in the House as well. We all appreciate what you have done.

I also want to say that our late colleague, Hjalmar Nygaard, also introduced this bill. With the shock of his passing we also feel sad that we do not have his assistance with us now on this legislation.

I think the first question that comes to mind is whether the Congress ought to pass wheat legislation this year. An indication, to those of us who introduced this legislation which we think ought to be passed this year, that there is a great need for new wheat legislation is that in the referendum the wheat farmers clearly showed what they didn't want but they didn't indicate what they wanted.

I say this because in 12 previous referendums the farmers turned down the alternative which they were forced to accept May 21 for 1964. In other words, they dislike the mandatory features of the certificate plan, evidently, despite the fact it would have meant more income to them, to such an extent that they would not vote yes even though it meant they would have to live under a program which they had rejected 12 times before. Because of the fact that they didn't indicate that this was a desirable program to them but rather that this was the only alternative they had, and this they felt they would have to live with unless new legislation is passed.

It has been stated many times that we have not heard much from the farmers, therefore we should just live with the 50 percent of parity 1964 program for that reason.

I don't believe this is wise. Farmers in a good part of the country are still harvesting and all are still in the fields, they are not prone to write to their Congressmen. The farm organizations evidently are not generating a big letterwriting campaign.

I think it would be wise for us to act now rather than wait for some time in the future when a crisis hits us. If only part of the prediction comes true for the coming year, as was made by the Department of Agriculture prior to the referendum, there will be a sufficient crisis to where we will be required to work on legislation next year.

At the outset I want to say that I think the feed grain program for next year is a very good one, as has been explained by the Department of Agriculture at this time.

The feed grains and wheat bill which a number of us have introduced is based on the present feed grain program because this is a program we have been operating under since 1961. It is well accepted in the feed grain area. It is accepted by the administration.

I think if we are going to do anything this year it has to be something which at least has a chance of acceptance by the administration and by the men on the Democratic side of the aisle in Congress as well as the Republican side. For that reason we start out from that premise in the legislation we introduced.

I might say that with the excellent feed grain program next year, whereby the farmers will be receiving a price support of \$1.25 a bushel for corn, with the diversion payments increased to insure maximum participation, this is a very lucrative program which we are very happy about in the feed grain areas, and those of us who introduced this legislation feel we would like to have something of that nature for the wheat farmers as well.

Many of us worked on this legislation for a long time. We put it together long before the referendum. This was not a hasty process right after the referendum was turned down.

Before the referendum was held we had considerable conversations to decide whether we should introduce it beforehand to indicate to the farmers what we were going to drive for in the event the referendum was turned down, but we chose not to do this feeling it would only confuse the farmers and in that way we might be accused of undue influence on them and their choice.

I might point out that the minority on this committee never asked the farmers to vote no but said only that the farmers had the ability to make their own decision as to how they should vote. We voted against the mandatory program last year, of course, and indicated that if there was a no vote we stood ready to try to enact what we thought was sound legislation. This bill is the legislation that 19 of us feel ought to be enacted this year.

There is a little bit of difference between the 19 bills as pointed out to the chairman before I started. My colleagues who are here today will explain what differences they have in their bills.

I think you cannot expect everybody at this time to have crossed the "t" and dotted the "i" identically but we are close together on broad principle and this is an example of how it is possible for the Congress to get together on a good sound piece of legislation.

Our bill is a voluntary program for wheat, as it has been for feed grains these last years. It is very important that we permit a voluntary program. As one puts himself in the position of the farmer you can readily realize that it is virtually impossible for the farmer to comply with a program which is an extreme hardship through no fault of his own.

However, there are other farmers, due to their operation, their age, or some such thing, who can idle considerably more acres in order to comply than others can, and a voluntary program enables them to make these decisions. You can secure as much reduction of production for as little amount of money the voluntary route as the mandatory route.

Also, if we have a voluntary program, for wheat as well as feed grains, a referendum is no longer necessary.

Another indication that our bill will save the taxpayers a great deal of money because the referendum was an expensive operation.

Our program would require land retirement and conservation of the land. No grazing would be permitted on the diverted land. Just as the 1964 feed grain program announced, there would be a minimum diversion of 20 percent required to comply with the program, and there is permission to go to 30 percent greater than that, making a total of 50-percent reduction in wheat and feed grain production as in the 1964 feed grain program.

It also provides only payment in kind for making the diversion payments.

The Secretary could assist the producers in marketing their negotiable certificates like in the 1964 feed grain program.

In 1963 you will recall the feed grain program was changed to put in a direct payment. This was to protect the market economy, in order to enable the market to function without the influence of the Department of Agriculture. The Secretary was permitted in 1961 and 1962 to buy grain high and sell low. Beginning in 1963 that authority was taken away from him and the complier's benefit came in the form of an 18-cent direct payment.

For 1964 the Secretary announced the direct payment would be 15 cents a bushel for corn.

We feel that this has established the principle that the market ought to function freely and that the benefits to the complier over and above the noncomplier should be made in the payment.

However, we feel that the payment should not be made as a direct payment as part of price supports but should be made as a payment for diverting acres, a diversion payment.

The bill which Mr. Short, Mr. Dole, and I and others have introduced, provides that a person who complies to the full extent, 50 percent, and takes the 60-percent payment, this would be about the same return to the farmer as the Secretary has announced next year for feed grains, with the direct payment and the diversion payment added together. The 15 cents and the 50-percent payment for diversion would amount to about a 60-percent diversion payment.

For the initial reduction our bill would provide for a smaller return. We feel ours is enough to secure approximately 24 million acres taken out of feed grain production and this would be sufficient, and another 10 million acres of wheat would come out of production making a total of 36 million acres of those commodities which would be sufficient to again reduce the supply to such an extent that we could utilize substantial CCC stocks.

About the same would happen for feed grains next year anyway, but for wheat this would amount to something like 125 million bushels utilized from CCC stocks next year if the 10 million acres were reduced.

To determine the base acres under our feed grains and wheat bill, just add the old feed grain base to each farm's wheat acreage allotment based on a 55-million-acre allotment of wheat. If a wheat farmer were to increase his production of wheat over and above what was allotted to him under the 55-million-acre national quota in previous years because of the interchange feature, this would have to come out of freed grain acres, and for that reason it would not be hurting the economy of any other commodity.

Mr. JONES of Missouri. If he did not have any feed grain base where would he get it?

Mr. QUIE. Then all his wheat allotment would be his feed grain and wheat base. If he had only a wheat allotment then the wheat allotment would be the base.

Mr. JONES of Missouri. What if he went beyond that?

Mr. QUIE. He would have to stay out of the program. If he went beyond the feed grain base of the previous years and what was added to it by the wheat allotment of the previous years, based on 55 million

acres, he would gain no benefits from the program when he produced beyond it.

As far as the 15-acre farmer is concerned, this would be the highest acres in the 3 years, 1959, 1960, and 1961. For the person who raised wheat for feed under that 30-acre provision it would be the average of that which he raised during those 3 years, the wheat portion would be added to the feed grain base.

Mr. HAGEN of California. Do you base these payments on a 55-million-acre national allotment or 49 and a half million?

Mr. QUIE. The base in the payments?

Mr. HAGEN of California. Would payment be based on an allotment derived from the 55 million?

Mr. QUIE. Yes; and it would be similar to the feed grain base. His feed grain base would have his allotment of wheat added to it. This would be a total base. However, if one tried to consider the wheat separately, if our program works out the way everything I can see would make it function, this would mean about 44 million acres of wheat would be produced next year.

Mr. JONES of Missouri. You say on these 15- and 30-acre people you will give them that maximum which they had raised, the average during those 3 years. That would not be their base but they would be permitted to grow that still?

Mr. QUIE. For the people over 15 acres it would be the highest allotment in those 3 years. Those under 15 acres would be the highest they raised in those 3 years.

Mr. JONES of Missouri. Those growing 15 acres, their allotment has been less but they have been growing 15 acres for 3 years, they can still continue to grow 15 acres of wheat?

Mr. QUIE. That is right.

Mr. JONES of Missouri. And still be in the program?

Mr. QUIE. No; they would have to cut the 20 percent on their total base in order to be in the program. They have to cut 20 percent below their base to be in the program.

Now the feed grain farmer has his base but he has a cut 20 percent below that.

Mr. JONES of Missouri. What I am trying to find out is what this 15-acre man will be cut from, his base or the 15 acres.

Mr. QUIE. Let us suppose a feed grain farmer had 100 acres of feed grain and they have been raising 15 acres of wheat. He then would have a base of 115 acres.

In order to comply with the program he would have to produce at least 20 percent less than that. He would have to idle 20 percent of that 115 acres.

Mr. JONES of Missouri. And the fellow growing 30 acres of wheat and 100 acres of feed grain, he would have 130 acres. Is that right?

Mr. QUIE. That is right. If a farmer had 100 acres of wheat allotment and 100 acres of feed grain base he would have a 200-acre base from which he would have to retire 20 percent in order to comply with the program.

Mr. JONES of Missouri. In other words, you would not consider the allotment the 15-acre man had at all. You would just overlook that and you would give him the same thing as having an allotment of 15 acres because he planted 15 acres?

Mr. QUIE. Yes. We did this because we went through that in the committee and accepted it in the wheat program. We accepted the highest planted in those 3 years as the base to start from.

Mr. BELCHER. The man who has been raising 15 acres of wheat can raise as much as he wanted to if he did not enter the program.

Mr. QUIE. That is right. He wouldn't get any benefit from the program, either.

Mr. JONES of Missouri. As long as he raised the 15 acres he can stay in the program and get his benefits though.

Mr. QUIE. No. He has to cut 20 percent.

Mr. JONES of Missouri. Twenty percent from the 15 and not his allotment, though. Other people are cut from their allotment, aren't they?

Mr. QUIE. If they are over 15 acres.

If the person out in the traditional wheat areas, we will say, had 100 acres of feed grain base and 100-acre wheat allotment, they would have to retire 20 percent of that and they could plant all their former feed grains acres to wheat if they wanted to.

Mr. OLSON. It is my understanding that after you had this total base, then, the 15-acre farmer used as an illustration, or any other wheat farmer with an allotment could combine these two bases and there would be nothing to keep him from planting all acreage to wheat if he so chose?

Mr. QUIE. That is right.

Mr. OLSON. What about reversing it? Can he plant all to corn?

Mr. QUIE. Yes; just as now with the three commodities in feed grains. He can put it all to grain sorghums, all to barley, or all to corn. Then the farmer would decide which is most economical for him to produce.

Mr. OLSON. Is this true—didn't we discuss the point that because of areas, because of the crops which you raised we have a limit now so they will not interchange these acres completely?

Mr. QUIE. No. We mentioned that if a person planted all corn on the diverted acres he would be paid on the basis of the barley he didn't raise or the sorghums he didn't raise.

Mr. OLSON. But he can increase and he can completely plant one crop?

Mr. QUIE. It would work the same as the feed grain program does on the other three. It would be identical to it if we use the same language.

To finish up here, Mr. Chairman, the price support would be different during the transition period. The price support for corn, grain sorghum and barley, would be the same during that period as it is now. There would be discretion of the Secretary between 65 and 90 percent of parity. This would mean as now there is a floor of \$1.04 on corn, there would be \$1.62 floor on wheat.

After the surplus was brought down to the normal carryover, then the price support would revert to a figure of 90 percent of the market price for the last 3 years for all of these commodities.

The resale formula which now operates, that the CCC shall not dispose of stock for less than 105 percent of the current support price level, it would be in effect until the supply was brought down to the normal carryover or below.

Mr. JONES of Missouri. What is the normal carryover?

Mr. QUIE. The administration has suggested the normal carryover should be 45 million tons of feed grain and 600 million bushels of wheat. However, the formula presently provides 15 percent for wheat, 15 percent of the normal annual domestic consumption and export, and then you can take in factors of extreme conditions to increase above it. They have evidently taken in other factors.

The same way with corn. We have set the standard. The normal carryover for corn previous to this was 10 percent. We set a standard figure of 15 percent as a normal carryover figure on all of these commodities in the bill.

In the event the supply was below normal carryover, it would also require the CCC to hold its resale price above 115 percent of the support level, plus carrying charges and in the event it disposed of grains under section 407 of the present law, because they suspected it would go out of condition, CCC would be required to make purchases in an equal amount from the market. This would prevent the USDA from using their resale policies to manipulate the market or to push prices down in any way.

As you will recall, there has been criticism under both the past administration and this administration that section 407 authority was used at times.

We felt we should not criticize this as long as there is an oversupply, but when the supply gets down below normal carryover then there should be a protection to the farmers and their market.

For small farms we set the figure of 40 acres as the amount that the person might retire if this is a greater amount than 50 percent of his crop acres.

Some of you might be interested in the cost of this program versus what we have now. We know the three criteria set up by the President, that it should increase farmers' income, hold down Government cost, and reduce surplus.

Just as the voluntary feed grain program has reduced surpluses of feed grain, we thought this program would continue to do so for feed grains and do the same for wheat.

As far as the cost to the taxpayer, this program, from all estimates I have been given would run about a half billion dollars less than a program consisting of the present voluntary feed grain program and the defeated certificate wheat program.

I take this from the majority report on the Food and Agricultural Act of 1962 which indicated about \$2.4 billion cost to the program if we had a voluntary feed grain program and a mandatory certificate program for wheat.

From all estimates I can find, the most expensive way you can look at our program, it would cost \$500 million less. It is more likely to cost up to \$1 billion less.

Looking at the program and how it would compare with the program of feed grains which would go into effect next year, I think this would cost a little bit less than the present feed grain program because we do not have the direct payment feature of 15 cents. That same amount of money could be given the farmer in his diversion payment with better results.

Using the diversion payment system only, I think for those who reduce the minimum amount, that is the initial 20 percent, one would

not need to use as much money as the 1964 feed grain program provides. This is where the saving would come about.

What it all involves is this: You get as many acres out as you are willing to pay for.

To take 10 million acres of wheat out of production at a price support of \$1.65, I think this then would add perhaps \$300 million to the present feed grains program, so it is conceivable that our total program may cost \$1,100 million to \$1,300 million and secure the reduction in production which we want.

I have a couple tables here which I would like to put in the record.

One of them is to indicate we need not fear that next year there will be a huge increase in production of wheat coming out of nowhere in order to give acres from 1949 through 1962 that have been planted for corn, barley, oats, grain sorghum, soybeans, rye, and wheat to give the interplay of acres.

If I may submit that for the record.

(The table referred to follows:)

Harvested acreage of 7 selected crops plus acreage of the selected crops diverted from production under voluntary land retirement programs—with adjustments for increased plantings of soybeans on cotton acreage, United States, annually 1949-63

[Thousand acres]

Land use	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962
Corn.....	77,106	72,398	71,191	71,353	70,738	68,668	68,462	64,877	63,065	63,549	72,091	71,649	58,691	57,504
Barley.....	9,872	11,151	9,424	8,286	8,680	13,370	14,533	12,832	14,872	14,791	14,918	13,939	12,969	12,914
Oats.....	37,794	39,306	35,253	37,012	37,536	40,551	39,027	33,333	34,065	31,247	27,783	26,046	24,077	23,981
Grain sorghum (grain only).....	6,602	10,346	8,544	5,326	6,255	11,702	12,896	9,342	19,563	16,638	15,572	15,444	10,957	11,947
Subtotal.....	131,374	133,201	124,392	121,927	123,249	134,878	120,404	120,404	131,505	126,245	130,374	127,678	106,694	105,046
Soybeans (for beans).....	10,452	13,807	13,615	14,435	14,829	17,047	18,630	20,620	20,857	23,993	22,631	23,555	27,340	27,910
Subtotal.....	141,826	147,008	138,007	136,362	138,078	151,338	139,034	141,024	152,362	150,238	153,005	151,233	134,034	132,956
Rye.....	1,554	1,753	1,722	1,383	1,530	1,795	2,019	1,623	1,872	1,773	1,443	1,652	1,550	2,014
Wheat (all).....	75,910	61,607	61,873	71,130	67,840	54,356	47,290	49,708	43,754	53,047	51,781	51,896	51,520	43,545
7-crop total.....	219,320	210,368	201,602	208,885	207,348	207,489	202,837	192,415	197,788	205,058	206,229	204,881	187,204	178,515
Acreage diverted from production of 7 crops.....	---	---	---	---	---	---	---	10,986	13,404	14,181	6,848	7,811	32,957	146,179
Subtotal.....	219,320	210,368	201,602	208,885	207,348	207,489	202,837	203,401	217,192	219,239	212,077	212,692	220,161	224,694
Adjustment for soybean acreage produced on former cotton acreage ¹	---	---	---	---	---	-637	-1,382	-1,888	-2,053	-2,589	-2,574	-2,712	-3,080	-3,165
Total ²	219,320	210,368	201,602	208,885	207,348	206,852	201,455	201,513	215,139	216,650	209,503	209,980	217,081	221,529

¹ Partly estimated.

² Estimated by a State-by-State comparison of decreases in cotton harvested acreage since 1949-53 average and increases in soybean production from 1949-53 average acreage.

³ Estimated total land available for production of 7 crops after adjusting for soybean acreage that has been substituted for cotton acreage.

Mr. QUIE. Also to show that in previous years we have had a substantial amount of land diverted, and when we talked the other day about the need of land diversion, I see in 1961 that with the conservation reserve and the other programs we have had, that 53.6 million acres were diverted, in 1962 64.6 million acres were idled, and undoubtedly this was the reason there was a substantial reduction in surpluses in those years.

(The table referred to follows:)

The number of feed grain and wheat acres diverted from crop production under various land retirement programs

[In thousands]

Year	Program	Total land diverted	Feed grain acreage diverted	Wheat acreage diverted
1956-----	Acreage reserve and conservation reserve..	13, 597	5, 316	5, 670
1957-----	do-----	27, 781	6, 124	13, 280
1958-----	do-----	27, 045	8, 116	6, 065
1959-----	Conservation reserve-----	22, 422	3, 518	2, 330
1960-----	do-----	28, 660	4, 628	3, 183
1961-----	Conservation reserve and emergency feed grain program.	53, 605	29, 794	3, 163
1962-----	Conservation reserve, emergency feed grain, and wheat program.	64, 656	33, 219	12, 960
1963-----	do-----	(1)	29, 705	(1)

¹ Not available.

Mr. QUIE. In order to give my colleagues who are here an opportunity to express themselves on this legislation, perhaps I can go to them to explain the difference in their bill and then we can come back to further questions on my testimony.

Mr. PURCELL. Without objection that will be the procedure we shall follow.

Do you refer to Mr. Short and Mr. Dole or some others?

Mr. QUIE. Perhaps we can turn to some of these men who have to catch a plane.

And I also request that this "Brief Outline of the Feed Grain and Wheat Act of 1963" be made a part of the record, where I explain the provisions of the bill.

Mr. PURCELL. Without objection it will be made a part of the record at this point.

(The statement follows:)

BRIEF OUTLINE OF THE FEED GRAIN AND WHEAT ACT OF 1963

The proposed completely voluntary program would apply to wheat, corn, grain sorghum, barley, and at the discretion of the Secretary, oats and rye. If the Secretary should find that there will be a supply of designated grain in excess of a "normal supply," he would put into effect a special agricultural conservation program, based on four principles:

1. It would be voluntary. Price support and diversion payments would be available only to those who retire acreage from production.

2. It would require land retirement and conservation as a condition of eligibility for program benefits. A minimum 20 percent would be required with an optional and additional 30 percent reduction allowed.

3. It would use only payment-in-kind for making diversion payments. The Secretary could, however, advance the producer cash in anticipation of the sale of grain, but there would be no direct payments, as provided under the 1963 feed grain program.

4. It would be based on a market economy. The CCC release price for surplus grain in inventory would not be less than 105 percent of current

support price, plus reasonable carrying charges. When the supply of grain is back to a "normal supply," this release price would be 115 percent of the current support price, plus reasonable carrying charges, and CCC would be required to make equivalent market purchases for grain which has been sold as being "out of condition."

Other major provisions include:

- (a) Time: Applicable to 1964 and subsequent crops.
- (b) Support price: 65 to 90 percent of parity when the special agricultural conservation program is in effect.
- (c) Base period: 1959, 1960, 1961.
- (d) Diversion rates: Up to 50 percent of normal production times county support rate on first 20 percent reduction; also at farmer's option up to 50 percent on next 30-percent reduction.
- (e) Optional longer term retirement: Up to 60 percent diversion payment for acreage diverted for periods of from 3 to 5 years.
- (f) Advance payments: Up to 50 percent in kind at signup time.
- (g) Diverted acres: Control weeds and pests. Allow oilseed crops at up to one-half regular diversion rates.
- (h) Small farms: Allow retirement of entire farm base if less than 40 acres.

The permanent price support law on wheat and feed grains would be amended to establish price supports on the designated grains at 90 percent of the previous 3-year market average unless a special agricultural conservation program were in effect.

The bill also authorizes the Secretary of Agriculture to extend for periods of up to 10 years expiring conservative reserve contracts. In 1963, approximately 7.4 million acres are scheduled to come back into production due to the expiration of these contracts. All acreage allotments and marketing quotas on the designated grains would be repealed. There would be no referendum.

STATEMENT OF HON. DON L. SHORT, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF NORTH DAKOTA

I want to thank you, Mr. Chairman, for holding these hearings on new wheat legislation and particularly to thank you for giving those of us who have introduced very similar legislation an opportunity to present our case here today.

The gentleman from Minnesota has presented very ably the basic provisions of our bills which we have given the title Feed Grains and Wheat Act of 1963.

In the simplest possible explanation, our idea is to add wheat to a voluntary program similar to the 1963 feed grain program which became law on May 20, 1963. Frankly, this bill was prepared along the line of the voluntary feed grain program because this approach has been highly recommended by the Secretary of Agriculture and President Kennedy and we were hopeful that we could therefore receive some support from the Democrats. We have all been around here long enough to know that laws are passed by majority vote and we don't have a majority on the Republican side. Republicans made it clear they were for the feed grain program, but I believe properly insisted it should not have been passed until after the referendum.

May I also say right here that this legislation was not introduced simply to carry out a prereferendum promise. I did not approve of the wheat certificate plan and I thought I had a responsibility to offer to the farmers what I considered a better plan. I am not one of those we hear referred to as having promised farmers there would be new wheat legislation if the referendum failed. As a member of the minority party, all I could do was say what I would try to do. What gets done, or is not done in this Congress, is the responsibility of the majority party, as they have the votes. As I indicated in letters from my office, I would work for new wheat legislation if the referendum failed. Farmers began asking what kind of legislation. In answer to this question, this bill was prepared and its general provisions indicated to farmers. We did not introduce the bill before the referendum because we felt it would only further confuse the issue.

Subsequent events have proven that we were right. The referendum did fail to carry by a substantial margin and we now have the situation where feed grain farmers have a workable program, with effective price protection, and a means of managing their production, while wheat farmers, who are in most instances,

also feed grain producers, have virtually no program. I believe in view of the wheat surplus of nearly 1 billion bushels—2 years' domestic supply—we have a responsibility to extend to wheat farmers treatment similar to that accorded feed grain producers.

This proposal we are offering I believe has much merit and deserves the serious consideration of this committee and the Congress. This approach has basic features that not only appeal to farmers, but I believe deserve consideration in programs for other farm commodities.

This program is voluntary. This means that it leaves participation to the discretion of the individual farmer. The principle of compulsory participation is repugnant to many farmers and to a considerable degree, contrary to American principles of freedom of choice for the individual. The farmer who does not chose to participate, however, is not eligible for price support, or other benefits. He cannot refuse to reduce his production and still be a party to adding to the Government stocks of surplus grain. This voluntary principle has been endorsed by this administration for feed grains and the junior Senator from Minnesota was before this committee on Monday, suggesting the voluntary application of the certificate wheat plan.

This program we are offering assumes that the American farmer will exercise responsibility in not producing or marketing wheat when it is in oversupply and prices are depressed. I believe farmers will do much more to adjust their production than many economists and planners presuppose. Many farmers are good businessmen and will not produce unlimited quantities of a commodity for which they cannot obtain a decent price. The land retirement program incorporated in this bill gives the farmer a vehicle he may use if necessary to adjust his production and temper the loss of income from acreage removed from production.

This program would provide complete opportunity for the farmer to raise those crops best suited to his farm. Complete interchange of crops on the total base acreage is permissible. All wheat or all corn, for example, could be raised if the farmer desired.

Our bill contains provision for extending expiring conservation reserve contracts. It seems to be only sound commonsense to keep most of this land now retired out of production. The cost is low and the local economic and social adjustments have been made. We recently passed out of this committee, a bill to do essentially this same thing, but with the provision that grazing would be permitted. This seems nothing less than ridiculous to me in the face of record high livestock numbers and depressed cattle prices. Where is the equity of subsidizing an increase in production of a commodity on the verge of being in trouble in an attempt to reduce production of another commodity.

In closing, may I thank all of those who have introduced legislation similar to that introduced by Congressman Quie, Congressman Dole, and myself. I include those who have introduced the Farm Bureau bill because these two approaches have more similarity than disagreement. They are both voluntary, which is most important. I am not adamant as to specific details of the legislation I have introduced. I would hope the committee would be able to reach an agreement on the broad principles incorporated in bills we have been hearing about. It seems to me we have presented a practical approach to new wheat legislation which embraces basic principles recently reiterated by President Kennedy; namely, increasing farmers' income, holding down costs to the taxpayers, and reducing surpluses. More important, so far as the farmer is concerned, it provides a maximum degree of freedom to make his own decisions without interference by the Department of Agriculture.

STATEMENT OF HON. ANCHER NELSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. NELSEN. Mr. Chairman, I have a prepared statement. In the interest of saving time I shall review it and turn the statement over to the reporter if it is all right.

Mr. PURCELL. Without objection that shall be done.

(Mr. Nelsen's statement follows:)

STATEMENT OF HON. ANCHER NELSEN, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF MINNESOTA

Mr. Chairman and members of this Wheat Subcommittee, the wheat farmers of the Nation and in the 2d District of Minnesota appreciate very much, I am sure, the attention you are giving to the wheat and feed grain proposals which have been referred to you. A great contribution to the cause of agriculture will have been served when you recommend the adoption of new wheat legislation by the Congress.

Much has been said in attempts to analyze the results of the recent wheat referendum and to speculate as to the reasons for the Nation's wheat farmers having voted as they did. The consensus seems to be that on the basis of best-considered judgment farmers in voting "no," if not giving a mandate for a new wheat program, were giving voice to increasing irritation with the trend toward more and stricter Government controls. Public Opinion Reporter Sam Lubell has stated that three out of four farmers he talked to thought they'd get milder controls if they defeated the referendum plan.

We can with great justification assume that we have reached another milestone on the long, winding road of Government programs for agriculture. It becomes increasingly clear that we here in the Congress along with leaders of all farm organizations must apply the utmost of our commonsense, knowledge, and ability to the framing of a farm program which will be effective and acceptable in the following respects:

- (1) It must maintain or improve the possibility of increasing farm income;
- (2) It must reduce the Government's role in the management of the affairs of our Nation's farmers and decrease the costs to the taxpayers;
- (3) It must be basically voluntary in its application;
- (4) It must apply to total wheat and feed grains production in order to avoid transfer of problems in one area to another and get at the problem of reducing surpluses;
- (5) It should work toward restoring the normal grain trade to its proper place in the farm market economy;
- (6) It should not be a temporary or "crash" program which would be subject to radical changes from one crop year to another—it should be given the chance to prove itself.

Let me say that we have come a long way on that road in our bungling attempts to make adjustments for the tremendous increases in the productive capacity of our country's farmers. The trouble is that there have been too many detours, and all too often we have been on a road which would have led us to we know not where.

Looking back over the years we recall that in 1947 Clinton Anderson, now U.S. Senator from New Mexico, became Secretary of Agriculture. He advocated a badly needed, long-range farm plan based on flexible supports—if a short supply in a commodity exists, raise supports to encourage production. When surpluses mount, drop supports, but always with a floor to protect the farmer. President Truman supported Mr. Anderson, and Secretary Brannan did, too, for a time when he took over the Department.

A year later, in 1948, both political parties stood for flexible supports, but by the spring of 1949, Secretary Brannan scuttled the idea in favor of his own infamous plan and what chance could there possibly be for agreement on anything except to let the mistakes continue and the surpluses mount.

By 1952 the Republicans stuck with flexible supports and the Democrats campaigned for high rigid supports and through the next 8 years the battle was fought and refought to the utter confusion of everyone, and with a surplus problem that became increasingly a headache.

The Kennedy administration next moved in on the scene. They then proposed the Agricultural Act of 1961, known as the omnibus farm bill, which attempted (1) to take over the functions of Congress, and (2) to obtain authority to place into operation the Cochrane theory of supply management over every one of the 256 agricultural commodities produced in America. The Congress was wiser than the controllers. It refused to give this authority. The proponents by the application of their concept would destroy the U.S. marketing system by placing controls over every segment of the marketing system, and thereby destroy the free market.

In the meantime the so-called emergency feed grain bill had been passed and I might say that this program has possibilities, the theory being that land would have to be retired in order to balance supply and demand, but now we find that those who were the strongest advocates of high supports and full parity for the farmer are administering agricultural programs with the farmers of the Nation struggling with a parity ratio of 77 percent for the first 6 months of 1963. This, I might comment, is the lowest parity figure since 1939.

Further examination of the history of farm legislation reveals that the Congress has been dealing with many separate commodities, many times attempting to legislate in one commodity only to have a problem break out in another. It is no great secret that the natural wheat-growing areas were asked to cut back in production while the door was opened for 15-acre producers to eventually produce more than the total annual surplus. Attempts have been made to cut back on the production of corn, while opening the door for grain sorghums. It is not so long ago that an attempt was made to permit the growing of barley on idle wheat land, and more recently a bill has been reported to permit the grazing of soil bank land.

So in reviewing the entire legislative conduct it becomes increasingly clear that there is a lack of across-the-board consideration and it is obvious that in our attempt to legislate by commodities we fail to recognize a basic need and that is to consider the total acres producing crops of all kinds and attempt to design legislation to encourage full participation in a land retirement program. This approach is necessary if we are to hope for adequate participation and to eventually bring supply and demand into proper proportion.

The bill that I have introduced seeks to meet these qualifications, and I feel that there is a desperate need at this time to enact legislation, especially because of the situation that will develop in the area of wheat production. Statements have been made to the effect that the wheat farmer has indicated he wants no program, this judgment having been reached because of the wheat referendum vote. I do not believe that that is a proper interpretation to place on this action on the part of the farmer. In my judgment the farmer was saying, "We do not want this type of a program," and I believe they look to the Congress to come up with a more acceptable plan. I also am of the opinion that the proposal submitted by myself and others would be acceptable and would be endorsed by the wheat farmers of America.

I have further reasons for concern as to the wheat producers. While my district is largely a feed grain area, it is my opinion that if wheat prices are driven down, we will face still further competition in the feed grain areas which, of course, will result in cheaper feed and cheaper livestock. Already prices are distressing according to recent reports indicating that net farm income in the Midwest is down as much as 15 percent (Wall Street Journal, July 10, 1963). The Department of Agriculture reports farm income in 1960 at \$11.1 billion; in 1961 at \$11.1 billion; in 1962 at \$11 billion; and in 1963, an estimated \$10.5 billion. Reports also show a continued expansion of meat production; an increase in beef of 6.5 percent; an increase in pork of 4 percent. Therefore, I believe it is imperative that the Congress act at this session. History proves that it takes considerable time for agriculture to recover when continued decline in farm income is permitted and we all know that financial distress among the farmers soon affects the whole Nation's economic structure.

The bill that I have introduced is very simple in its application. It is entirely a voluntary program which requires not less than 20 percent land retirement and permits up to 50 percent. One feature that in my judgment will be attractive to the family livestock farmer is the provision in my bill that the farmer who takes grain as payment in kind, instead of cash, will receive a more liberal treatment. This is a means of encouraging the small farmer to participate, and in their instance usually feed grown is fed on the farm and needed on the farm. This approach will keep many bushels of grain out of storage and out of Government ownership.

Questions may be asked as to cost, but regardless of what approach is made in the field of agriculture, it will be costly. But it is my hope and the hopes of many farmers that little by little the staggering surplus can be drawn down and we can again get agriculture to working in a more normal fashion. It is also our hope that we may establish better world markets in areas where food is a scarce commodity. This must be done by greater activity among farm organizations and people in the grain trade as well as the Government through Public Law 480.

I believe that the wheatgrowers of the United States deserve a better program than the one which will go into effect in 1964 unless we act. I believe this and will do everything possible to get them a better program for the following reasons:

(1) The present program will cause an extremely sharp reduction in wheatgrowers' income;

(2) If the present program is not radically altered, we are bound to be witness to a sharp expansion in wheat acreage accompanied by low price. These sharply low prices will make the wheat competitive with feed grains in the feed market;

(3) An excess of feed supplies would ultimately drive down the prices of livestock and livestock products.

It should be noted that in the Midwestern States, between two-thirds and 80 percent of the farm income is derived from sales of livestock. I do not intend to stand idly by and watch the price structure for livestock and livestock products go into a nosedive.

It does not make sense to me to force the wheatgrower to deplete his soil by overcropping in wheat in order to meet his expenses when at the same time this will cause irreparable damage to farmers clear across the country. Wheatgrowers and other farmers deserve better of their Government. It is for these reasons that I am stongly in favor of a voluntary wheat program which makes economic sense.

Mr. NELSEN. In my statement I have attempted to review the farm situation as I see it. I would like to make reference to the recent wheat referendum vote. In my judgment this vote was not a vote by the farmer saying we want no program. This was a vote by the farmer that indicated they did not want to move in the direction of the present legislation but my information is, and those I would talk to indicates, that they would expect some type of legislation along different lines.

There are certain requisites which I have set forth which we seek to gain in the legislation which I and several others have introduced. One thing I would like to point out is this: Over a period of many years, going way back to 1947, most of us recall Clinton Anderson at that time saying we needed a long-range farm program.

His theory was that the price-support program should be a floor which would protect the farmer, but the free market should work above that floor.

Both political parties in 1948 subscribed to this theory, and in 1949 a change came about with the Brannan plan, and since that time the farm program has been kicked all over the lot by various programs. I think Congress has been as guilty as anyone as far as that is concerned, and there is no program settled in any one pattern for any length of time to the degree necessary to stabilize the pattern and to prove it a success.

The feed grain bill in my judgment had merit, but I think setting the support low and permitting the sale of surplus commodities below supports made the floor a ceiling, and, of course, the result has been, in my judgment, an increase in livestock population. We find parity in the first 3 months of this year at 77 percent—the lowest since 1939.

We also find this: In the examination of farm programs we have been attempting to legislate by commodities. We will work on wheat in one area and break out somewhere else with another problem. I think in the wheat area, for example, we have tried to cut back in the wheat-growing areas. We open the door on the 15-acre deal and produce more surplus in the 15-acre producers than we did had we

permitted the wheat-growing area to continue in its previous pattern.

Now, if we permit grazing on our soil bank land it seems to me we would defeat our own purpose and our own objective by moving in **many different directions in many commodities**. It seems to me we must finally get down to the realization that if we are going to bring about reduction of production we will have to deal with acres involved, realizing that commodities, whether it be barley, corn, sorghum, or whatever it may be, produce livestock—produce pounds which go into the market.

Some very startling figures appear in recent publications. I think many of you noticed the Wall Street Journal of July 10 which indicates that farm income in the **Midwestern States is down 15 percent**.

The Department of Agriculture farm income report shows 1960 at \$11.1 billion net income; 1961 it shows \$11.1; 1962 it shows \$11 billion; and \$10.5 billion is the estimate for 1963.

This is income not including Government payments. At the same time the report shows an increase of costs.

In 1960 the farm operation cost \$21.2 billion. In 1961 it was \$26.9 billion. In 1962 it was \$28 billion. The estimate for 1963 is \$28.6 billion, so the costs are going up and the income is going down.

We find the livestock population increase in beef is 6.5 percent, the increase in pork is 4 percent.

The bill we have drawn is this: We attempt to bring all commodities, that is, wheat and feed grain, into one package to try to encourage a wider participation by the farmers. My bill provides, as do some other bills, introduced, a little different feature from the Quie bill. My bill provides that a farmer who take feed, instead of cash, gets a more liberal payment.

My feeling is that the owner of a family operated livestock farm, whom certainly everyone wants to help, has been reluctant about taking land out of production because he needs every pound of feed to keep his livestock, or dairy herd, or whatever it may be.

The result has been that they have not taken out land as they might want to, but if they can get feed, a liberal payment in excess commodities presently in storage, that they then can maintain their livestock herd and continue their normal operation, and they also would participate in the program; so a 15-percent additional payment would go to those who seek and take feed instead of cash, I think this provision has some merit.

I thank the committee for giving us an opportunity to be heard, and I do believe that an overall participation in this program is necessary if we are to get the reduction in production necessary to establish the price that we need.

Thank you, Mr. Chairman.

Mr. PURCELL. Any questions by members of the committee?

Mr. OLSON. The figures you point out reflect that the Government costs are going up but choose to not include these in the total farm income; nevertheless, total farm income is up.

Mr. NELSEN. May I point out that income does not necessarily help any if there is no net, and that is the problem on the farm. The net income is going down and I know; I operate a farm.

Mr. OLSON. But the Government's portion of farm income would be more under your plan.

Mr. NELSEN. No; it is not.

Mr. OLSON. What I am saying is that I mention the fact that the support rates proposed in the legislation you gentlemen are supporting would move the support price down and put emphasis on diversion payments, thereby letting the market operate at its own discretion. Having moved in that direction, I think we should stop and see if we like the results or not.

Mr. NELSEN. We have moved to reduce the surplus and I think the hope is on the part of everyone that by getting our surplus somewhat nearer into balance that our market price would improve. I think that is the hope of everyone in the Congress.

Mr. OLSON. The parity ratio reflects that the market price has adjusted to this lower level. Do we agree this is the right direction to move, that we continue this emphasis?

Mr. NELSEN. My feeling about the direct payment is that no one can operate a farm at 77 percent of parity. The little farmer who produces his own feed is competing with an integrated operator who can get feed cheaper than it can be produced. I think to move in the direction that our bill would do—that is, get supply and demand into gear—would do the job much better than a direct cash payment.

Mr. OLSON. The point I want to get back to is agreeing with you that this can operate to the disadvantage of a livestock farmer, but we still have to determine if this is the best avenue in which to operate to keep the support rate down or bring it up. The argument resolves itself into this: You are maintaining that the livestock prices are influenced by the total income of the farm, are you not?

Mr. NELSEN. We contend that the livestock prices are determined largely by the prices of feed in the marketplace, and whatever feed can be bought for, if it is depressed in the marketplace we can have a surplus of livestock as a result of it. You see, livestock prices are down, the livestock population has increased, and without question the manipulation of the market by Commodity Credit has depressed the prices, because there are instances, I think, when the price should have been higher and could have been higher.

Mr. OLSON. Is the corn price down?

Mr. QUIE. I think this is an example of permitting the market to function rather than hold prices down as in 1961 and 1962. The corn price is up. It is up higher than it has been since this administration took over. By handling the program to force market prices down as Secretary Freeman did in 1961 and 1962, livestock numbers increased and prices went down for them. The 1963 feed-grain program will remedy that.

Mr. NELSEN. I have no further comments.

Mr. QUIE. Mr. Chairman, Ben Jensen will explain his position.

STATEMENT OF HON. BEN F. JENSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. JENSEN. Mr. Chairman and members, I appreciate this opportunity to be heard today on this very important matter.

Mr. Chairman, you know, of course, that immediately after the defeat of the wheat referendum, a score of Members of the House, including myself, all representing agricultural districts, introduced wheat and feed grain bills which apply to wheat, corn, grain sorghum, barley, and at the discretion of the Secretary of Agriculture, oats and rye.

All of these bills are quite similar. Congressman James Bromwell of Iowa, himself an Iowa farmowner, joined with me in a bill which embodies all the provisions of the other bills. Facts are, that our bill differs from the other bills only in that our bill provides for more liberal payments to participating farmers than do the other bills, our reasons being that since all our bills use only payment in kind for making diversion payments; and since Uncle Sam has already bought and paid for with your tax dollars all of these billions of dollars' worth of price depressing surplus grains, we must, instead of spending more billions of your dollars from our already empty U.S. Treasury, use these surplus grains to pay the bill. It is completely justified and proper to make such payments quite liberal in order to induce sufficient participation which will as quickly as possible reduce these surpluses to manageable, safe, ever-normal granary size.

Such a program will encourage greater and necessary participation. Thus, all grain prices will quickly and steadily increase and the price of livestock and poultry will steadily increase from the present low to a profitable level. But even more important to all the people is the fact, as records prove, that when the farmer's dollar is worth 100 cents in buying power, they purchase more than twice as many dollars' worth of manufactured goods annually than do the other average Americans, due to the high cost of all farm machinery, trucks, tractors, building materials, and so forth, which most farmers must have in this era of scientific farming. During the past decade, manufacturers and businesses of every nature, and our entire economy has suffered the bad effect of our farmer's 80-cent dollar.

My bill is H.R. 6556, Mr. Bromwell's bill is H.R. 6552, and both bills are identical. Here are the main features of the B-J farm bill:

First, it is voluntary. Price support and diversion payments made available only to participants in the program.

Second, it requires land retirement and conservation as a condition of eligibility for program benefits. A minimum acreage reduction of 20 percent is required with an optional and additional 30 percent reduction allowed.

Third, it provides for only payment in kind for making diversion payments. The Secretary could, however, advance the producer cash in accordance with a specific provision in our bill in anticipation of the sale of grain, but there would be no direct payments as is provided under the 1963 feed grain program. If a farmer chose to take the actual grain, however, he would be entitled to a 15-percent bonus.

Fourth, it is based on a market economy. The CCC release price for surplus grain in inventory cannot be less than 105 percent of current support price, plus reasonable carrying charges. When the supply of grain is back to a normal supply, this release price would be 115 percent of the current support price, plus reasonable carrying charges, and CCC would be required to make equivalent market purchases for grain which has been sold as being "out of condition." The release price for grain used to redeem payment-in-kind certificates would be the current support price, less reasonable carrying charges. Other major provisions include:

Time—applicable to 1964 and subsequent crops; support price—65 to 90 percent of parity; base period—1959-61; diversion rates—up to 80 percent of normal production, times county support rate on first 20 percent reduction, also up to 80 percent on next 30 percent reduc-

tion; longer term retirement—up to 80 percent diversion payment for acreage diverted for periods of from 3 to 5 years; advance payments—up to 50 percent at signup time; diverted acres—control of weeds and pests, allow oilseed crops up to one-half regular diversion rates; small farms—allow retirement of entire farm base if less than 40 acres.

After the present surplus of wheat and feed grains had been reduced to a normal supply, price supports on wheat and feed grains would be set on the designated grains at 90 percent of the previous 3-year market average. All acreage allotments and marketing quotas on the designated grains would be repealed. There would be no referendum, since this would be a voluntary program.

The Secretary of Agriculture would be given the necessary authority for the next 5 years to extend expiring contracts on farms now included in the conservation reserve program. Under our bill, these contracts could be renewed on a bid basis for an additional 5 years. In 1964 some 7.4 million acres of conservation reserve land is scheduled to come back into production due to expiration of contracts in 1963.

The Secretary of Agriculture would be given specific authority to take action before the U.S. Tariff Commission for the relief of any surplus U.S. farm commodity suffering from excessive imports from foreign nations. Present law limits his authority to action on commodities under price support. This provision would give the Secretary a valuable legal tool to help U.S. livestock farmers. Such a law is now a must, as foreign imports of livestock and processed meat are coming into our country by the millions of tons annually in competition with our domestic producers, which has driven the price of livestock down already almost to a point of no return. Hence, the time is long past due to protect our own livestock raisers and feeders with a tariff on such imports high enough to warrant all the risks they take in keeping the American table supplied with good, wholesome, properly inspected meat at a fair and reasonable price.

For corn: In order to make the effect of our bill easy to understand, let us assume that a farmer has a corn base of 60 acres and he decides to reduce these acres by 25 percent or 15 acres, and his average yield is 70 bushels per acre. He would receive a Government certificate for 80 percent of 1,050 bushels, which is 840 bushels, and on the basis of \$1.20 per bushel support price under our bill, amounts to \$1,080, plus a 15 percent bonus if taken in grain, \$151.20, the gross is \$1,231.20, less say a 4-percent carrying charge of \$49.25, the net is \$1,181.95, or about \$78.80 per acre less trucking costs from CCC bins.

For wheat: If, for example, a farmer has a wheat base of 15 acres, which many in Iowa especially have, he could put the entire 15 acres in the program. Let us assume that his average per acre yield is 40 bushels. He would receive a Government certificate for 80 percent of 600 bushels, which is 480 bushels, and on the basis of price supports under our bill of \$1.62 per bushel amounts to \$877.60, plus a 15 percent bonus if taken in grain, \$131.64, the gross is \$1,009.24, less 4 percent carrying charge of \$40.37, the net is \$968.47, or about \$64.56 per acre less trucking costs from CCC bins.

Payments to compliers for reducing grain sorghum and barley acres are made on the same relative basis as corn and wheat. Any two, three, or four of these crops that have been raised on any one farm can be combined for acreage reduction payments in kind, if such total does.

not exceed 50 percent of the total base period average acres for the farm.

The Government certificate which the participating farmer receives entitles him to take the grain for his own use or he can sell the certificate on his own terms to a local elevator, or to a neighbor, or to any private citizen who wants the grain for resale, or for his own use. At any rate, the grain will be taken from the CCC bins and soon gone forever, hence, no more storing expense on that grain.

We sincerely hope our bill will be made law, and if so, it will be a rather simple chore for the ASC office located in every county, where up-to-date records are kept of each farm to assist the individual farmer who desires to participate in the program to fill out his compliance form.

There may be those in other sections of the country who on first thought will feel our bill provides greater benefits to the farmer than is needed, but the facts are that not only our farmers, but it is plain to see that every segment of our people will benefit greatly over the long pull if our bill is made law, due to the enormous dollar saving, but quite possibly even more important, it might well prove to be the impetus we need to get our entire economy off dead center.

Now, Mr. Chairman, according to the records, when a farmer's dollar is worth 100 cents at the counter, the farmers of America buy over twice as many dollars worth of manufactured goods than do the average other Americans. It is difficult for some folks to realize how much the farmers must buy and have in this mechanical age to farm scientifically—and they must farm scientifically or they will soon be out of business. A farmer not only has to have a house to live in for himself and his family, he must have chicken houses, corn and grain bins, barns, and hog houses; he must have farm machinery, which as everyone knows is very expensive today, he has to have fences.

In fact, the farmer is the biggest user of steel of any group in America, and when the farmer's dollar is only worth 80 cents in purchasing power at the marketplace, which has been the average over the past decade, then of course, one can understand why we have unemployment in our factory towns nationwide.

Mr. Chairman, I do not have a lot more to say. I would like to have Mr. Bromwell testify. Mr. Bromwell, as I said, is a farmowner and understands the problem of the farmer.

I know that you folks on this committee have a most difficult job in trying to write farm legislation. If it were necessary for you to legislate only for our farmers in one area, it would not be such a difficult job. I do appreciate the fact, however, that here on this committee all the Congressmen represent farm districts. But the folks who are testifying here today represent districts in the breadbasket of America and I can assure you that none of them are seeking to do anything except that which will be good for the farmers of America, and what is good for the farmers of America is good for all America.

I know this committee will help us to take the breadbasket of America out of the price squeeze. The bills which we are here recommending, I am sure any of them, if made law, would prove to be of great benefit to the farmers in the breadbasket of America.

I think, Mr. Chairman, that is all I have to say.

Mr. PURCELL. Thank you very much, Mr. Jensen.

I would like to reemphasize what you have said and say for the record that in addition to the farmers of America being the biggest users of steel, they are also the biggest users of petroleum products, higher than the military or any other part of our industry. I think the farmer part of our population is more important than is sometimes realized. I think we should do what we can about emphasizing this.

Mr. JENSEN. I would just like to state, Mr. Chairman, that not too many people realize that all wealth springs from Mother Earth. I think 78 percent grows out of Mother Earth, and 15 percent comes out of the bowels of Mother Earth, are mined out of the bowels of Mother Earth, and the remaining percentage is fished out of the waters of Mother Earth. And because we are blessed in this Nation with the greatest supply of raw products than any other nation on earth is the reason why we are strong and generally prosperous in this America of ours.

And so, in order to keep the progress going—and we hope that it will continue on the upgrade as time goes on—I do want to emphasize again, as all of you gentlemen and ladies know, that the prosperity of America depends almost completely on the prosperity of the man who tills the soil.

Thank you, Mr. Chairman.

Mr. PURCELL. Thank you very much.

Mr. QUIE. Mr. Bromwell.

STATEMENT OF HON. JAMES E. BROMWELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. BROMWELL. Mr. Chairman, I would like to associate myself with the remarks of Mr. Jensen and permit the committee to proceed without any delay.

Mr. PURCELL. Mr. Latta would like to ask a question.

Mr. LATTA. I will ask this question of Mr. Quie.

Under your proposal, would the price support be based on the normal production or the actual production?

Mr. QUIE. The price support would be paid on the actual production.

Mr. LATTA. On the actual production?

Mr. QUIE. Yes. The diversion payment would be paid on the normal production.

We may now turn to Mrs. May from the Pacific Northwest.

STATEMENTS OF HON. CATHERINE MAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON; AND HON. WALT HORAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mrs. MAY. Mr. Chairman, Mr. Horan and I are here representing a particular segment of the wheat economy of the United States; namely, the Pacific Northwest, Washington, and of course Oregon and Idaho by inference. Inasmuch as we have a specialized type of wheat production in this area, I thought if it was all right with the committee you might hear from Mr. Horan and me together briefly.

May I ask that my full statement be placed in the record, and I would like to talk away from it and point out one or two items that I

think might be of help to the committee in considering this overall legislation.

Mr. PURCELL. Without objection both your statement and Mr. Horan's can be filed and made a part of the record at this point. (The statements follow:)

STATEMENT OF HON. CATHERINE MAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. Chairman and subcommittee members, I am highly pleased that the subcommittee is holding hearings on remedial wheat and feed grains legislation and I appreciate this opportunity to present a statement in support of my bill, H.R. 6560. This bill is similar to 19 other bills embodying what I consider to be a constructive new wheat and feed grain program which is far more desirable than the unsatisfactory alternative our Nation's wheat farmers were forced to accept in rejecting the wheat certificate plan in the nationwide referendum on May 21.

While the compulsory wheat certificate plan would have kept the farmer subject to mandatory acreage allotments and primary use quotas, the alternative offered in the referendum was likewise unfair. This was a determining factor, I feel, in the near defeat of the issue when it was debated in the House of Representatives last year. This certainly was a big reason that I did not support the administration's legislative package for wheat farmers: Neither plan A nor plan B was fair to farmers. Unless a third alternative is enacted they will be forced to live with plan B, a plan which they had previously rejected 12 times.

Many farmers contacted me prior to the referendum to ask whether there would be an effort made in Congress to pass remedial legislation in the event of a "no" vote in the referendum. I assured them that many Members of Congress would make such an effort, and although I could not state that we would be successful, I pledged my support toward enactment of sound, constructive legislation during this session of Congress.

One of the major faults of most wheat programs is that they tend to stimulate excessive production of less desired wheats while they restrict production of the more desired kinds. An outstanding example is the situation in the Pacific Northwest where at the present time more than twice as much White wheat is desired as is available. It is an indisputable fact the Government wheat programs have restricted the ability of the Pacific Northwest farmer to produce the wheat for which he has a market. This inequity figured heavily in the decision of State of Washington farmers to reject the wheat certificate plan in the May 21 referendum.

At the present there is not a surplus of White wheat grown in the Pacific Northwest. White wheat accounts for less than 1 percent of all CCC-owned stocks. CCC White wheat stocks represent only 5 percent of annual White wheat disappearance—or about 2 weeks' supply. Under the 1964 wheat certificate program, producers of White wheat and Hard Red Winter wheat would have been required to reduce acreage in the same proportion. It is important to understand what this means to White wheat producers.

Under the wheat certificate plan, all wheat producers would have been required to reduce planted acreage in 1964 approximately 10 percent (except producers of 15 acres or less for whom special provisions were made). By 1966, when voluntary acreage diversion programs and producer payments for acreage diversion would be no longer authorized, producers would have to cut back acreage at least 20 percent to meet the stated objectives of the program. For the State of Washington alone, this would mean a reduction of about 200,000 acres in 1964 and 400,000 acres by 1966. The most severe reductions in planted acres and income would be sustained by wheat producers having allotments in excess of 15 acres. Washington has more than 9,000 of such producers. Harvested acreage on average allotments of 212 acres would be reduced to 191 acres in 1964 and 170 acres by 1966. The gross farm income from sales of wheat on an allotment of average size would drop from \$11,532 in 1963 to \$10,945 in 1964 and, ultimately to \$9,574 in 1966. By 1966, no payments for acreage diversion would be permitted, so this would represent all gross income from wheat production assuming the present level of support.

In view of the foregoing it is not necessary to wonder why State of Washington farmers rejected this kind of program. If it is the policy of our Govern-

ment to adjust supply to demand, it should do so under programs which realistically treat the varying supply and demand characteristics of differing situations across the Nation.

H.R. 6560 was carefully worked out to avoid the compulsory and mandatory control approach that our wheat farmers have so decisively rejected. It aims for a price support system based on market averages after a transition period in which the surplus of wheat and feed grains is brought to a normal level by funding land retirement activities through the payment-in-kind device. The bill gives the Secretary of Agriculture discretion to set wheat and feed grain supports from 65 to 90 percent of parity during the transition period. In addition, my bill provides specific authority to extend conservation reserve contracts which expire in 1963-67.

The following is a brief outline of the provisions of this proposed legislation.

The proposed completely voluntary program would apply to wheat, corn, grain sorghum, barley, and, at the discretion of the Secretary, oats and rye.

If the Secretary should find that there will be a supply of designated grain in excess of a "normal supply," he would put into effect a special agricultural conservation program, based on four principles:

(1) It would be voluntary. Price support and diversion payments would be available only to those who retire acreage from production.

(2) It would require land retirement and conservation as a condition of eligibility for program benefits. A minimum 20 percent would be required with an optional and additional 30-percent reduction allowed.

(3) It would use only payment-in-kind for making diversion payments. The Secretary could, however, advance the producer cash in anticipation of the sale of grain, but there would be no direct payments, as provided under the 1963 feed grain program.

(4) It would be based on a market economy. The CCC release price for surplus grain in inventory could not be less than 105 percent of current support price, plus reasonable carrying charges. When the supply of grain is back to a "normal supply," this release price would be 115 percent of the current support price, plus reasonable carrying charges, and CCC would be required to make equivalent market purchases for grain which has been sold as being "out of condition."

Other major provisions include:

(a) Time: Applicable to 1964 and subsequent crops.

(b) Support price: 65 to 90 percent of parity when the special agricultural conservation program is in effect.

(c) Base period: 1959-61.

(d) Diversion rates: Up to 50 percent of normal production times county support rate on first 20-percent reduction; also at farmer's option up to 50 percent on next 30-percent reduction.

(e) Optional longer term retirement: Up to 60-percent diversion payment for acreage diverted for periods of from 3 to 5 years.

(f) Advance payments: Up to 50 percent in kind at signup time.

(g) Diverted acres: Control weeds and pests. Allow oilseed crops at up to one-half regular diversion rates.

(h) Small farms: Allow retirement of entire farm base if less than 40 acres.

The permanent price support law on wheat and feed grains would be amended to establish price supports on the designated grains at 90 percent of the previous 3-year market average unless a special agricultural conservation program were in effect.

All acreage allotments and marketing quotas on the designated grains would be repealed. There would be no referendum.

You will note that H.R. 6560 will provide for the interchange of wheat on feed grain acres and feed grain on wheat acres at the option of the farmer. This is most important to the Pacific Northwest and takes on added significance in view of the July 18 announcement by the Department of Agriculture with regard to major provisions of the 1964 feed grain program. This announcement states that the Department of Agriculture, although given permission by the Congress, does not intend to allow the substitution of wheat on feed grain acres or feed grain on wheat acres. In attempting to justify this decision, which will be so detrimental to the State of Washington and the Pacific Northwest, the Department states, "it was concluded that, in 1964, the complexities of this provision outweighed any possible advantages that might result in limited areas." The "limited areas" of which the Department speaks include, of course, the

Pacific Northwest. I might point out that the farmers of the Pacific Northwest were so strongly in favor of the substitution clause that they worked intensely to see that it was included in the legislation which passed the Congress last year. Secretary of Agriculture Freeman, in a letter to Members of Congress on April 19 in which he lobbied for House passage of the Feed Grain Act of 1963, said this about the substitution clause, " * * * if the House takes favorable action on this legislation, farmers participating in wheat and feed grains price support programs will have greater flexibility in utilization of their land. If the wheat referendum in approved May 21, and there is also a feed grain program, producers will be able to interchange these crops. It is desirable for farmers to know before the voting in the referendum what the wheat-feed grain relationship will be." If the Department of Agriculture now feels that the complexities of the substitution provisions in the feed grain program make it too difficult to administer, they should welcome with open arms H.R. 6560, because this voluntary program would leave such administrative decisions up to the farmers themselves.

I sincerely hope that the subcommittee members agree with me that remedial legislation should be enacted this year and that the features embodied in the legislation I have introduced will be carefully considered.

Thank you for this opportunity to appear on behalf of my bill, H.R. 6560.

STATEMENT OF HON. WALT HORAN, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF WASHINGTON

Mr. Chairman, I want to thank you and the members of this committee for allowing me to appear before you to present my views on the matter of what next for the wheat farmers of this Nation. Also, I want to extend to you my sincere thanks for scheduling hearings on wheat legislation pending before your committee. You will recall, shortly after the wheat referendum vote was tabulated, statements were made which indicated that no further action would be taken relative to considering legislation dealing with the wheat problem. Your action in scheduling these hearings proves to me that you do indeed recognize your responsibility in providing a workable program for the farmers. I believe the "no" wheat referendum vote by the farmers proved that they no longer want to operate their farms while being dictated to from Washington, D.C. The programs we have enacted in the past, most of which provide for controls and restrictions originating in Washington, D.C., have been unsuccessful and have resulted in tremendous surpluses of wheat. These surpluses have caused a corresponding loss of income to the farmers and increased costs to the taxpayers.

But, these surpluses cannot be done away with overnight although our Pacific Northwest supplies now are down 4 to 5 million bushels according to the U.S. Department of Agriculture. Before the farmers can once again operate their farms in accordance with the laws of supply and demand, legislation must be passed providing a transition period which will allow for the orderly reduction of these wheat surpluses.

I believe the bill before you at this time, which I sponsored along with several of my colleagues, provides a framework which will allow us to formulate a workable and practical solution to the wheat problem.

The provisions of this legislation have been discussed in some detail here this morning, and thus I will not go into them again. But, I do feel that this legislation is sound in that it provides for a voluntary price support system based on market averages after a transition period in which the surplus of wheat and feed grains is brought to a normal level by funding land retirement activities through the payment-in-kind device.

I do believe that this legislation should be carefully considered and again, I thank you for the opportunity to appear before you.

Mrs. MAY. The bill that Mr. Horan and I together have introduced is not different from that introduced by Mr. Quie, Mr. Dole, and Mr. Short, so it will not be necessary to testify to any differentiation.

I will say that application of any legislation on wheat presents traditionally special circumstances to the Pacific Northwest, and I would like to talk to this point. I think I have reached the conclusion,

after my relatively few years in Congress and my membership on this committee, that the U.S. Congress can never come up with wheat legislation that will not result in a greater economic impact on the Pacific Northwest than any other area. Perhaps my colleagues, Mr. Harding and Mr. Duncan, might agree that on national legislation the question is always, "Which bill will hurt us the least?" That is because ours is an area that produces a wheat that is in short supply. We have no diversity of crops to speak of and we have great difficulty with our cover crops. In my area half a county can be blown down the Columbia River.

One of the major faults of most wheat programs is that they tend to stimulate excessive production of less desired wheats while they restrict production of the more desired wheats. I believe that is one of the reasons the wheat referendum was turned down quite decisively in my own State.

At the present time there is not a surplus of White wheat grown in the Pacific Northwest. White wheat accounts for less than 1 percent of all CCC-owned stocks. CCC White wheat stocks represent only 5 percent of annual White wheat disappearance, or about 2 weeks' supply.

Yesterday Mr. Horan and I attended a meeting of our western wheat associates to report on some of our marketing programs overseas, and at that meeting we got the latest figures on carryover. They are almost at a record low. We have about 4 to 5 million carryover for White wheat, which is considerably lower than the normal, which might be 8 to 10 million.

If the 1964 wheat certificate program had taken effect this would have meant that we, along with all other producers of wheat, would have had to reduce acreage in the same proportion.

I have in my statement included at the bottom of page 1 and the top of page 2 some figures on what the real impact of this certificate program might have been if it had prevailed in the Pacific Northwest, because I think this is a major factor in the rejection of the program, in my State, anyway. Our growers feel strongly, those who have been in touch with me since the referendum, that if it is the policy of the Government to adjust supply to demand it should be done under programs that realistically deal with the different wheat characteristics across the Nation.

I have in my statement—and it is a reduplication of what Mr. Quie and others have testified to—given the major features of the bill, H.R. 6560, so I shall not go over that again. I think this bill goes in the direction where we could live under the program and its voluntary features and perhaps not be so hurt by the fact we are producing a specialized kind of wheat.

There is one other point I would like to make. On page 3 I have pointed out that this bill, H.R. 6560, will provide for the interchange of wheat on feed grain acres and feed grain on wheat acres at the option of the farmer. This is very important to the Pacific Northwest wheat grower. It takes on added significance in view of the July 18 announcement by the Department of Agriculture with regard to major provisions of the 1964 feed grain program. If you will recall, this announcement states that the Department of Agriculture, although given permission by the Congress, does not intend to allow the substi-

tution of wheat on feed grain acres or feed grain on wheat acres. In attempting to justify this decision, which we feel will be so detrimental to the State of Washington and the Pacific Northwest, the Department states:

It was concluded that in 1964 the complexities of this provision outweighed any possible advantages that might result in limited areas.

The "limited areas" of which the Department speaks include, of course, the Pacific Northwest.

I might point out that the farmers of the Pacific Northwest were so strongly in favor of the substitution clause that they worked intensely to see that it was included in the legislation which passed the Congress last year. Secretary of Agriculture Freeman, in a letter to Members of Congress on April 19, in which he was asking and lobbying for House passage of the Feed Grain Act of 1963, said this about the substitution clause:

* * * if the House takes favorable action on this legislation, farmers participating in wheat and feed grains price support programs will have greater flexibility in utilization of their land. If the wheat referendum is approved May 21, and there is also a feed grain program, producers will be able to interchange these crops. It is desirable for farmers to know before the voting in the referendum what the wheat-feed grain relationship will be.

And, of course, we all said "Amen" to that in the Northwest.

So if the Department of Agriculture now feels that the complexities of the substitution provisions in the feed grain program make it too difficult to administer, they should welcome with open arms the bill we are discussing, because this voluntary program would leave such administrative decisions up to the farmers themselves.

Again may I thank the committee for giving us this opportunity to bring before you not only the objectives of our legislation but the particular difficulties we are experiencing in certain parts of the country if we have to live under the choice left to us since the referendum.

I sincerely hope the members of the subcommittee will give careful consideration to some of the features embodied in this legislation.

Thank you. I would like to yield to my colleague, Mr. Horan.

Mr. JONES of Missouri. In view of the statement made by the Department at that time, might it not be interpreted by the Department and others that the farmers did not want to have that interchange, since they voted down the referendum?

Mrs. MAY. Mr. Jones, I cannot believe this because they knew this was there. I tried to point out on page 2 what the referendum would have left them. The other features, had the referendum prevailed, would have been so detrimental to our farmers out there I think the feeling was that if the referendum goes—now that I look back on it—they thought, as the wheat legislation was being considered they said they wanted this interchange available because in case the wheat referendum prevailed they would need it very much. They were hedging, you might say, against the future.

Mr. JONES of Missouri. You do not think the fact they were led to believe if they voted it down they would get a more favorable program, that that influenced them?

Mrs. MAY. Mr. Jones, I can speak only for my own area, but I assure you there was nobody representing them in Congress or in their own farm organizations out there—there is nothing on record in the

papers, in magazines, in speeches—and I believe my colleague will testify to this—where at any time anyone influential in opinionmaking or leadership in this area ever said, “If you vote the wheat referendum down you will get new legislation.”

I was extremely careful. I was interviewed on TV and in press conferences and invariably the question came up, “Mrs. May, if the wheat referendum is turned down will Congress give us a new bill?” And I said, “No one can promise you that and I cannot promise that. All I can say is that when the results of the wheat referendum are known, if the wheat referendum is turned down, I stand ready to introduce remedial legislation.” But I have nothing on record, no statement by the president of our Farm Bureau or anybody else, to the effect, “Turn it down and don’t worry, you will get new legislation.” And the Washington Bureau of Wheat Growers said, “We want to inform, not influence.”

Mr. HARDING. I would like to insert at this point in the record a letter from the Payette County Farm Bureau in Idaho. It is typical of many others put out by county Farm Bureaus in Idaho in which they stated, “Should the certificate plan be defeated, Congress will”—in capital letters—“enact new legislation.” They did not say they would work for a new program but this letter says, “Congress WILL enact new legislation.” This letter is typical of the Farm Bureau opposition to the referendum.

Mrs. MAY. Mr. Harding, you will recall I prefaced my answer to Mr. Jones’ question by saying I can speak only for my own district in the State of Washington, but I watched this very carefully because I felt it would have been very wrong for any of us to make this pledge which none of us could deliver in one way or another. And within my own area this was the case. I cannot speak for Idaho, of course.

Mr. PURCELL. Without objection the letter Mr. Harding referred to will be made a part of the record at this point.

(The letter follows:)

PAYETTE COUNTY FARM BUREAU,
Payette, Idaho.

DEAR WHEATGROWER: By now you should have received your 1964 wheat allotment notice. This means that you can be eligible to vote in the approaching referendum. After reading the rest of this letter and the enclosed pamphlets, we hope that you will have become interested in and aware of the issues at stake in this referendum. If you are a landowner and not farming yourself, but receive an interest in the crop, you and your wife can be eligible to vote along with the operator and his wife. To qualify to vote, however, you must sign the back of one copy of your 1964 allotment notice and return it to your county ASCS office any time prior to 7 days before the referendum.

HAVE WE FORGOTTEN ETHICS?

Farm Bureau in its fight against the administration’s supply-management farm program has been successfully supported by Congress over the last 2 years. However, this has not changed Secretary of Agriculture Freeman’s attitude toward Farm Bureau’s philosophy of a gradual return to the free market and freedom for farmers.

It would be easy to make a list of the Secretary’s words and deeds to which members of Farm Bureau have taken justifiable exception. But our concern extends beyond a list of specific grievances.

There is a certain method of operation used by the Secretary which—although not always clear cut—does create concern and even at times, suspicion. Perhaps this stems from his tendency to employ the vast discretionary powers of the Office of the Secretary of Agriculture toward whatever ends he considers politically desirable. Examples of this are seen in his manipulation of cotton price

supports to please southern political interests * * * the pressure he has put on ASC committee members to promote his supply-management program * * * his transferral of the Extension Service to the division which handles "action" programs within the Department * * * his throwing the full weight of some 120,000 USDA employees behind promoting the wheat certificate plan.

It will be remarkable indeed if the wheatgrowers turn down the Secretary's program when they vote this coming spring. Coupled with a vast information task force trumpeting the "glories" of the wheat certificate plan, the Secretary is using his power to set price supports to further induce farmers to accept his plan. He is offering wheatgrowers \$2 per bushel if they vote "yes" in the referendum, \$1.25 per bushel if they vote "no." This 75 cents per bushel is no small sum to the Nation's wheat farmers.

However, wheatgrowers should not let the 75-cent come-on distort their vision. Before accepting the bait, a wheat man should ascertain the percentage of his production which would bring \$2 as well as how long this initial share of the market would be under a politically controlled program. Wheatgrowers would do well, too, to study the tobacco program, assessing both what growers initially thought they would receive in allotments and what time and reality have brought.

Is the plan logical?

Proponents of the wheat certificate plan say it is the only logical answer to the wheat problem.

The eminent student of the wheat problem and other farm problems, Dr. Murray E. Benedict, professor emeritus in agricultural economics with the Giannini Foundation, points out that while there may be surpluses of some type of wheat, shortages do exist in others. Currently there are shortages in the soft wheats—Northwest White and Soft Red Winter, plus an occasional deficit in Durum.

Under the administration's wheat certificate plan, all growers will be treated alike—the allotment of each will be cut back a given percentage regardless of whether that grower produces a wheat in short supply or one in surplus.

Is it logical to cut back production of a type of wheat needed by the market? Is it logical through the use of high support prices to encourage the production of wheat already in surplus?

In a politically controlled program, it is difficult to adjust to consumer demand. Only in a free economy can production shift to areas producing market needs.

Wheat men need not feel that the only solution of the wheat problem is in the administration's plan. There are other and less dangerous ways to meet the wheat farmer's problem.

Should the certificate plan be defeated, Congress will enact new legislation—legislation which could lead us back gradually to the free market.

The time has come for us to all make a decision as to how long we'll take to dispose of this difficult but not impossible problem. It is perfectly logical to encourage adoption of severe measures such as reducing the artificially high price support. However, it is illogical to consider supply-management.

It may be economically logical within the confines of the supply-management theory for the Secretary of Agriculture to pursue a policy in which entry into agricultural production is restricted and supplies are adjusted to demand, commodity by commodity, year after year, to yield "reasonably good and stable prices and income for farmers."

But what happens to that supply-management logic when it runs headlong into the forces of free enterprise—the economic theory under which those who buy our farm products are operating?

However, even more essential than logic is ethics.

Is the plan ethical?

If in achieving "reasonably good and stable prices and income" we deny a person entry into any business solely for the reason that he was accidentally born in the wrong family or decided too late to produce or expand his operation, then the policy is extremely unethical, and it lacks the moral discipline to which we must adhere in order to perpetuate individual freedom. Such a policy denies the right of a free man in a free nation.

Pope Pius XI said: "Although economic science and moral discipline are guided each by its own principles in its own sphere, it is false that the two orders are so distinct and alien that the former in no way depends upon the latter."

Do we just turn our heads to the fact that the supply-management theory does a moral wrong to the beginning or small farmer?

Why all of a sudden a change in our farm program philosophy which traditionally has been intent upon assisting the small farmer? The Secretary has come out and openly admitted that his wheat program is designed for the "more efficient sized farmers."

Is there no place for economic opportunity in supply-management?

What does the young or small farmer do then under such a plan?

If he looks at supply-management realistically, he will become an even more ardent booster of Farm Bureau philosophy and policy. He will see that the label of "ultraconservative" with which the proponents of the 300-year-old supply-management doctrines are trying to brand Farm Bureau is nothing but a tactical maneuver to try to discredit the key opposition.

Farm Bureau policy is liberal. It is logical. But most important, it is ethical.

Again, we hope that through reading this letter and the enclosed pamphlets you have become more interested in and aware of the issues and principles involved in this wheat referendum. We are confident that through your increased knowledge you will register and qualify yourself to vote.

The choice of the future of American agriculture is in your hands. Don't forget to register so you will be eligible to vote. The date for the referendum is May 21. Please don't forget to vote.

Sincerely yours,

WERNER HENNINGSEN,

Information Chairman, Payette County Farm Bureau.

P.S.—For additional information on the wheat referendum, write 126½ South 8th Street, Payette, Idaho.

W.H.

Mr. BELCHER. Mrs. May, what is the difference between your bill and Mr. Quie's bill?

Mrs. MAY. None. It is a duplicate companion bill.

Mr. DOLE. I think the interchange was probably considered by wheat farmers as the strongest feature of the certificate plan, and since the referendum this has been pointed out time and time again, this is the one thing farmers want.

The only promise I ever made to my farmers was that I would submit a bill to this committee. That is, of course, the only promise I could make them though this year I cannot even promise them we will adjourn.

Mrs. MAY. When I was trying to be responsive to Mr. Jones' question perhaps it could have been interpreted that our farmers did not want this interchange thing when they voted down the certificate plan, but I would recall to you that the wording in the feed grains legislation said on this feature, "The Secretary may do this." It was not mandatory. And in the light of the fact that the Department has reversed itself on the use of this feature, I think if the farmers had felt it would be mandatory they would have had more faith in it. I neglected to bring that out.

Mr. LATTI. May I inquire how many Members of Congress have introduced this bill?

Mr. QUIE. Twenty to date. But you realize Mr. Nygaard's was one of them.

Mr. LATTI. Do you have bipartisan support?

Mr. QUIE. As I recall, all the 20 that have introduced them are Republicans.

Mr. LATTI. It is nonpartisan?

Mr. QUIE. It is nonpartisan, that is correct.

Mr. LATTI. Can you explain the absence of bipartisan support for this proposal when a good many Members on the other side of the aisle supported the feed grains program?

Mr. QUIE. Perhaps we were negligent in not approaching some of our colleagues on the other side, but feelings were running high and we introduced the bill right after the referendum was decided and we felt that was not the time to talk to our Democratic colleagues about introducing legislation, because statements were made that no legislation would be considered this year.

I think now we are all looking at it a little more amicably and the heat of the battle is over and perhaps our colleagues will look at this more closely.

Mr. LATTI. In other words, you would welcome joint sponsorship?

Mr. QUIE. We surely would, and a great effort was made to make it appealing to the other side of the aisle. We wanted to accept as much as we could of the administration's feed grain program, and we have adopted all of it but the direct payment, and consider that the complier should be benefited over the noncomplier through the diversion payment. We have disagreement with the committee's action to date in that we provide for extensions of conservation reserve contracts but we do not permit grazing. The committee has reported out a bill that would permit grazing. I would say those are the only major differences.

Mr. LATTI. Have any Senators introduced this bill?

Mr. QUIE. Not that I know of, and I think it would have come to my attention.

Mr. MATSUNAGA. Will the gentleman yield?

Would you say the answer might be that those on the opposite side of the aisle from you are more responsive to the will of the people?

Mr. QUIE. I would not say that at all. I think I am responsive to the will of the people and I notice some on the other side have introduced the Farm Bureau bill, and Senator McGovern is working on a bill to make the certificate plan voluntary. I think the people on your side of the aisle had to do a double take and determine what they could do. They didn't realize farmers would turn down what was promised to be \$2 wheat because they disliked the mandatory controls.

Mr. MATSUNAGA. As one who has nothing to do with wheat in my State, if the farmers voted by a majority of 500,000, as they did, that they did not want wheat legislation, I think we should grant their wish.

Mr. QUIE. But they did not vote that way. They did not vote in favor of the certificate plan but they then were saddled with the plan they had turned down 12 times before.

We feel, rather than saying, "Okay, you made your bed, sleep in it." "The Congress proposed both programs. One was turned down 12 times before, the other was even worse in farmer's minds. Now we should see how we can best help these farmers. We have given the feed grain farmers what I consider a very good program, and we should give the wheat farmers a bill to help them the same way since there is a similarity between the two."

Mr. MATSUNAGA. I am not interested in the sense that the welfare of farmers is involved, but I think we from the disinterested States can be more objective because we are not directly concerned. This is an area wherein the farmers themselves, I think, need to convince us who can look at this thing objectively.

Mr. QUIE. I hope they can.

Mr. OLSON. I would remind you, of course, that this wonderful feed grain bill did not receive but one vote on the other side of the aisle.

Mr. QUIE. And we explained our reasons, as you recall. I never spoke out against the bill and its basic principles. I spoke out because I felt feed grain legislation ought to be held up in order to have wheat legislation along with it if the referendum was turned down, and I felt it was wiser to make the payments through diversion payments rather than direct payments because I do not think it is desirable to have the farmers become addicted to the direct payments.

Mr. OLSON. Didn't you, in fact, have a great deal to do with the authorship of direct payments?

Mr. QUIE. Yes; I did, and if it comes to a choice between permitting the Secretary to buy high and sell low or accept direct payments, I would accept direct payments. In fact, direct payments do not make me see red or anything of that nature. I do not mind making payments as directly as possible. I do not like to hide them. I think if you have two choices of direct payments, you ought to look at which one is the best. I think using a diversion program is the best, as I have explained to you before.

In my philosophy, if you have a program which benefits the farmers' operation, farmers who want to idle land should be permitted to do so to the greatest extent which we, in our determination, think is wise policy. If you want to get a certain number of acres out of production, it does not make any difference whether a large number of farmers take a few acres out or a few farmers take a large number of acres out. We set as our policy that 50 percent retirement of acres keeps the farmer in operation and does not have all the harmful effect that the whole farm situation gave to small communities before.

Mr. OLSON. Do you not think it does make a difference when you talk about this aid, whether it be through diversion or direct payments? Do you not think that the price established on whole farm retirement does a great deal to establish the price of land, and this, in turn, is accepted as a major cost a farmer would have? Do you not get in the area of being dangerously close to artificially setting the price of land according to what the Government will pay on diversion and retirement?

Mr. QUIE. I think any time the Government makes payments on land, it has an effect on the value of the land. The University of Minnesota has worked on this. I think there are other factors that are much more substantial. Also, mandatory control programs have a tendency to be capitalized into the land even greater than the conservation reserve program.

I think you are right that it does have an effect on the value of land.

Mr. OLSON. I just wanted to make the point that we are not going to get anywhere arguing about which side did this or which side did that. But had you supported the feed grains program, you could have more effectively argued that you did support us. Instead of saying it is a good program, you could have said you supported us and it is a good program.

Now give us some consideration. The interchange is very worthwhile. I think we should let this all lie at rest, and I am certainly willing to do so.

Mr. QUIE. I am glad that is the gentleman's point of view. It is also mine. I wish we had the vehicle in the feed grain program now to carry wheat with it.

Mr. HORAN has been waiting patiently to add a few extra comments.

Mr. PURCELL. Have you any questions of Mr. Quie or Mrs. May?

Mr. HARDING. I will wait until the gentleman from Washington makes his statement.

Mr. PURCELL. We shall be glad to hear from you, Mr. Horan.

Mr. LATTI. Before we hear Mr. Horan, Mr. Chairman, I should like to point out, to keep the record straight, that the feed grain bill passed the House by a vote of 229 to 163 on July 19, 1962, which showed bipartisan support. When the bill came back, it was amended to include the certificate wheat plan, and the vote was 202 to 197, showing a scant 5-vote margin.

Mr. HARDING. If the gentleman will keep the record straight further, I opposed the feed grain program last year and again this year, but what was the vote this year when we were voting on the feed grain program alone, with bipartisan support?

Mr. DOLE. Very light on one side.

Mr. HARDING. I think that should be put in the record at this point, also.

Mr. LATTI. I think the reason for that has been pointed out.

Mr. HORAN. Mr. Chairman, I think I know what you are up against. I want to thank you and the members of your subcommittee for holding these hearings.

I have been a member of the House Subcommittee on Agriculture Appropriations for 19 years now. I will say at the time we tried to modernize the parity formula, I did go into some of the algebra that was involved in cutting candles, lanterns, and doubletrees out of the parity formula.

While I did read over this bill, for I also introduced one, I do not pose as an expert on the intricacies of farm legislation, particularly wheat legislation, but I think I understand it. I have been a student of it for 21 years now during my service in the Congress.

I would like to make some observations, if I might, on some of the things which I think influenced my wheatgrowers to vote down the referendum. One of these was the tremendous complexity of administration. Members of the legislative committee who are in charge of wheat legislation know all of the complexities that go into such legislation. In the last fiscal year, the cost of administration of our price-support programs was \$219 million. This year it will be about \$212 million. At least I have tried to make this knowledge available to the ones that I represent.

I think they realize the implications of the expenditure of public moneys purely for administration. I think they took one look at their elevators and storage bins and realized, as Frank LaRue, one of our own men from the Fourth District in the State of Washington, who is now sales manager for the Commodity Credit Corporation, yesterday told us that stored supplies out our way are less than 5 million bushels. In other words, it was not a good argument for control management, especially in the summer fallow area where my wheatgrowers farm only 50 percent of their farms each year. The other lies fallow and stores up moisture. It has a great reverberation on our young people who are on these wheat farms.

I attended church in the heart of one of the wheat-producing areas in my district. I saw this fellow who was farming on a small equity and another fellow who was farming on a small equity. I commented about it. They said most of those attending church here are tenant farmers, actually. The price of land stays up. The number of acres from which they can produce has been reduced. The possibilities of their ever, in the present circumstances, becoming owners of the land that they are operating are rather remote.

Those things have their influence when a specific program is before you and you vote "yes" or "no." You do not vote a shade of gray. You vote "yes" or "no," white or black.

I think they resented the tremendous pressure which was being brought on them. Even Assistant Secretary John Duncan of the U.S. Department of Agriculture, you may recall, visited the State of Washington and made several speeches in behalf of this managed production program. It was apparent to me that there was something in the air and it tended to bypass, in my opinion, the great need that we have for the full, wholehearted cooperation of our producers in the wheat area.

We are faced out there with a new variety of wheat, a cross between American and Japanese varieties, called Gaines, named after an agronomist at Washington State University. We have produced as high as 140 bushels to the acre in test plots. It is now being sowed widespread throughout Mrs. May's district and my district.

Have you any idea of the production from Gaines wheat?

Mrs. MAY. It has leveled out at 100 bushels per acre. It runs from 80 to 100. In some places where they have irrigated, they have unusual development. Before the committee falls dead in anticipation of this kind of production, let me add we learned yesterday at a meeting that a lot of tests have yet to be made on the quality of wheat, milling quality and otherwise. Whether it will have very much increase over the next few years as a variety, we do not know yet.

Mr. PURCELL. May I interject one thing here, because this really gets my attention. It would have been more in line with my area if you had said 1 bushel per 100 acres. Are you speaking of dryland farms, summer fallow areas, where you raise 100 bushels to the acre?

Mrs. MAY. There was one man who raised 130 bushels, but we checked that out and it was irrigated. You remember, you and I checked that, Mr. Harding, around the Walla Walla area. In its experimental stages it has come up to 90- and 100-and-over bushels per acre in dryland farming.

Mr. HORAN. Mr. Chairman, I came here to be frank with you and to talk to you in terms of what the ones who did not write to me and tell me to vote against the feed grain bill might have been thinking. There are a lot of question marks floating around in the air.

What is to be the effect of Gaines wheat on the wheat producers of the Nation or the State of Washington or perhaps Texas, because I do not think it is ruled out of any proper climate, so it may be down there. We do not know what the eventual facts of life will be regarding it, whether it will be entirely millable. We think it is. We do not know whether it will be acceptable in Japan or any of our other dollar markets, or even where we give wheat away, in India and Pakistan. Those are question marks.

In the Fourth and Fifth Districts—and I assume this is largely true throughout the United States—my wheat growers are not third-rate citizens. A lot of them have college degrees. They have pencils and they can sit down and figure. When it is their own economy and their own livelihood that is involved, they can write pretty honest letters. That is involved in this.

As Mr. Quie told you earlier, the referendum just showed what they did not want. I welcome at all times the wholesome counsel of my wheat producers, and I seek it. I received a lot of instructions to vote for the feed grain bill, but they were pretty uniform and did not tell me much, except to vote for it. The economics involved in this were gone into, and I think their vote was honest. I think they would applaud this committee and the witnesses for being here today saying that we think a wheat bill that would be consistent with the American way of life, a voluntary bill, would be supported broadly in the State of Washington.

Mr. PURCELL. Thank you very much, Mr. Horan.

Mr. HARDING. Mr. Chairman, I now have some questions.

I want to say first that I appreciate the testimony of the three witnesses at the table. We all know of the abilities of Congressman Quie and Congresswoman May, who are very effective members of this committee. The gentleman from Washington, Mr. Horan, as well as the gentleman from Iowa, Mr. Jensen, who testified earlier, are members of the Agriculture Appropriations Subcommittee and are thoroughly familiar with American agriculture, and have rendered a real service to the Nation's farmers in that capacity. I honestly do not know of a Member of Congress who is more sincere and capable than the gentleman we have just heard, Mr. Horan.

I do feel there are some questions on this legislation which must be asked.

I might direct the first question to you, Mr. Quie. Would your bill do away with the 55-million-acre minimum?

Mr. QUIE. Right.

Mr. HARDING. It will leave wheat in the position of feed grains, where anyone who does not want to come in and reduce their acreage and comply can go out and produce all the wheat they want.

Mr. QUIE. That is right.

Mr. HARDING. People have testified before this committee that we have the capacity to produce 2 billion bushels of wheat right now. On the acreage that we have and with the seed that we are using presently, we can produce 2 billion bushels of wheat if we do not have controls.

By the same token, we have a market annually for only about 1,200 million bushels. That includes all of the wheat that we use for milling, all that we use for seed, all that we use for feed, and all that we export as dollar sales and even as food for peace under Public Law 480, that we give away.

Mr. HORAN. And the International Wheat Agreement, also.

Mr. HARDING. When we consider these things, if we turn wheat loose we will have a surplus of 800 million bushels, more or less, depending on the weather. Then, in addition to that, we have heard talk here today about Gaines wheat, a new variety of seed which will increase the production per acre up to 300 percent of what it has normally been in the past.

How can we justify to the taxpayers of America going ahead with programs which will continue price supports on wheat, and high price supports, too, I might add, and at the same time allow every farmer to produce all of the wheat he wants throughout America, bringing into play our new technology and the results of our agricultural experimentation and research?

Mr. QUITE. You can use the same figures on corn as we just heard on wheat for increased production of corn. Some people have produced 300 bushels of corn to the acre. I maintain if every farmer farmed the best that the agricultural experiment stations could tell him how to farm, we could double the production of corn, grain sorghum, barley, and wheat with a mandatory program. The know-how is there, but all farmers do not produce that well. Many things prevent them from producing that well.

I think it is true that production per acre is going to continue to increase. In fact, it ought to increase. It would be unfortunate if we produced only as much as we did 6 years ago. We would not be producing enough right now.

When you come to the question of whether wheat farmers should be permitted to raise all they want, bear in mind that those acres must come from someplace. The way soybeans are going now, undoubtedly any increased acreage of wheat over and above the 55-million-acre minimum—some will hedge that and say perhaps 58 million, depending on which economist is looking at it—has to come from feed grains. That means more acres of wheat are produced and less acres of feed grains are produced. You have that interchange.

It is hard to figure out some of these programs on formulas and prove that they will work, but we do have a feed grain program which has been operating since 1961 which has reduced the oversupply of feed grains. It has worked. Sure, it has been expensive. I might quickly point out that the money has gone to the farmer. It has not gone to a warehouseman or somebody in between. At least it has gone to the farmer. I think that is a great benefit of the feed grain program.

We are taking one program which the farmers like, which I think has worked well enough that we ought to continue it until we get rid of the oversupply, and utilize that, because it seems to me it is the most logical thing that we can do. That is why we are advocating it for wheat.

You can point out some period in the future when everybody would be shifting into wheat instead of feed grain and there would be a big glut on the wheat market. This is why we leave some discretion in the hands of the Secretary, as we feel we must. He has shown on feed grains how he has moved price supports on corn above the minimum. He could have set corn at \$1.04. But he set it at \$1.10 next year plus 15 cents direct payment. The formula for wheat is at \$1.62, and I would expect at first he would leave it at that level, rather than move it higher. Once adjustment is made, undoubtedly wheat could bring someplace in the \$1.65 to \$1.70 price in this country and move.

Mr. HARDING. But the Secretary of Agriculture pointed out last year that this feed grain program was self-defeating, in the long run, because of the incentive for farmers not to comply, and that is why we came up with the direct payment, to have an additional incentive to comply.

In your bill, as I understand it, you are eliminating the direct payment on feed grains and providing for none on wheat.

Mr. QUIE. The amount of money that is presently utilized in the direct payment can be used in the diversion program instead, in my bill. As far as the self-defeating part is concerned, I think that is good. When surpluses are reduced, fewer farmers should be in the program.

Mr. HARDING. What is your provision for the Secretary's disposing of CCC stock? At what rate can he dispose of CCC stock under your bill?

Mr. QUIE. It will be exactly the same as the 1964 feed grain program until the surplus is drawn down to the normal carryover or less.

Mr. HARDING. At 105 percent?

Mr. QUIE. That is 105 percent on all surplus stocks except that grain which reflects the negotiable certificates, which shall be the support level plus carrying charges.

Mr. HARDING. OK, 105 percent of support price, plus carrying charges, and so forth.

What is to prevent this from happening? I think this is the real concern. If we remove the direct payment, then the only incentive the farmer has to come into the program is the payment for land retirement, the diversion payment. Say he knows that he can make money and he can make more money by producing at the support price. The very fact that the Secretary is prohibited from supporting anything into the market at less than 105 percent of support price, plus miscellaneous charges, will make the support price the market price until it gets to where a majority of the land is farmed by farmers who are noncompliers. So, these people go out and get all of the land that they can possibly get their hands on and plant it fence to fence. They will command all of the fertilizers that they can possibly use. They occupy the cash market. So, the grain that goes into the CCC stocks is the grain produced by the farmers who comply. The Government will take title to that grain.

Here we have this tremendous buildup of surplus. There will not be any disposal of the surplus. I can see a terrific expansion of the production of all these crops at an enormous cost to the taxpayers.

What is to prevent that?

Mr. QUIE. This just has not happened under the voluntary feed grain program in the past. If every farmer took that attitude, of course, it would not cost the taxpayers a cent. You would not have anybody in the program.

Mr. HARDING. One of the reasons it is not happening is, there is an additional direct payment—

Mr. QUIE. No. Bear in mind that under our bill we provide that the farmer would get the direct payment all in his diversion payment, rather than a portion of it in a direct payment on price support and a portion of it in diversion payment.

Mr. HARDING. Did you not say a little earlier that the diversion payment is going to be based on his average production history?

Mr. QUIE. Just as it is now. So, right now, the way I figure it, the 50-percent rate that we have fixed here, if he takes out the whole 50 percent of his acres, amounts to the same as the direct payment in 1964 plus the big diversion payment that is being given for the per-

son who takes out the full 50 percent. It is much more difficult to figure the difference where you get a 15-cent payment on what you produce and then you get a 20-percent payment on your first 20 percent, and compare that with the figure that we have in here. They are very comparable to each other.

Mr. HARDING. You would certainly agree with me, though, that under either of these programs, to the efficient farmer there would be the incentive not to comply, would there not?

Mr. QUIE. As to some efficient farmers, this would be true. Maybe you have a different definition of efficient farmers. Some efficient farmers have reasons for complying with the program. If you are a cash farmer, the price support is quite an incentive to take part in the program. Of course, this is more of a factor in wheat, because practically every wheat farmer merchandises his wheat. He does not feed it to his livestock. To that extent, the guaranteed price support is quite an incentive to comply.

The reason so many people stay out of the feed grain program is that 80 percent of the corn is fed on the farm or neighboring farms. There is not the incentive to get the price support.

Mr. HARDING. Your guaranteed price support is an incentive to comply as long as there is really a law of supply and demand operating.

Mr. QUIE. That is right.

Mr. HARDING. On the other hand, when you know that a majority of production is going into the Commodity Credit Corporation storehouses and there is a provision there that the Secretary cannot dispose of these stocks for less than 105 percent of the current support price, you know that the market price is going to be at least the price support rate.

Mr. QUIE. We will have an example of what happens in 1964. In 1963, the Secretary does not have the authority to buy high and sell low. Because of this, the market price right now is higher than the loan level of last year. Now we will see how many farmers will comply next year and see whether your argument is right or whether mine is right. I would be willing to wager that the compliance will be very good next year. I think it will be excellent.

Here the complier gets his benefits over the noncomplier. He gets price supports and to anybody who merchandises his grain, this is quite substantial. Second, he gets direct payments. Whether they are all in diversion payments or part of them as a direct payment in price support and part a diversion payment, I think is neither here nor there. Third, he gets a type of crop insurance, you might say, in the fact that he can get these payments as a sort of hedge against crop failure. He gets 50-percent payment at the time he plants his crop, half of the value of the crop, before he knows whether he is even going to get a crop or not.

Mr. HARDING. Realizing the problems we have of overproduction now and the problems of a program such as the gentleman is proposing here, does not the gentleman question the propriety of a farmer going all out and producing all that he wants, using the best possible seed, more irrigation, more fertilizer when, at the end of the crop year, in all probability we will be far overproducing our needs and there will be a great surplus of the commodity, whether he produces it or whether someone under the program produces it, which is going

into the storehouses at great expense to the taxpayers; does not the gentleman——

Mr. QUIE. Whether you get 36 million acres out of the mandatory route or the voluntary route, as far as the taxpayers are concerned it amounts to about the same thing. As far as the farmer is concerned, I would much sooner do it the voluntary way and let the farmer make his own management decisions. The more we can adhere to that, the better off agriculture will be in this country.

Mr. HARDING. Then, if we continue with price supports at the level you are talking about here and try to get this land out of production by the voluntary route, we will just have to get our diversion payments up so high that it will be completely unrealistic. I agree with the gentleman from Minnesota, if we do that we not only are going to continue to build up surpluses and not solve the problem, but at the same time we will be setting land values.

Mr. QUIE. Bear in mind—I think you are an advocate of the mandatory control program—you are going to set land values to a much greater extent under the mandatory program. When you look at the cotton program and the tobacco program, as examples, that is proven.

Mr. HARDING. I am an advocate of any program that works. I do not care whether it is mandatory or a voluntary program. I feel if the majority of our producers of a commodity determine they have to have a program and they come in and the Congress works out the best program that will meet the three criteria that we have talked about—No. 1, that will maintain or increase farm income; No. 2, that will reduce surpluses; and No. 3, that will cost the taxpayers less——

Mr. QUIE. The mandatory program which is held up all the time as the great one is in cotton. Look at the bill before the House and see how that fits the three criteria of the bill now waiting for House action.

Mr. HARDING. I think there can be lousy mandatory programs. I do not think just because a program is mandatory it will be a workable program, just as I feel many voluntary programs amount to a waste of the taxpayers' money. I believe the mechanics of the program determine whether or not it will be workable.

I should like to ask the gentleman further what he thinks of the proposal of the Senator from South Dakota, Senator McGovern, for a voluntary program.

Mr. QUIE. Here I cannot speak for any others. I must speak only for myself. In some of this testimony, I have been speaking for others in explaining this legislation. I think the legislation of the gentleman from South Dakota would be unwise if you accepted everything of the certificate plan, because the farmers have already turned that down. I think it would be unwise because I think we are setting too high a price for the export market. I think it will give us a lot of trouble in dealing with our European friends. I have always been sympathetic to the old two-price idea, where the price of wheat for food consumption was held up. I know the gentleman from South Dakota has to do a lot of work on his legislation yet, and I am certainly happy that he is working on it along this line and wants to give it serious study, because I think wheat is one commodity that when used for food consumption there is not a substitute. For butter we have a substitute. For cotton there is a substitute which is right there ready to grab the market away when prices rise. Wheat is different.

Mr. HARDING. But the gentleman would feel, then, I take it from his remarks, if it came to the point of a program involving direct payments to compliers, which is basically what the voluntary program of the Senator from South Dakota proposes, between that and no program, you would support a program with substantial direct payments to the producers who comply?

Mr. QUIE. As I say, I do not vote against programs just because direct payments are involved. I have always said I would much sooner have them out where everybody could see them than to try to hide them someplace.

Mr. HARDING. I want to say I greatly appreciate the testimony of all three of the witnesses. Thank you very much.

Mr. HORAN. Could I comment on this matter. There is a tremendous amount of truth in what my colleague from Idaho has said. It is my understanding that we have grappled with the idea of criteria of quality in wheat. I happened to have been able to attend, as an observer, when Charlie Brannan was Secretary of Agriculture, the international wheat hearings in the Church House in London, and it was quite interesting. The delegate from Italy got up and wanted to insert the word "millable" in part of the proceedings. It seems that some of the wheat that they had been receiving in Italy was of such low grade that it just did not make good flour.

We have no quality designation in the present legislation, but there has been instituted by the Oregon Wheat Commission an attempt under certificates to divide the wheat production into that which would qualify as food and that which could not, which could be sold at the market price or the world price. That has not prevailed. I would hope that we might devise criteria for quality.

The gentleman from North Dakota, I think, would testify that we have a little difficulty selling Durum, which is a quality wheat, in my book at least, and there are other wheats in the United States that today are not on the verge of confiscatory surpluses because of some peculiar value of the production.

I have talked this over with the Department in our hearings several times when we had them up before us for appropriations. I think it is something we ought to work for, but I do not have the answer.

Mr. Chairman, if you will permit me, I might add that I am an applegrower myself. I guess most people know that. We sell on quality, as the trade knows—color, shape, condition, and flavor, the absence of defects and pest damage—although I think any apple from Missouri or Texas or any place else probably would taste as good. The first one you ate as a boy tasted best.

If we just had a price-support bill for a perishable like apples, which is, of course, impossible, and the word "apple" was spelled out and you had a set Federal support price for it, you could have apples running out of your ears, too. Fortunately, the word "quality" has to enter in, and apples have to jump a lot of hurdles before they get to the consumer's table. With wheat and other cereals a lot is presently being discussed concerning revision of the grain standards that do exist. If consummated into criteria that clearly spell "quality" in all regards and all types and varieties, this could be most helpful on the problem before us.

Mr. HARDING. Mr. Chairman, I want to say I appreciate the further comments of our colleague, but I do want to remind him that it has

been quite some time since this committee has seen any evidence that he was an apple producer.

Mr. HORAN. I will fix that up.

Mr. QUIE. Mr. Chairman, we have some witnesses here, if you could bear with them a short time so they could testify. Would you let Mr. Thomson associate his remarks with the gentleman from Minnesota, Mr. Nelsen, because he has a similar bill.

Mr. PURCELL. You know what the situation is on time with us. We all do. Whatever you think is proper, we will follow you.

STATEMENT OF HON. VERNON W. THOMSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. THOMSON. I want to say my bill, H.R. 6564, is similar to the bill introduced by Congressman Nelsen, who testified this morning. I would like to be associated with his remarks and commend the committee for considering and discussing this matter at a time when pressures are not as great as they sometimes build up to. I sincerely hope the committee gives further consideration to this problem.

Mr. PURCELL. Do you wish to file your statement?

Mr. THOMSON. There will be no further statement in the record.

Mr. QUIE. Mr. Langen, of Minnesota, represents a great wheat area in our State, and with him is Mr. Battin, of Montana, and Mr. Berry, of South Dakota. I would like these gentlemen to appear.

Mr. PURCELL. We will follow whatever procedure you wish at this time.

Will you proceed, Mr. Langen.

STATEMENT OF HON. ODIN LANGEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. LANGEN. Mr. Chairman and members of the committee, first let me express my gratitude to the committee for the time and devotion that you are directing to this problem. I suppose it is the best indication in the world that there is a real problem with which we are confronted.

I should like to ask permission to file a prepared statement. I have copies for all the members of the committee. Then I would like to make a few additional remarks, and I shall try not to be repetitious.

Mr. PURCELL. Let the record reflect that this statement will be received and made a part of the record.

(Mr. Langen's prepared statement follows:)

STATEMENT OF HON. ODIN LANGEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. Chairman and members of the committee, permit me to express my personal gratitude to the committee for affording me the opportunity to register these few observations in behalf of the wheatgrowers in my district as well as throughout the entire Nation. I should surely compliment the committee on their appropriate recognition of the need that presently exists for consideration of the situation confronting particularly the wheatgrowers who are dependent upon producing wheat for their major cash income.

A great deal of controversy has been generated relative to the wheat production and surplus problems since the recent wheat referendum. As one who has lived in and represents one of the major wheat-producing areas, quite

obviously it is of prime concern to me, as well as the major portion of my constituency, whether they are farmers or local merchants. I have noted many recent statements referred to in the various media of the press which would indicate that wheat farmers had a choice in the referendum, and by virtue of their decision should not now be given any further consideration. This, in my judgment, is a substantial miscalculation and improper interpretation of the opinion that was registered by wheat farmers in the referendum.

In order that we might better understand the attitude and thinking of wheat farmers throughout the Nation, I think it is imperative that we look back very briefly to the experience of wheat referendums during all of the time that they have been in existence. Most significant is the fact that farmers have previously been called upon at least 10 times to register their choice as to whether or not they wanted wheat marketing quotas as compared to an allotment acreage program without quotas, much the same as was literally approved by turning down the certificate plan.

The results of this experience, in which they consistently voted to accept marketing quotas, can only emphasize that farmers have actually turned down the program that is now slated to exist in 1964 every time previous to this year's referendum. At the same time they have approved programs similar to the one that is in existence for 1963.

Their reasons for voting as they did this year, I am sure, are well founded, in that, first, they have registered their objection to a further reduction in income, both gross and net, when compared to the programs in existence this year, and for the past several years. Second, they have registered their disapproval of a program which offered additional complexities in application to individual farms, as well as the added compliance and participation restrictions. The substitution of the wheat certificate plan for the marketing quota plan left for the wheat farmer a most unfortunate choice, in that he was forced to make a selection between a program he previously has turned down on so many occasions, and a new program which, in his judgment, did not even offer comparable compliance or income possibilities with the program now in existence. It would be well to note that many of them had felt for quite some time that this existing program was inadequate.

Surely, this has left the Congress with the full responsibility of further considering this very unique as well as distressing position in which the farmer now finds himself. For it was by action of the Congress, with the full knowledge that the program that now will be applicable in 1964 had been turned down in each of the previous referendums, that the farmer was provided only with the selection of a program that was less lucrative to him, whether considered on the basis of income or farm operation potential.

In view of the further knowledge that the present agricultural parity income is at the lowest level since 1939, it is no surprise to anyone that the farmer may have rebelled at an even further reduction in his income, with added Government restrictions. These concerns have been conveyed to my office by a great number of farmers and businessmen.

It is further discouraging to the farmer to note that the Department of Agriculture is now using every means at its disposal in attempting to secure compliance with the allotment program for 1964. Recent announcements from the Department indicate that the individual farmer will suffer reduction in his history credit if he overplants his allotment for 1964. All of these have the tendency to place the wheat farmer in much the same position he was in when marketing quotas were in effect, in that his allotment will be reduced by 10 percent, the only exception being that he does not have the price protection that was offered under marketing quotas. This is surely a very gross injustice and a very serious income threat, and carries much of the same dictatorial tactics that were so in evidence during the recent wheat referendum. This and other suggested actions amount to literally forcing compliance with a program that is supposed to be voluntary.

It is for these reasons that many of us have suggested legislation that we feel is worthy of every consideration by the committee during this year's session, in order that it might be made applicable to the 1964 crop year. The provisions of my bill, H.R. 6558, have already been well outlined to the committee by my colleagues and members of the committee who have authored similar legislation. In general, it provides for improved income possibilities on a voluntary basis, somewhat similar to and in conjunction with the voluntary feed grains program that has found both respect and acceptance throughout agricultural circles. The experience with the voluntary program in the feed grains area has been

praised by many farm people as well as the Department of Agriculture. The incorporation of wheat into this program offers possibilities that I have long advocated, for I am sure it would serve to simplify compliance and offer a more acceptable production reduction program. Such action obviously is necessary, when we look at the large volume of surpluses and the amount of Government expenditures required to service and administer all of the various aspects of these programs designed to improve the agricultural economy.

The bill provides for the very minimum of income potential, and the committee would do well to give consideration to amendments that would provide even further income security, in view of the continuing rise of operating expenses that confronts every farm operation, regardless of its nature.

There is one section of my bill which I would like to call to the particular attention of the committee. It is section 207, which amends section 22(a) of the Agricultural Adjustment Act of 1933 as reenacted by the Marketing Agreement Act of 1937, and merely provides that the President shall cause an investigation to be made by the Tariff Commission in order to determine the extent to which imports may be significant to the price and the market of any agricultural commodity that has been determined to be in surplus by the Secretary. Much has been said, and many statistics have been compiled relative to the extent to which our surpluses have been aggravated and prices and Government restrictions adverse to farmers have been experienced. In many instances, these circumstances came about through no fault of the American farmer, but rather because of increased imports.

These statistics have been set forth in the Congressional Record on many occasions. May I refer the committee to a statement I made on February 28 of this year, to be found on page 2919 of the Record, as well as the statement by Mr. Berry, of South Dakota, found on page A-2521 of the Record of April 26, and a statement by Senator Carlson, found in the Congressional Record of May 2, this year, on page 7177.

We have particularly noted the significance of imports in oats, rye, barley, beef, lamb, dairy products, and others over the past several years. Of more recent date, imports of cream have very seriously affected the entire dairy products market. In all of these instances, not only have farm prices been depressed, but the expense of Government programs has grown to tremendous proportions, and unfortunately the farmer has been unjustly blamed for the resulting problems.

In order that any type of agricultural control program might be effective, whereby we attempt to control either production or the price, it seems essential to me that we must then also give due consideration to the effect that such a program might have in encouraging or promoting imports and thereby losing markets already available to farm producers.

Section 22 of the Agricultural Act, I am sure was designed to deal directly with this problem. It is my opinion that it has not been used to the extent that it should have been, nor has it been made applicable to all areas of surplus commodities. I hope the committee may give both due and favorable consideration to this particular section.

This statement would be far too extensive and long if I were to attempt to bring to the committee the many different facets that relate to the legislation now being considered. I know, however, that the members of the subcommittee, by virtue of the many hours that they have spent in study and deliberation on the problem, are well aware of the complexities and significance of providing adequate income and production opportunities to wheat farmers. In view of these many known facts, to which I have referred only briefly, it is my hope that the committee may see fit to recommend favorable consideration for the voluntary feed grain and wheat program outlined in the many similar bills that have been introduced on the subject. To do so would not only fulfill the responsibility of Congress, but, I am sure, would also find approval among farm, business, and Government circles throughout the entire Nation.

Mr. LANGEN. Mr. Chairman, to begin with, it has been substantially covered why there is need for legislation. I want to add just a point or two to that, if I may.

More than a year ago, some of us exercised some fear and recognized there was some danger that the certificate plan which was enacted then would not be acceptable to wheat farmers. We are now faced with the problem that we were concerned about at that time.

There are a couple of items with regard to the problem that now faces the wheatgrowers that I think need our attention. When I say wheatgrowers, in this instance, I refer primarily to those who are dependent upon the production of wheat for their major cash income, actually their bread-and-butter crop, if you will.

It has already been stated that the wheatgrower in general throughout the Nation has turned down the certificate plan, and this left them in the position of having to accept the plan that they previously had turned down many times. I wish to call to the attention of the committee that in so doing, under the circumstances that exist now, actually he is confronted with a plan that is not as good as the allotment plan in any number of the previous times on which he turned it down, and why is this?

I make note of this because I think it is pertinent as we consider the problem that confronts the wheat farmer today.

In the first place, he is confronted with a 10-percent reduction in his allotment. The wheat allotment was originally based on a 55-million-acre national allotment, and it was understood, I think, in the beginning of the allotment program, the minimum was put there for a purpose.

Now he is faced first of all with a 10-percent reduction, and of course, the reduced price, which means a substantial loss in income.

In addition there are some other problems and I know they are no secret to the members of the committee, because in your studious approach you have gone over all of these matters and are well acquainted with them. I think it behooves us at this time, however, to take another look at them.

What alternative does a wheat farmer have in complying with the allotment program which will exist in 1964 under the 10-percent reduction in acreage?

No. 1, it already has been indicated by the Department that if they do not comply with the allotment there will be some reprisals relative to future allotments. I do not know that it has been thoroughly clarified as to what the full effect of that will be, because it has not been carried out to the State and county levels and what will happen to the future allotments of a State or county.

There are some things which could happen here because if a State had a substantial amount of noncompliance, and if the extra acres are discounted in the base of either the individual farm, the county, or the State, it could have some effects which would adversely affect those that do comply.

I call this to the attention of the committee because it is a serious matter. I stated at the outset that the wheat farmer who is dependent upon wheat as his major crop has this further handicap now, as compared to the allotment program of previous years.

As a matter of fact, in Minnesota alone, in the early referendums that were had, the State of Minnesota at that time had a wheat allotment that was 200,000 acres greater than it is now. This is true in North Dakota and it is true in several other States.

Even then, under those circumstances, they still turned down the allotment program in favor of a marketing quota.

Let me call to your attention one other item that contributes to the seriousness of the problem, both as it confronts the farmer as well as Government, and that is the land coming out of soil bank, much of

which has wheat allotments on it, and when it comes out, without the provision of being able to renew it, additional wheat production will result by no fault of those who are complying, but rather by the provisions which have been changed by actions of Congress.

I have already pointed out the matter of parity prices and the farm income, and so on, but let me add one point to that, because, again, I think it is significant as we consider this legislation.

I suppose it is obvious in view of what has happened to farm income, and that there are farm mortgages. Farm mortgages have gone up in the last 2 years by some \$2½ billion, almost \$3 billion in the last 2½ years.

Obviously this is an indication of the income problem that does confront the farm people in general.

If it is permitted that they now must operate under this very restrictive allotment program with a reduced price on top of it, obviously, it must aggravate this situation even more. Again I think it becomes a point that we need to be concerned with as we look to the future in view of the program that will be applicable in 1964.

What does all this amount to? Actually it amounts to this: By virtue of the allotment proposition with reprisals to those who may or may not comply, thereby adding restrictions to what originally was intended to be a completely voluntary program. Add this to a reduced price support level and reduced acreage and you have a pretty dark and hopeless income picture for the wheat farmer in 1964.

What about the bill we have introduced and how does it relate to these problems? I want to make just one or two points here.

In the first place, my bill, as Mr. Battin's bill and others, has an additional provision. It is a simple matter in that it calls only for the further application of section 22(a). It states that when any farm commodity has been declared surplus by the Department of Agriculture, there then shall be caused to be an investigation of the effects of imports relative to that product.

I have made several statements on this before and I will not go into all the details. I am sure the members of the committee are well aware of the significance of imports in so many instances.

It seems somewhat unjust to me that, when we as a Nation, and by Government, recognize that we have a surplus problem, and we then confront our farm people with a reduction in the production of that particular commodity in order to relieve the situation, that we at the same time leave the door wide open so that imports can come in and further aggravate the same surplus problem that we are attempting to solve.

As a simple statement perhaps this would do. It seems rather odd that we wouldn't at least apply the same percentage of reduction to imports that we require our own farm people to make.

I am not suggesting at this point we should close the door on all imports or that we should limit the matter of trade, but I am suggesting this—that when you have a surplus problem that not only affects the economy of the American farmer but affects the burden of the American taxpayer, we ought to at least explore that situation, and this is what is provided in the bill. At least the entire matter would be looked into and as to its effect on both the farmer and the extent to which the taxpayer becomes liable.

There have been many instances of this. I just recall one that has come into being this year, more prominently than before—the importation of cream. Indications are now we have had some 2 million pounds or more of cream imported into this country this year. I think we need to remember that all agricultural commodities are interrelated because if those same pounds of cream had been produced here it would take acres to produce the feed, as to relieve the feed grain problem.

It is for this reason that I place the additional emphasis on this point that possibly if Government is going to attempt to effect any kind of a control on acreage or a price-support program, that we need also to look at this other element in connection with it.

This doesn't set any restrictions but it merely calls for a thorough investigation.

How does the bill respond to other problems? The basic items have all been gone over thoroughly. I want to add only one thing. First of all, it does comply fully with what has been identified as a voluntary program, and it provides in addition a much greater flexibility in that each individual farmer relative to the crops that he wants to produce on his farm may adjust accordingly.

One of the problems we have had, and I think I can say this with some degree of experience, having spent some 15 years in the administration of the farm program itself, that by virtue of separate allotments we have gotten to the point of where we have farmers raising wheat who really don't want to, really don't like to raise wheat. Their land is not suited, but they think they have to because it is about the only chance they have under the program.

The same thing applies to corn and to many other crops.

The flexibility which is allowed here between wheat and feed grains will surely eliminate this handicap and be most encouraging to farm management.

As far as producing any additional bushels, oh, no—it is not going to do that. Why isn't it going to? Because you are starting with the very same feed grain base that is in existence now on the 1963 program. You are starting with the wheat allotments which existed in 1959, 1960, and 1961.

The combination of those two put together make the whole allotment package, and then you reduce from there.

In reducing 20 percent from there you are bound to get acres out of production, and at the same time you leave an atmosphere for the farm people to operate in which I am sure will encourage compliance because of its versatility, plus improved price supports, diversion payments, and so on.

This has been a point which I have noted so many times in the administration of the farm program.

If I may digress just a little to put some emphasis on this. Having set allotments on farms, and I have done so for many years, how do you explain the difference of 2 acres on a quarter section of land? You can go into a long history of calculations, formulas, and so on, but all of this causes some degree of irritation and puzzlement, and prompts questions like:

"How do you expect me to send four kids to college with 2 acres less wheat than the neighbor across the road who has only two kids?"

All this would be eliminated and you will get a program much easier to administer and I think it will also afford better compliance on the same basis.

In addition to these items I will just make reference to one more point, and I do that because of letters which have been coming to my office, and I probably get a few more than many offices because of representing a substantial wheat area.

We have gone through a wheat referendum. Farmers registered their vote then and without going into all of the ramifications of why they voted this way or the other way. There is one point I want to emphasize to the committee. Some of them have said that it now behooves Congress to give its consideration to the problem which exists, and they want us to do that in recognition of the problem that confronts them. They are wondering now whether or not Congress is going to follow the suggestions of the Department of Agriculture or if we are going to listen to farm people and recognize their problem.

This, I think, has come about because of the great deal of controversy that existed relative to the referendum, and attempts of the Department to dictate the vote. To that degree I want to compliment the committee and each of its members for their diligence in directing attention to the problem as it exists and registering, I am sure, a sincere concern in behalf of the problems of wheat farmers.

I have taken too much time. I shall yield to my colleague, Mr. Battin.

Mr. JONES of Missouri. You brought up one point here. In the committee the last we time we discussed it, and that was a few days ago, it appeared there has been very little correspondence, or very little in the way of letters coming in asking that Congress do something about this wheat matter.

In the district I represent, although it voted more than 70 percent for a wheat program, and I have been down there and talked to farmers, I have yet to have one farmer suggest that Congress should pass another wheat bill. I have not had any letters from anyone suggesting we pass a wheat bill.

Have you had any substantial amount of letters from your people asking that something be done on this?

Mr. LANGEN. When you say "a substantial" amount this is difficult to determine.

Mr. JONES of Missouri. Have you had 100 letters?

Mr. LANGEN. Oh, yes, way more than that. I have had a steady flow of letters. I would say there have been probably somewhere between 6 and 10 a week since the referendum. I should add to that that this is probably the worst time of the year in which to hear from farmers because they are right in the process of harvesting their crop at this time. This is their busy season.

I can appreciate now there are not many who will write their Congressmen right now in harvest time. I am sure this has been true in your area, too.

Our harvest is later, it just having begun now, and there may be a few weeks now where we do not hear from them.

Mr. JONES of Missouri. They are in other crops now. The wheat harvest has been out of the way a long time.

Mr. LANGEN. I know of their opinion from having been back in the district and having visited with the wheat farmers who are primarily

dependent on wheat for their cash income—they have a real sincere concern about what the program will be for them in 1964.

I think we will be hearing a lot from them in the future.

Mr. PURCELL. Other questions?

All right, Mr. Battin.

STATEMENT OF HON. JAMES F. BATTIN, REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. BATTIN. First of all, in behalf of Mr. Berry I would like to ask unanimous consent his statement be filed at this point in the record.

Mr. Berry advises he will send a copy of this to each member of the subcommittee.

Mr. PURCELL. Without objection that will be filed and made part of the record at this point.

(Congressman Berry's statement follows:)

STATEMENT OF HON. E. Y. BERRY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH DAKOTA

Mr. Chairman, I am E. Y. Berry of the Second Congressional District of South Dakota. I represent a district and a State which are primarily agricultural and which produce a large amount of wheat. I am vitally interested in the passage of this wheat legislation.

Mr. Chairman, we are living in an interesting period in the history of America. It is a period wherein the trend has shifted from one of primary interest in national growth and expansion to one of supporting the economies of all other peoples and nations of the world, regardless of what this policy may do to our own industries, labor, and agriculture. It is a policy which says that we must give of our substance to other peoples even to the end of our own bankruptcy, if necessary, and at the same time we must open our markets to the production of all other countries and when our own industries are put out of business and our labor is thrown out of work and our farmers are disrupted in their production, we will compensate them for such disruption from the Federal Treasury.

The direct beneficiary of such a program is the foreign importer; the indirect beneficiary is the domestic consumer who, by virtue of such a devious program, is enabled to purchase his wants and his needs at a price much less than the price necessary to cover the additional cost of living, and the high tax rate, represented in the price of the domestically produced product.

The plan which compensates the farmer for taking his land out of production to make room in the market for foreign imports is known as the Agricultural Adjustment Act, and that providing compensation to industry and labor for being put out of business and out of jobs is known as the Trade Expansion Act. Both programs, however, are nothing more or less than a sop from the Federal Treasury to serve as a bandage over the wound in an effort to lessen the economic pain resulting from such reduction of production.

Insofar as agriculture is concerned, the trend is to permit increased imports of the food that goes onto our tables and the fiber that goes onto our backs which means the constant displacement of more and more domestic acres.

There are two opposing theories as to how to bring about the idling of acres to compensate for these imported foods and fiber—the one is to give the Department of Agriculture—or the executive branch, if you please—complete dictatorship over the production of each farm with authority to plan for each farmer what he shall raise on what acres and just what acres he must idle to make room for these imports. The second theory is that the Federal Government should rent the acres displaced by imports, and by making the rental program sufficiently attractive, the farmer can voluntarily decide what acres he wishes to take out of production on his farm and what acres he wishes to plant to the various basic crops which can be successfully produced in his area.

Neither plan, of course, gets at the cause of this disruption—the cause is non-competitive foreign imports. A few short examples will suffice—last year we imported 2½ million head of 1,000-pound beef, while exporting 85,000 head. The Department of Agriculture estimates it would have required the production of 54.5 million acres to have produced the beef that came in, and 1.7 million acres

to have produced the beef that went out, or a net loss to the American farmer of 52.8 million acres which the Treasury must rent and take out of production to compensate for these beef imports alone. (To paint a more realistic picture—this is more beef than was raised and marketed in the States of Wyoming, South Dakota, and six of the major counties of North Dakota last year.)

Wool imports displace annually about 50 million acres. Lamb, mutton, and pork imports displaced several million acres and sugar more than 1.8 million acres last year. All of these acres must either produce some other crop, which we have grown to call surpluses—but which actually are nothing more than a displacement of production resulting from import disruption—either this, or they must be idled.

This disruption cuts much deeper than simply substituting grain for beef or lamb or wool or sugar, or what have you; it goes to the disruption of production within our own country. Cotton is a good example. Because foreign textiles can purchase CCC cotton at 8½ cents less than domestic mills, the domestic mills are being forced to go to synthetics, etc., and the Secretary has announced that 2.1 million acres must be shifted out of cotton. And, if our foreign policy is continued, and cotton goes out of production, that means another 16 million acres will have to be taken over, or rented by the Government.

Since we refuse to face up to the causes of these disruptions, we must make our choice between the best procedure for idling these displaced acres—shall it be done by force, or shall it be done by inducement. Congress passed a law providing for force—the wheat farmers, in a referendum, turned it down. The procedure that is offered in the bills pending before this committee provides a voluntary inducement.

These bills are similar to the programs offered in the recently passed feed grain bill which is getting off to a good start. It seems to me that it would be wise to incorporate wheat into this same plan. These bills provide an alternative; they provide a choice for the farmer; they permit him to make his own decisions; they permit him to retain a reasonable semblance of free enterprise; and they provide a method of eventually returning to the law of supply and demand in agriculture, which could come about in a very short time if the farmer were not forced to stand the brunt of our foreign policy.

I would urge that as this legislation is considered, this committee give deep and careful consideration to the final section of several of these bills, including H.R. 6565 with regard to imports. The section I refer to is the provision that makes it mandatory for an investigation to be made to determine the extent that imports are adversely affecting agriculture in general, not just the particular item that has been crowded into surplus by reason of acreage diversion, but the effect of food and fiber imports upon the general domestic agricultural production picture.

Mr. Chairman, I ask early and careful consideration of these pending wheat bills.

Mr. BATTIN. I would associate myself with the remarks of Mr. Langan as well as those of Mr. Quie.

Directing myself particularly to the question Mr. Jones raised a moment ago about hearing from home on this matter, I didn't hear one word from anybody at home relative to the railroad strike until it was on top of us, and then my mail has been extremely heavy about what I should or should not do on the proposal made by the President.

For that reason I think it is particularly significant that the committee is holding hearings now when there is not a great deal of pressure being applied, that it can give fair and adequate consideration, and I am sure there are none of us who are completely wedded to the language of any of the bills which have been introduced.

Mr. Harding earlier asked certain questions which would indicate perhaps there are some features of the bill he liked. Certainly it is the job of any committee, as we know, to take language presented through a bill, work it over, amend it, and try to come forth with a better and perhaps more workable piece of legislation.

I was a little concerned at our friend from Hawaii's attitude that he had no interest in this legislation from the standpoint of production of wheat in Hawaii.

He produces sugar in Hawaii and we didn't hear too much from the sugar producers at the time sugar went into short supply and the price went up, but I am sure my mail was similar to that of everybody else on the committee. I heard from a lot of consumers who were very much concerned about how long the price of sugar was going to remain inflated.

We have talked about surpluses in commodities, thinking now particularly of wheat.

I would much rather use the taxpayers' money to support a surplus or reserve supply of food than I would tell the consumer to go out and try to buy food in a world which is in short supply. So when we present a bill and try to have a program for farmers to encourage them to keep producing the food supply of this country, and at the same time share the income they are entitled to for the investment they have made, it seems to me it is a problem which should be given consideration. We should not question the idea that the farmers turned down any program on a referendum. They turned down the program that was offered.

Right after the failure of the referendum, in fact it was a day or two after, Ray Henley to whom we all listen to from time to time on the radio, was commenting on some of the statements made by leaders in Government—"Well, this was a farmers' decision and they could live with it"—that type of comment.

Mr. Henley made a comment on his program which should shock our thinking and bring us back to earth. "Have we," he said, "reached a point where elected Members of Congress are governing people rather than representing them?" This would be very repugnant to our way of life and certainly the system we believe in, so that rather than taking this on a partisan basis of who introduced the bills and who didn't, I think we all agree that since the farm bill was passed in the Congress, turned down by the people in the country under the laws we provided for them, that they didn't want it, that we then should shoulder the responsibility of coming forward with a type of legislation in which they are interested. I am sure if more publicity had been given to the fact this committee was going to hold hearings, that you wanted the dirt farmer to come in to testify as to what he was interested in, this could have been arranged from almost every quarter of the country and certainly every county of the United States.

Mr. JONES. I think where you miss the point is this: I think the chairman of this committee did give national notice that these hearings were to be held, and still we have not had word from the people that they are interested.

Another thing where you have left a wrong inference—Congress passed a law calling for this referendum and giving the people a choice between two plans. They might not have liked either plan, but Congress passed that law. The people spoke through the Congress.

We had the referendum. As I said, I have been out in my district and I have talked to farmers. I have been to many ASC offices in the district I represent and they say the farmers have acted.

They are going against their own views. They have voted for this referendum 70 percent in my district and yet they say "No, we have been defeated, although we were for the plan, but we are willing to accept it for another year."

Notice has been given of these hearings. I have not heard anybody on this committee say they have had letters from their farmers urging Congress to pass another law.

Mr. Langen said he gets six to eight letters a week. There would be thousands of letters coming if the people want a wheat program.

Mr. BATTIN. Are you a farmer, Mr. Jones?

Mr. JONES of Missouri. No, but I have lived with agriculture. I have never had a baby, either, but I know something about them.

Mr. BATTIN. The farmers in Montana start out at daylight and work until 9 or 10 o'clock in the evening harvesting their crop. Certainly from this standpoint I don't expect them to come in and sit down and write letters. They are operating this year under a program which evidently they are satisfied with. They haven't even started to prepare ground to plant the crop for next year. This is when you will hear.

That is why I pointed out earlier in the testimony how important it is that this committee is taking consideration now.

If I am correct, and I would ask the chairman to correct me if I am wrong, wasn't it last Thursday a week ago that announcement was made that hearings would begin on Monday of this week on this wheat bill?

Mr. PURCELL. I don't remember the date, Mr. Battin. It has been not more than 2 weeks ago at the outside that notice was given of this series of hearings. I don't recall the date. I can look it up, of course.

Mr. DOLE. None of us in Congress are completely naive or we would not be here. Much of our mail comes from organizations, Farm Bureaus, Farmers Union, National Wheat Growers, and any other group behind programs. Of course, they can always stimulate mail, they can get you 5,000 letters, if they wish.

We have a bill introduced by 20 Members of Congress scattered throughout the Midwest. We don't have the facilities or the organization, and therefore have not generated a big flow of mail.

On this type thing persons will write when they are against a proposition. I had about six letters for the feed grain bill which was so highly proclaimed this year and rushed through Congress. It still passed Congress, so we cannot hide behind the statement we have not had a lot of mail.

If we had an organization stimulating mail, people sign petitions, and so forth, we could have the offices filled with mail if we wanted.

Mr. JONES of Missouri. The gentleman missed the point. I said I had been out in the district I represent and I visited farmers. I have gone to the ASC offices and asked what they wanted.

I didn't find a soul that was recommending we do anything further.

They say "Let us try it. The farmers have voted this thing. Let us live with it a year and see what it will do."

Still I have not had anybody asking that we do something. The farmers all over the country knew the wheat referendum was defeated. You would have thought there would have been somebody saying "Let us do something about it now."

Mr. BATTIN. You said your district voted 70 percent in favor of the referendum. It was an unusual district in the country or the referendum would have passed.

I don't think what happened in your district is necessarily the proven criteria. It didn't pass in my district.

Mr. JONES of Missouri. I am saying in my district, in your district and others, the people know what happened. I think they know what the alternative they chose will be. I don't think they are raising a lot of Cain about it.

I think we have some people here trying to get off the hook. In their districts they had been told: "Vote this down and we will get you another bill."

I am not for pulling anybody out of the fire if they get themselves into it. I want that understood now.

I have been sitting here patiently for days hearing some of the people interested. I see most of them have left. I am still here waiting to listen to all of this testimony. I will give attention to it.

Let us keep this on the record as to what actually happened and let us not misrepresent what happened.

Congress passed a law last year which called for a referendum. We had a referendum.

Mr. BATTIN. On what?

Mr. JONES of Missouri. The people made a choice.

Mr. BATTIN. On what?

Mr. JONES of Missouri. They had two choices—accept the certificate plan or take the law as it was. They preferred the law as it was.

Mr. BATTIN. Get hung or get shot, that was the choice.

Mr. DOLE. They can vote "no" against only one program. They could not vote "no" against the alternative.

Mr. BATTIN. I don't wish to get into a debate, even though we have, and I have a great deal of regard for the gentleman. We have cooperated on matters before where we had perhaps a more unanimous interest but I still point out, and I think it is something that is perhaps fortunate now—you wait until the farmers sit down at the end of this harvest and the winter has set in on them and they are planning what they will do for their next year's operation and they take the program they will have to operate under.

I think you will find mail generated, and I think at that time, at least your committee will have had the benefit of hearings and then perhaps more hearings on what should be done in this particular field.

We have taken so much time. I thank the gentleman.

Mr. PURCELL. Thank you very much. I appreciate all of your testimony.

Let me ask one or two questions to pursue the idea you are manifesting here.

It has been our idea to try to find out, the idea our colleagues have and the idea others have, to work on legislation. What would be your idea as to this committee having hearings out in the field, so to speak, in areas where wheat is grown, to give anybody an opportunity to come in and be heard, or the idea to have better explained to them the various aspects of the different bills which are now introduced and are at least before the Congress to the extent they are in the mill and are introduced and have been heard to some degree?

What would be your idea to have some hearings in the various wheat-growing areas?

Mr. BATTIN. Mr. Chairman, I think that would be perhaps one of the best things that could be done, not only from the standpoint of receiving the information and the testimony, but also to demonstrate to the people of the country, in particular those who will be directly

affected by legislation, that Congress did have an interest, and certainly would give an opportunity for the pros and cons to be presented and would give the people an opportunity to testify what they believe and what their problems are, thus better equipping this committee to write legislation in the future. I think it would be a very excellent idea.

Mr. LANGEN. Let me add to that, that surely a problem that has as many facets to it as does the agricultural problem, I do not think we can ever give too much consideration to it. I think one of the real problems we have had in dealing with it over the years has been becoming thoroughly familiar with the variety of situations as related to the different areas of the country, such as we have heard this morning about the different classifications of wheat, etc. Hearings would bring to the committee a recognition of all the facets that relate to the legislation being considered.

To get back to where we began, I think the problem that exists, both income-wise and Government-wise, might also be much better brought out under those circumstances because, in my humble opinion, in the face of the income figures and so on that have been stated here this morning, there is a real problem that confronts agriculture and surely that is one of the items this Congress ought to be concerned with.

I want to add further that the circumstances that do exist are there by virtue of acts of Congress in one form or another, either now or previously. So if we have generated problems we should direct the best possible attention to them, which naturally can be done better at that level, but let us not forget the importance of time, if action is to be of benefit in 1964.

Mr. PURCELL. Thank you very much.

Mr. QUIE. Mr. Chairman, may I ask unanimous consent that the men who are not here or who had to leave may submit a statement? I request that permission be granted for statements to be submitted by Mr. Kyl, Mr. Anderson, Mr. Avery, Mr. Ellsworth, Mr. Harrison, and Mr. Taft.

Mr. PURCELL. I have Mr. Ellsworth's statement, which will be made a part of the record at this point, and without objection the statements of the other gentlemen you mentioned will be received and made a part of the record. I also want to add the name of Mr. Clark MacGregor, whose statement will be inserted at this point in the record. (The statements of Mr. Ellsworth and Mr. MacGregor follow:)

STATEMENT OF HON. ROBERT F. ELLSWORTH, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF KANSAS

Mr. Chairman and members of the committee, of course I appreciate the opportunity to file this statement this morning in support of H.R. 6553, the 1963 feed grain and wheat bill I have introduced, and similar bills introduced by a number of our colleagues. I am indebted to Congressman Bob Dole for his leadership and imagination on this legislation; my own bill is substantially similar to his.

If enacted, the bill would provide for reduction of the present surplus of wheat and feed grains to a normal supply by means of a land retirement and conservation program. Diversion payments would be made in kind. Retirement of acreage would be voluntary, with price support and diversion payments being made only to participants in the program. Support prices would be from 65 to 90 percent of parity, and diversion rates would be up to 50 percent of normal production on the diverted acres, times the support rate for the county in which the farm is located.

After the present surplus has been reduced to a normal supply, price supports on wheat and feed grains would be set at 90 percent of the previous 3-year market average. If another surplus developed, the land retirement and conservation program would go back into effect.

Mr. Chairman and members of the committee, the need for this kind of legislation, as far as the wheat and feed grain farmers of America are concerned, is pointed up by the announcement of July 18 by the Department of Agriculture that its feed grain program for 1964 will contain no provisions whatsoever for wheat to fill the gap created by the defeat of the May 21 wheat referendum.

We from Kansas deeply appreciate your hearing us this morning, and ask for your early and favorable consideration of H.R. 6553 and similar bills.

STATEMENT OF HON. CLARK MACGREGOR, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF MINNESOTA

As a Congressman representing a primarily suburban district in Minnesota which will not be directly affected by the passage of H.R. 6559, I have chosen to submit this statement in order to emphasize certain elements of the bill which are important to all areas of our economy and which indicate the adoption of wise policies in agriculture.

The establishment of a voluntary price-support program, as provided in title I of H.R. 6559, is an important step toward the eventual goal of a market economy in the designated agricultural staples free of regulation by Government price supports. The former plan, by requiring all producers to determine their participation in a price-support program on the results of a referendum, severely curtailed the farmer's ability to farm as he pleased. The proposed plan, while preserving this freedom for the farmer, deals with the real problem of agricultural surplus which results in the need for some form of price support. The plan abolishes the near total control which the Government has on the production and pricing of some agricultural commodities and replaces it with a plan in which the Government continues to exercise some control but only after the farmer has chosen to participate in the program. With the current problem of overproduction on the farm, a farm program which was devoid of all Government control and price support would be harmful to the farmer as well as to the national economy. We must strive for a program which allows the Government to participate but one which encourages and permits a decline of this participation to the point of a market wholly free of controlling price supports.

A second element of the program which is of particular significance is the continuance of the policy of land retirement and conservation. Both title II in which provisions are made for diversion of acreage from the production of certain grains and title III which authorizes the Secretary of Agriculture to extend contracts entered into under the Soil Bank Act are important for two reasons. Both provisions allow for some immediate relief for the problem of overproduction. However, more important, the soil conservation measures look forward to the times when we will not be plagued with the problem of overproduction but, due to the increase in population in the United States and in the world as a whole, will be attempting to produce wheat and feed grains sufficient for our needs. Soil conservation measures today will reap great benefits in the future. H.R. 6559 will not require unwilling adoption of these conservation measures but will impose them as a condition on participation in the price-support program.

Mr. SHORT. Before we close the hearing on the bills Mr. Quie and others introduced—and the testimony this morning was largely on this bill—I would like to ask permission to extend some remarks of my own immediately following Mr. Quie's initial remarks. I have deferred from making any remarks this morning because I wanted other than members of the committee to express their views.

I would like to say this in regard to these hearings: I want to thank the chairman of the subcommittee from the bottom of my heart for being as considerate as he has been in holding these hearings. I think the thing we have been trying to do with these hearings—at least

it was my impression of what we were trying to do—was to see what area of agreement, if any, the members of the Agriculture Committee could arrive at in considering new wheat legislation. If we cannot agree, let us find out now before asking people—and I have asked no people from North Dakota to come here because I did not think this was the time or the place. If we cannot agree on this committee on the feasibility of considering new wheat legislation, I see no point in asking people to come here. If we can agree, I think it was the purpose—at least that was my interpretation of the purpose of the hearings—to arrive at some broad area of agreement.

I do not think any of us are completely wedded to any bill to the extent of dotting the i's and crossing the t's.

I think the farmers want the voluntary feature. Most of the mail I have received has indicated the farmers want something in the way of a mechanism they can use to control production and a mechanism—I think this is still a \$64 question—but a mechanism that the farmers can use to manage the supply, to try to obtain a better price, and still have protection pricewise in the way of a price-support program.

This bill we have introduced, as Mr. Langen has said, I think does that. This bill would give the farmer a chance to have a mechanism he could use and still it does not, on a completely mandatory basis, require him to participate in a program with which he disagrees.

I ask unanimous consent to extend my remarks, and ask that the remarks I will submit be inserted in the record following Mr. Quie's remarks.

Mr. PURCELL. Without objection, Mr. Short's remarks will be inserted at the point indicated following Mr. Quie's remarks.

Mr. DOLE. I would make the same request and include a comparison between the bill 20 of us introduced, those introduced by other Members, the Farm Bureau bill and the bill defeated on May 21, to show what the basic differences are.

Mr. PURCELL. Without objection, it will be made a part of the record. (The following was submitted by Mr. Dole:)

COMPARISON OF FARM LEGISLATION BY HON. ROBERT DOLE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KANSAS

A tabular comparison of the proposed wheat certificate plan, the program scheduled to be in effect for 1964 due to the "no" vote in the May 21 referendum, the 1963 American Farm Bureau Federation bill, and the bill introduced by Representatives Quie, Short, and myself, along with 17 other Members of the House on Thursday, May 23 follows:

The Food and Agriculture Act of 1962 set up the two choices facing farmers in the referendum. The "yes" vote program (which failed) is the only one of these four proposals which would invoke marketing quotas and penalties. Under the "no" vote program, farmers would have to stay within their allotments in order to be eligible for Federal price support, but failure to do so would not result in a farmer incurring a penalty.

The general gist of the Farm Bureau bill is to establish a large-scale land retirement program in conjunction with the establishment of price supports on wheat and feed grains related to market averages starting in 1964.

The Dole-Quie-Short-type bills aid for a price-support system based on market averages after a transition period in which the surplus of wheat and feed grains is brought to a normal level by funding land retirement activities through the payment-in-kind device. These bills give the Secretary discretion to set wheat and feed grain supports from 65 to 90 percent of parity during the transition period. In addition, these bills provide specific authority to extend conservation reserves (soil bank) contracts which expire in 1963-67.

Item	Wheat certificate plan ("Yes" vote)	Existing law ("No" vote)	Farm Bureau bill	Quie-Dole bill
1. Acreage allotments in effect?	Yes.....	No.....	No.....	No, but farm wheat- feed grain base in effect.
2. Marketing quotas and penalties?	Yes.....	No.....	No.....	No.
3. Price support.....	65 to 90 percent of parity on certifi- cates (\$2). Feed ratio and world price formula on noncertificate wheat (\$1.30).	50 percent of parity (\$1.25).	Wheat, re- lated to world price (\$1.35). Feed grains, 90 percent of market average.	65 to 90 percent of parity during tran- sition. 90 percent of market average thereafter.
4. When effective.....	1964 and subsequent years.	Same.....	Same.....	Same.
5. Price support con- tingent on compli- ance with program?	Yes.....	Yes.....	No.....	Yes, during transition period. No, there- after.
6. Land retirement?...	Yes, for 1964 and 1965 crops only.	No.....	Yes, large scale includ- ing whole farms.	Yes, up to ½ of wheat feed grain base during transi- tion.
7. Repeal wheat certi- ficate plan?	No.....	No.....	Yes.....	Yes.
8. Repeal 1964-65 feed grain program?	No.....	No.....	Yes.....	Yes.
9. Commodities covered.	Wheat.....	Wheat.....	Wheat and feed grains.	Wheat and feed grains.
10. Release price of surplus grain held by CCC?	105 percent of support price plus carrying charges.	105 percent of support price plus carrying charges.	115 percent of support price plus carrying charges.	105 percent of support price plus carrying charges during transition. 100 percent of support price plus carrying charges on certifi- cates during transi- tion. 115 percent of support price plus carrying charges thereafter.
11. Replacement sales for grain sold as out of condition by CCC?	No.....	No.....	Yes.....	Yes.
12. Method of land retirement pay- ments.	Cash or kind.....	None.....	Cash or kind..	In kind only (except that expiring con- servation reserve contracts would be paid in cash).

SHORT SUMMARY OF H.R. 6547 BY REPRESENTATIVE DOLE—THE FEED GRAIN AND WHEAT ACT OF 1963

I. The bill applies to wheat, corn, grain sorghum, barley, and at the discretion of the Secretary, oats and rye.

Its main features are:

If the Secretary should find that there will be a supply of these designated grains in excess of a "normal supply," he would put into effect a special agricultural conservation program based on these four principles:

1. It would be voluntary. Price support and diversion payments would be available only to participants in the program.

2. It would require land retirement and conservation as a condition of eligibility for program benefits. A minimum 20 percent would be required with an optional and additional 30-percent reduction allowed.

3. It would use only payment in kind for making diversion payments. The Secretary could, however, advance the producer cash in anticipation of the sale of grain, but there would be no direct payments as provided under the 1963 feed grain program.

4. It would be based on a market economy. The CCC release price for surplus grain in inventory could not be less than 105 percent of current support price plus reasonable carrying charges. When the supply of grain is back to a "normal supply" this release price would be 115 percent of the current support price plus reasonable carrying charges and CCC would be required to make equivalent market purchases for grain which has been

sold as being "out of condition." The release price for grain used to redeem payment-in-kind certificates would be at the current support price plus reasonable carrying charges. Other major provisions include:

- (a) Time: Applicable to 1964 and subsequent crops.
- (b) Support price: 65 to 90 percent of parity.
- (c) Base period: 1959-61.
- (d) Diversion rates: Up to 50 percent of normal production times county support price of first 20-percent reduction; also up to 50 percent on next 30-percent reduction.
- (e) Longer term retirement: Up to 50-percent diversion payment for acreage diverted for periods of from 3 to 5 years.
- (f) Advance payments: Up to 50 percent at signup time.
- (g) Diverted acres: Control weeds and pests. Allow oilseed crops at up to one-half regular diversion rates.
- (h) Small farms: Allow retirement of entire farm base if less than 40 acres.

II. After the present surplus of wheat and feed grains had been reduced to a "normal supply," price supports on wheat and feed grains would be set on the designated grains at 90 percent of the previous 3-year market average. If another surplus should develop, the special agricultural conservation program would go back into effect until the surplus was again reduced. All acreage allotments and marketing quotas on the designated grains would be repealed. There would be no referendum since this would be a voluntary program.

III. The Secretary of Agriculture would be given the necessary authority for the next 5 years to extend expiring contracts on farms now included in the conservation reserve program. Under the bill, these contracts could be renewed on a bid basis for an additional 10 years. In 1964 some 7.4 million acres of conservation reserve land are scheduled to come back into production due to the expiration of contracts in 1963.

IV. The Secretary of Agriculture would be given specific authority to take action before the U.S. Tariff Commission for the relief of any surplus U.S. farm commodity suffering from excessive imports from foreign nations. Present law limits his authority to action on commodities under price support. This provision would give the Secretary a valuable legal tool to help U.S. livestock farmers.

Example of H.R. 6547 on a wheat-milo farm

Assume:

Acres wheat	50
Bushel yield	25
Price support (per bushel)	¹ \$1.62
Acres milo	50
Bushel yield	40
Price support (per bushel)	\$1.10

Total Base:

Acres total base	100
Diversion required (percent)	20

Acres (acreage required to be diverted) 20

¹ Minimum support price under H.R. 6547.

80 acres (can be devoted to either wheat or feed grains as farmer chooses—assume 40 acres of wheat and 40 acres of milo are produced.)

Calculation:

$$40 \text{ acres wheat} \times 25 \text{ bushel yield} = 1,000 \times \$1.62 = \$1,620.00$$

$$40 \text{ acres milo} \times 40 \text{ bushel yield} = 1,600 \times \$1.10 = \$1,760.00$$

Diversion, 20 acres:

$$10 \text{ acres wheat} \times 25 \text{ bushel yield} = 250 \text{ bushels} \times 50\% \text{ payment in kind rate} = 125 \text{ bushels} \times \$1.62 = \$202.50$$

$$\$1,620 \text{ wheat} + \$1,760 \text{ milo} = \$3,380$$

Wheat	\$202.50
Milo	220.00
Diversion payment	422.50

10 acres milo $\times$ 40 bushel yield = 400 bushels $\times$ 50% payment in kind rate =
200 bushels $\times$ \$1.10 = \$220

Totals:	
Gross	\$3,380.00
Diversion	422.50
Gross benefits	3,802.50

Example of H.R. 6547 on a wheat farm—gross benefits

Assume:	
Acres wheat	100
Bushel yield	25
Price suport (per bushel)	¹ \$1.62

¹ Minimum support price under H.R. 6547.

Calculation:

100 acres total base $\times$ 20% diversion required = 20 acres (acreage required to be diverted)

80 acres $\times$ 25 bushels per acre = 2,000 bushels $\times$ \$1.62 = \$3,240.00 gross +
405.00 payment in kind = \$3,645.00 gross benefits

20 acres $\times$ 25 bushels per acre = 500 bushels $\times$ 50% payment in kind rate =
250 $\times$ \$1.62 = \$405.00 payment in kind

H.R. 6547 represents a starting point and, of course, is subject to change and improvement. I sincerely solicit your comments and suggestions at your earliest convenience.

BOB DOLE, *Member of Congress.*

Mr. DOLE. As Congressman Short has pointed out, the hearings have been of benefit to me. I do not know whether there is any great unanimity on any legislation in Congress, but we have an obligation to the farmers to consider all these bills and either make it clear to them there will be no legislation this year or sit down now and seriously consider wheat legislation this year. This is particularly true in the Winter wheat areas. I do not feel farmers should be subjected to any further delay. We should meet soon in executive sessions and make some determination. We have had our hearings and after having an opportunity to determine if there is any bipartisan support, we should make some determination. We have a majority and a minority party in Congress but I do not believe any Member introduced legislation, as Mr. Jones said, to "get off the hook," but whether or not we are on or off the hook will be determined next November.

In line with the President's statement on the feed grain bill this year, the first thing set forth in the report was that it should be a voluntary program, and one of the basic reasons it was defeated was that Congress passed very hurriedly a voluntary feed grain program and the next week the wheat producer was asked to vote for a mandatory wheat bill.

I feel wheat farmers are entitled to the same type program as other farmers if they so choose. I am not convinced by their vote on May 21 that they meant they did not want any program.

I do appreciate the chairman's scheduling hearings and I feel that unless the administration indicates some interest in legislation this year we should amend the existing law so the farmer will not be penalized for overplanting.

Mr. PURCELL. Let me ask one question off the record.

(Discussion off the record.)

Mr. PURCELL. The only other statement I have is one I received this morning from the Farmers Union, and without objection I would like

to have it made a part of the record at the end of the witnesses this morning relating to the Quie-Short-Dole bill.

Mr. DOLE. Can you briefly tell us their position?

Mr. PURCELL. The statement was just handed to me. I just read the first paragraph. I do not know.

(The statement follows:)

STATEMENT OF NATIONAL FARMERS UNION

Mr. Chairman and members of the committee, we appreciate the opportunity to present this statement to the committee for its consideration.

There is little, if any, consensus of opinion among wheat farmers as to whether Congress should pass additional legislation at this time. We are hopeful that these hearings will help to clear the air as to what should be done.

Delegates to the recent convention of National Farmers Union in New York stated in the policy program they adopted that they favor farm commodity programs patterned after the Employment Act of 1946 that would require the Department of Agriculture to make an annual determination of the Nation's food needs. When this determination of national production goals is made for the major commodities, a price level would be set which would assure parity of income to farmers so that the agricultural industry could make its maximum contribution to the gross national product and to national economic growth.

As a means to attain parity farm income, delegates to the Farmers Union convention said "a system of international and Federal farm income improvement and supply stabilization should be made available at the earliest possible time, with the producers of each commodity who are willing to develop, adopt, and enforce effective measures to keep market supplies in balance with demand."

The delegates also recommended, as they have for many years prior to the New York meeting, that a "family farm cutoff" provision be established on all commodities operating under Government supply and price stabilization programs. As the years pass we have seen it become increasingly difficult for small and young, undercapitalized farmers to compete in the cutthroat market. We believe, therefore, that the Congress is faced with the decision of whether to approve some form of a "family farm cutoff" which will give the family sized farm an even break with the large industrialized farm that in many cases is capitalized in whole or part by off-farm interests.

Mr. Chairman, these are the basic goals of National Farmers Union. Obviously, present Federal farm programs have not attained these goals, but we think the programs of the administration have moved the agricultural industry into a more favorable supply-demand and price situation and that, while the progress has been slow, it has been in the direction of higher prices and lower surpluses.

It is for these reasons, Mr. Chairman, that National Farmers Union joined with the many other farm organizations which made up the National Wheat Committee in support of passage of the wheat certificate program in the May 22 national wheat referendum. We were deeply disappointed that the program failed to receive the necessary two-thirds vote to put the program into effect for the 1964 crop.

We said all through the campaign that the vote was an economic issue—the choice was between effective supply adjustment and wheat prices at \$2 per bushel, or unlimited production and wheat prices of around \$1 per bushel. Unfortunately, there were groups that said farm income was not the issue—that instead it was a battle between farmers and an evil Government that had no interest in farm income, but just wanted to regiment farmers. We rejected these unfounded, irresponsible charges during the wheat referendum campaign and we reject them now.

The outcome of the vote showed that farmers accepted the judgment of the advocates of "freedom to farm." It appears to us that the Congress has also accepted that judgment and may not be in the mood at this time to pass new wheat legislation. We think that this attitude of the Congress is based perhaps on the history of the tobacco program which showed that farmers voted it out one year only to vote it back in heavily the next year because of the disastrous prices that resulted from one year of the free market.

We have made a careful analysis of all the new wheat programs presented by Members of Congress since the wheat referendum. The revival of what in effect is the old wornout soil bank proposal which Congress has repeatedly rejected, offers no solution to the prospect of lower wheat prices in 1964.

The effect of this proposal pricewise to to support wheat at approximately \$1.30 per bushel—a level below which wheat prices are not expected to drop because of the renewal of the feed grain program. Further, the retirement of whole farms, which has been a highly objectionable feature of the soil bank program since its inception, has been strongly objected to by the rural business community as well as farmers. We do not believe that Congress should enact such legislation as would set wheat prices permanently at this disastrously low level and permit whole farms to be taken out of production. Rather, we should look forward the time when wheat prices reflect full parity returns to wheat-growers and the building of the kind of strong, rural economy which is essential to overall economic growth and development. Further, we have confidence that a better solution can be found.

It is our intention to stay alert to the aspirations and objectives of bona fide wheat farmers in deciding the course of action that National Farmers Union should take. Our national president and board of directors are watching developments in the country in an effort to decide on the appropriate course of action. We are especially concerned at what already appears to be a tightening of agricultural credit.

We strongly urge, therefore, that the agricultural committees of the Congress give special attention to the pressing problems in the farm credit field that are now plaguing the agricultural community, wheat program or not. If no new wheat legislation should be passed there is a great urgency for expanding the lending activities of the Farmers Home Administration. We hope that during this session of Congress further emphasis will be placed on low-cost operating and farm ownership loans to eligible farmers, including tenants, so they may have sufficient capital to become owner-operators of fully adequate family farms.

In order to accomplish this goal, the Farms Home Administration should have adequate low-cost loan funds for real estate, housing, operating, soil and water and emergency credit and to transform the agency into an across-the-board yardstick loan institution.

The Central Bank for Cooperatives and all federally sponsored or controlled credit institutions, should be authorized to liberalize farm credit. Serious consideration should be given to the reenactment of the Frazier-Lemke Mortgage Moratorium Act to stop farm foreclosures.

We appreciate the opportunity to present this statements to the committee.

Mr. PURCELL. Thank you very much, gentlemen. The subcommittees will stand adjourned.

(Thereupon, at 1:15 p.m. the hearing was adjourned.)

APPENDIX

(H.R. 6540 by Mr. Clark, H.R. 6541 by Mr. Dent, H.R. 6542 by Mr. Pirnie, H.R. 6543 by Mr. Riehlman, H.R. 6544 by Mrs. St. George, H.R. 6545 by Mr. Mathias, H.R. 6661 by Mr. Lloyd, H.R. 6825 by Mr. Teague of California, H.R. 6994 by Mr. Harvey of Indiana, H.R. 6999 by Mr. Morton, H.R. 7027 by Mr. Burton, H.R. 7035 by Mr. Hagen of California, H.R. 7121 by Mr. Taft, H.R. 7483 by Mr. Morris, and H.R. 7633 by Mr. Hutchinson are identical to H.R. 7001 by Mr. McIntire, the text of which follows:)

[H.R. 7001, 88th Cong., 1st sess.]

A BILL To adjust wheat and feed grain production, to establish a cropland retirement program, and for other purposes

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Wheat and Feed Grain Act of 1963."

DECLARATION OF POLICY

SEC. 2. The Congress finds that the production of excessive supplies of wheat and other grains depresses prices and the income of farm families, constitutes improper land use, and is wasteful of our natural resources. It is hereby declared to be the policy of the Congress and the purpose of this Wheat and Feed Grain Act of 1963 to bring the supplies of wheat and feed grains into line with current demand in order to (a) increase per family farm income; (b) reduce the surplus of wheat and feed grains; and (c) decrease the public costs of maintaining farm programs. To effectuate the policy of Congress and the purpose of this Act, programs are herein established to assist farmers in (1) diverting a portion of their cropland from the production of excessive supplies of wheat and other grains; (2) carrying out a voluntary program of soil, water, forest, and wildlife conservation; and (3) obtaining commodity prices in the marketplace higher than levels at which commodity loans are made available by the Commodity Credit Corporation.

TITLE I—LAND RETIREMENT AND SOIL CONSERVATION

ANNUAL DETERMINATION—VOLUNTARY LAND RETIREMENT—RENTAL PAYMENTS IN CASH OR KIND

SEC. 101. Beginning with the 1964 crop year the Secretary of Agriculture is authorized and directed to establish and carry out a cropland retirement program. In formulating and administering such program—

(a) The Secretary shall each year make and announce an annual determination of—

(1) the total estimated cropland available for the production of crops in the United States in that year;

(2) the total acreage of wheat, corn, oats, rye, barley, grain sorghum, soybeans, and flaxseed necessary to bring the total estimated annual production plus the anticipated release from the Commodity Credit Corporation stocks into balance with the estimated annual disappearance of such commodities; and

(3) the total acreage of farm cropland necessary to be retired and devoted to soil-conserving uses in order to achieve this balance, and the acreage that can be retired effectively and economically in the respective year.

(b) The Secretary is authorized to enter into contracts for periods of not less than three years with producers determined by him to have control for the contract period of the farms covered by the contracts, if such producers agree to retire and devote to soil-conserving uses any or all farm cropland. The Secretary shall determine and announce the period within which such contracts will be entered into. This period shall be of sufficient duration to provide an opportunity for maximum producer participation. The Secretary shall encourage the retirement of whole farms and shall provide full opportunity for producers of all commodities to participate voluntarily in the cropland retirement program: *Provided*, That the Secretary shall place a maximum limitation on the percentage of total cropland which may be retired and devoted to soil-conserving uses in any State or county if he finds that such action is necessary to prevent the cropland retirement program from having an unduly disruptive effect on the economies of counties and local communities: *And provided further*, That any cropland retired and devoted to soil-conserving uses under the cropland retirement program established pursuant to this title shall be deemed in subsequent years to have been planted cropland for the purpose of establishing cropland history.

(c) The Secretary shall make an annual rental payment either in cash or in kind to producers who: (1) retire and devote cropland to soil-conserving uses with proper management pursuant to subsection (b) of this section, and (2) otherwise comply with the cropland retirement program as set forth in this title.

The Secretary shall determine the rate of rental payments that will provide producers with a fair and reasonable annual return on the land retired and devoted to soil-conserving uses after taking all relevant factors into consideration, including (1) the incentive necessary to achieve voluntary participation in the program, (2) the loss of crop production on the retired acres, (3) any savings in cost which result from not planting crops, (4) the estimated profit margin of crop production on the designated acres, (5) continuing farm overhead expenses, (6) the cost of establishing a conservation practice on the retired acres, (7) the value of the land for production of commodities customarily grown on such kind of land in the county or area, (8) the prevailing rates for cash rentals for similar land in the county or area, and (9) drought, flood, or other abnormal condition.

The rate on lands determined in accordance with the preceding paragraph shall be adjusted on a State, county, and individual farm basis in such a manner as the Secretary determines will facilitate the practical administration of the program. The lands to be covered by contracts shall be determined by a competitive bid procedure whereby a producer wishing to obtain a contract shall specify the percentage of the rental rate applicable to his farm which he is willing to accept.

(d) The Secretary shall compensate producers for participating in the cropland retirement program—

(1) through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem in accordance with regulations prescribed by the Secretary in cash upon presentation by the producer or by any holder in due course; or

(2) if option is exercised by the producer thirty days before compensation is tendered, through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem in accordance with regulations prescribed by the Secretary in wheat, corn, oats, rye, barley, or grain sorghum upon presentation by the producer or by any holder in due course. The Secretary shall limit the distribution of the certificates redeemable in kind if he finds the issuance of such certificates will have an adverse effect on wheat, corn, oats, rye, barley, or grain sorghum market prices or upon livestock marketing or livestock market prices, and in no case shall a certificate be redeemable at less than 115 per centum of the current support price plus, reasonable carrying charges for any such commodity.

In order to assist producers in the establishment of soil-conserving uses on cropland retired under the cropland retirement program, the Secretary shall coordinate such program with the agricultural conservation program established pursuant to the Soil Conservation and Domestic Allotment Act, as amended (49 Stat. 163; 16 U.S.C. 590 et seq.).

TERMS AND CONDITIONS OF CONTRACTS WITH PRODUCERS

SEC. 102. (a) Under any cropland retirement contract the producer shall agree—

(1) to establish and maintain with proper management for the contract period protective vegetative cover (including but not limited to grass and trees), water storage facilities or other soil-, water-, wildlife-, or forest-conserving uses (excluding orchards and vineyards) on an acreage of land which is specifically designated at the time the contract is entered into and which has been regularly used in the production of crops (including crops such as tame hay, alfalfa, and clovers), which do not require annual tillage;

(2) to allow to remain fallow, idle, and in the production of crops (including tame hay, alfalfa, and clovers) which do not require annual tillage throughout the contract period, an acreage of the remaining cropland on the farm which is not less than the acreage normally allowed to remain fallow, idle, and in the production of crops which do not require annual tillage on such remaining acreage;

(3) not to harvest any crop from the acreage established in protective vegetative cover, excepting timber (in accordance with sound forestry management) and wildlife or other natural products of such acreage which do not increase supplies of feed for domestic animals;

(4) not to graze any acreage established in protective vegetative cover;

(5) not to adopt any practice, or divert lands on the farm from conservation, woods, grazing, or other noncropland use, to any use specified by the Secretary in the contract as a practice or use which would tend to defeat the purposes of the contract;

(6) to abide by regulations prescribed by the Secretary with respect to the planting of crops during the contract period for later harvest or use; and

(7) to such additional provisions as the Secretary determines are desirable and includes in the contract to effectuate the purposes of this title and to facilitate the practical administration of the cropland retirement program, including provisions relating to control of noxious and other objectionable weeds.

(b) In the event that the Secretary determines that there has been a violation of the contract (including the prohibition of grazing on retired acreage) at any stage during the time such producer has control of the farm and that such violation is of such a substantial nature as to warrant termination of the contract, the producer shall forfeit all rights to payments or grants under the contract, and shall refund to the United States all payments and grants received by him thereunder. In the event that the Secretary determines that there has been a violation of the contract but that such violation is of such a nature as not to warrant termination of the contract, the producer shall accept such payment adjustments, and make such refunds to the United States of payments received by him, under the contract, as the Secretary may determine to be appropriate.

SEC. 103. The Soil Bank Act, as amended (70 Stat. 188; 7 U.S.C. 1801 et seq.), is amended as follows:

ADMINISTRATIVE AND JUDICIAL REMEDY

(1) The first sentence of section 107(d) of such Act (7 U.S.C. 1831(d)) is amended by adding after the words "paragraph (6) of subsection (a)" the phrase "or under section 102(b) of the Wheat and Feed Grain Act of 1963".

EFFECT ON OTHER PROGRAMS

(2) Section 112 of such Act (7 U.S.C. 1836) is amended by adding after the words "under this subtitle" each time it appears therein the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

GEOGRAPHIC APPLICABILITY

(3) Section 113 of such Act (7 U.S.C. 1837) is amended by adding after the words "subtitle B" the phrase "and title I of the Wheat and Feed Grain Act of 1963".

REAPPORTIONMENT PROHIBITED

(4) Section 115 of such Act (7 U.S.C. 1803) is amended by adding after the words "conservation reserve programs" the phrase "or the cropland retire-

ment program established pursuant to title I of the Wheat and Feed Grain Act of 1963".

UTILIZATION OF LOCAL AND STATE COMMITTEES

(5) Section 117 of such Act (7 U.S.C. 1805) is amended by adding after the words "this title" the phrase "or title I of the Wheat and Feed Grain Act of 1963".

UTILIZATION OF OTHER AGENCIES

(6) Section 118 of such Act (7 U.S.C. 1806) is amended by adding after the words "this title" the phrase "or title I of the Wheat and Feed Grain Act of 1963".

UTILIZATION OF LAND USE CAPABILITY DATA

(7) Section 119 of such Act (7 U.S.C. 1807) is amended by adding after the words "this title" the phrase "or title I of the Wheat and Feed Grain Act of 1963".

FINALITY OF DETERMINATIONS

(8) Section 121 of such Act (7 U.S.C. 1809) is amended by adding after the words "this title" the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

PROTECTION OF TENANTS AND SHARECROPPERS

(9) Section 122 of such Act (7 U.S.C. 1810) is amended by adding after the words "this title" the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

PENALTY FOR GRAZING OR HARVESTING

(10) Section 123 of such Act (7 U.S.C. 1811) is amended by adding after the words "section 103 or 107" the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

POOLING OF CROPLAND RETIREMENT LAND

(11) Section 126 of such Act (7 U.S.C. 1814) is amended by adding after the words "conservation reserve program" the phrase "or in the cropland retirement program pursuant to title I of the Wheat and Feed Grain Act of 1963".

INCORRECT INFORMATION FURNISHED BY THE GOVERNMENT—MARRIAGE OF PRODUCERS

(12) Section 128 of such Act (7 U.S.C. 1816) is amended by adding after the words "conservation reserve program" the phrase "or the cropland retirement program established pursuant to title I of the Wheat and Feed Grain Act of 1963".

AUTHORIZED PERIOD OF CONTRACT AND EXPENDITURE—APPROPRIATIONS

SEC. 104. (a) The Secretary is authorized to formulate and announce programs under this title and to enter into contracts thereunder with producers during the three-year period 1964-1966 to be carried out during the period ending not later than December 31, 1969, except the contracts for establishment of tree cover may continue until December 31, 1976.

(b) The period covered by any contract shall not exceed three years except that contracts for the establishment of tree cover may extend for ten years.

(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title, including such amounts as may be required to reimburse the Commodity Credit Corporation for its actual costs incurred under the payment-in-kind program established by this title.

TERMINATION AND MODIFICATION OF CONTRACTS

SEC. 105. The Secretary may terminate any contract with a producer by mutual agreement with the producer if the Secretary determines that such termination would be in the public interest. The Secretary may agree to such modification of contracts previously entered into as he may determine to be desirable to carry out the purposes of this title and to facilitate the practical administration of the cropland retirement program.

REGULATIONS

SEC. 106. The Secretary shall prescribe such regulations as he determines necessary to carry out the provisions of this title.

TITLE II—REPEAL OF AUTHORITY FOR ACREAGE ALLOTMENTS AND MARKETING QUOTAS ON WHEAT AND CORN—THE PRICE SUPPORTS ON WHEAT, CORN, OATS, RYE, BARLEY, AND GRAIN SORGHUM

SEC. 201. Notwithstanding any other provision of law, effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum, sections 321 through 339 of parts II and III of subtitle B and section 379 (a) through 379 (j) of subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended (52 Stat. 31; 7 U.S.C. 1281 et seq.) are repealed. Parts IV, V, and VI of subtitle B are redesignated as parts II, III, and IV respectively, and subtitle F is redesignated subtitle D.

SEC. 202. Effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum, the Act of May 26, 1941, as amended (Public Law 74, Seventy-seventh Congress, 55 Stat. 203) is repealed.

SEC. 203. Effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum, sections 327 and 328 of the Food and Agriculture Act of 1962 (Public Law 87-703, Eighty-seventh Congress) are repealed.

SEC. 204. Subsection (h) of section 16 of the Soil Conservation and Domestic Allotments Act, as amended (Public Law 46, Seventy-fourth Congress), is repealed.

SEC. 205. Effective with the 1964 crops, section 105 of the Agricultural Act of 1949, as amended (7 U.S.C. 1441 note) is amended to read as follows:

"SEC. 105. Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crops, price support shall be made available to producers for each crop of corn, oats, rye, barley, and grain sorghum at 90 per centum of the average price received by farmers during the three calendar years immediately preceding the calendar year in which the marketing year for such crop begins, adjusted to offset the effect on such price of any abnormal quantity of low-grade corn, oats, rye, barley, and grain sorghum marketed during any of such years: *Provided*, That the level of price support for any crop of corn, oats, rye, barley, and grain sorghum shall not be less than 50 per centum of the parity price therefor."

SEC. 206. Section 107 of the Agricultural Act of 1949, as amended (7 U.S.C. 1445 (a)) is amended to read as follows:

"SEC. 107. Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crop, price support shall be made available to producers for each crop of wheat at the United States farm price equivalent, as determined by the Secretary, of the average world market price during the immediately preceding three marketing years: *Provided*, That the level of price support for any crop of wheat shall not be less than 50 per centum of the parity price therefor."

TITLE III—GENERAL PROVISIONS

FEDERAL IRRIGATION, DRAINAGE, AND FLOOD CONTROL PROJECTS

SEC. 301. Section 211 of the Agricultural Act of 1956, as amended (7 U.S.C. 1860), is amended (1) by striking "three years" each time it appears therein and inserting in lieu thereof "eleven years", and (2) by adding after the words "soil bank provisions of the Act" in subsection (b) the phrase "and under title I of the Wheat and Feed Grain Act of 1963".

RESTRICTIONS ON SALES BY THE COMMODITY CREDIT CORPORATION

SEC. 302. Section 407 of the Agricultural Act of 1949, as amended (7 U.S.C. 1427), is amended by changing the period at the end of the fourth sentence to a colon and adding the following: "*Provided*, That effective July 1, 1964, the Commodity Credit Corporation shall not make any sales (except sales offset by equivalent purchases) of wheat, corn, oats, rye, barley, grain sorghum, soybeans, or flaxseed for domestic use at less than 115 per centum of the current support price for any such commodity, plus reasonable carrying charges."

(H.R. 6617 by Mr. Schwengel follows:)

[H.R. 6617, 88th Cong., 1st sess.]

A BILL To adjust wheat and feed grain production, to establish a cropland retirement program, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Wheat and Feed Grain Act of 1963."

DECLARATION OF POLICY

SEC. 2. The Congress finds that the production of excessive supplies of wheat and other grains depresses prices and the income of farm families, constitutes improper land use, and is wasteful of our natural resources. It is hereby declared to be the policy of the Congress and the purpose of this Wheat and Feed Grain Act of 1963 to bring the supplies of wheat and feed grains into line with current demand in order to (a) increase per family farm income; (b) reduce the surplus of wheat and feed grains; and (c) decrease the public costs of maintaining farm programs. To effectuate the policy of Congress and the purpose of this Act, programs are herein established to assist farmers in (1) diverting a portion of their cropland from the production of excessive supplies of wheat and other grains; (2) carrying out a voluntary program of soil, water, forest, and wildlife conservation; and (3) obtaining commodity prices in the market place higher than levels at which commodity loans are made available by the Commodity Credit Corporation.

TITLE I—LAND RETIREMENT AND SOIL CONSERVATION

ANNUAL DETERMINATION—VOLUNTARY LAND RETIREMENT—RENTAL PAYMENTS IN CASH OR KIND

SEC. 101. Beginning with the 1964 crop year the Secretary of Agriculture is authorized and directed to establish and carry out a cropland retirement program. In formulating and administering such program—

(a) The Secretary shall each year make and announce an annual determination of—

(1) the total estimated cropland available for the production of crops in the United States in that year;

(2) the total acreage of wheat, corn, oats, rye, barley, grain sorghum, soybeans, and flaxseed necessary to bring the total estimated annual production plus the anticipated release from the Commodity Credit Corporation stocks into balance with the estimated annual disappearance of such commodities; and

(3) the total acreage of farm cropland necessary to be retired and devoted to soil-conserving uses in order to achieve this balance, and the acreage that can be retired effectively and economically in the respective year.

(b) The Secretary is authorized to enter into contracts for periods of not less than three years with producers determined by him to have control for the contract period of the farms covered by the contracts, if such producers agree to retire and devote to soil-conserving uses any or all farm cropland. The Secretary shall determine and announce the period within which such contracts will be entered into. This period shall be of sufficient duration to provide an opportunity for maximum producer participation. The Secretary shall encourage the retirement of whole farms and shall provide full opportunity for producers of all commodities to participate voluntarily in the cropland retirement program: *Provided*, That the Secretary shall place a maximum limitation on the percentage of total cropland which may be retired and devoted to soil-conserving uses in any State or county if he finds that such action is necessarily to prevent the cropland retirement program from having an unduly disruptive effect on the economies of counties and local communities: *And provided further*, That any cropland retired and devoted to soil-conserving uses under the cropland retirement program established pursuant to this title shall be deemed in subsequent years to have been planted cropland for the purpose of establishing cropland history.

(c) The Secretary shall make an annual rental payment either in cash or in kind to producers who: (1) retire and devote cropland to soil-conserving uses with proper management pursuant to subsection (b) of this section, and (2) otherwise comply with the cropland retirement program as set forth in this title.

The Secretary shall determine the rate of rental payments that will provide producers with a fair and reasonable annual return on the land retired and devoted to soil-conserving uses after taking all relevant factors into consideration, including (1) the incentive necessary to achieve voluntary participation in the program, (2) the loss of crop production on the retired acres, (3) any savings in cost which result from not planting crops, (4) the estimated profit margin of crop production on the designated acres, (5) continuing farm overhead expenses, (6) the cost of establishing a conservation practice on the retired acres, (7) the value of the land for production of commodities customarily grown on such kind of land in the county or area, (8) the prevailing rates for cash rentals for similar land in the county or area, and (9) drought, flood, or other abnormal condition.

The rate on lands determined in accordance with the preceding paragraph shall be adjusted on a State, county, and individual farm basis in such a manner as the Secretary determines will facilitate the practical administration of the program. The lands to be covered by contracts shall be determined by a competitive bid procedure whereby a producer wishing to obtain a contract shall specify the percentage of the rental rate applicable to his farm which he is willing to accept.

(d) The Secretary shall compensate producers for participating in the cropland retirement program—

(1) through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem in accordance with regulations prescribed by the Secretary in cash upon presentation by the producer or by any holder in due course; or

(2) if option is exercised by the producer thirty days before compensation is tendered, through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem in accordance with regulations prescribed by the Secretary in wheat, corn, oats, rye, barley, or grain sorghum upon presentation by the producer or by any holder in due course. The Secretary shall limit the distribution of the certificates redeemable in kind if he finds the issuance of such certificates will have an adverse effect on wheat, corn, oats, rye, barley, or grain sorghum market prices or upon livestock marketing or livestock market prices, and in no case shall a certificate be redeemable at less than 115 per centum of the current support price plus reasonable carrying charges for any such commodity.

In order to assist producers in the establishment of soil-conserving uses on cropland retired under the cropland retirement program, the Secretary shall coordinate such program with the agricultural conservation program established pursuant to the Soil Conservation and Domestic Allotment Act, as amended (49 Stat. 163, 16 U.S.C. 590 et seq.).

TERMS AND CONDITIONS OF CONTRACTS WITH PRODUCERS

SEC. 102. (a) Under any cropland retirement contract the producer shall agree—

(1) to establish and maintain with proper management for the contract period protective vegetative cover (including but not limited to grass and trees), water storage facilities or other soil-, water-, wildlife-, or forest-conserving uses (excluding orchards and vineyards) on an acreage of land which is specifically designated at the time the contract is entered into and which has been regularly used in the production of crops (including crops such as tame hay, alfalfa, and clovers), which do not require annual tillage;

(2) to allow to remain fallow, idle, and in the production of crops (including tame hay, alfalfa, and clovers) which do not require annual tillage throughout the contract period, an acreage of the remaining cropland on the farm which is not less than the acreage normally allowed to remain fallow, idle, and in the production of crops which do not require annual tillage on such remaining acreage;

(3) not to harvest any crop from the acreage established in protective vegetative cover, excepting timber (in accordance with sound forestry management) and wildlife or other natural products of such acreage which do not increase supplies of feed for domestic animals;

(4) not to graze any acreage established in protective vegetative cover;
 (5) not to adopt any practice, or divert lands on the farm from conservation, woods, grazing, or other noncropland use, to any use specified by the Secretary in the contract as a practice or use which would tend to defeat the purposes of the contract;

(6) to abide by regulations prescribed by the Secretary with respect to the planting of crops during the contract period for later harvest or use; and

(7) to such additional provisions as the Secretary determines are desirable and includes in the contract to effectuate the purposes of this title and to facilitate the practical administration of the cropland retirement program, including provisions relating to control of noxious and other objectionable weeds.

(b) In the event that the Secretary determines that there has been a violation of the contract (including the prohibition of grazing on retired acreage) at any stage during the time such producer has control of the farm and that such violation is of such a substantial nature as to warrant termination of the contract, the producer shall forfeit all rights to payments or grants under the contract, and shall refund to the United States all payments and grants received by him thereunder. In the event that the Secretary determines that there has been a violation of the contract but that such violation is of such a nature as not to warrant termination of the contract, the producer shall accept such payment adjustments, and make such refunds to the United States of payments received by him, under the contract, as the Secretary may determine to be appropriate.

Sec. 103. The Soil Bank Act, as amended (70 Stat. 188; 7 U.S.C. 1801 et seq.), is amended as follows:

ADMINISTRATIVE AND JUDICIAL REMEDY

(1) The first sentence of section 107(d) of such Act (7 U.S.C. 1831(d)) is amended by adding after the words "paragraph (6) of subsection (a)" the phrase "or under section 102(b) of the Wheat and Feed Grain Act of 1963".

EFFECT ON OTHER PROGRAMS

(2) Section 112 of such Act (7 U.S.C. 1836) is amended by adding after the words "under this subtitle" each time it appears therein the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

GEOGRAPHIC APPLICABILITY

(3) Section 113 of such Act (7 U.S.C. 1837) is amended by adding after the words "subtitle B" the phrase "and title I of the Wheat and Feed Grain Act of 1963".

REAPPORTIONMENT PROHIBITED

(4) Section 115 of such Act (7 U.S.C. 1803) is amended by adding after the words "conservation reserve programs" the phrase "or the cropland retirement program established pursuant to title I of the Wheat and Feed Grain Act of 1963".

UTILIZATION OF LOCAL AND STATE COMMITTEES

(5) Section 117 of such Act (7 U.S.C. 1805) is amended by adding after the words "this title" the phrase "or title I of the Wheat and Feed Grain Act of 1963".

UTILIZATION OF OTHER AGENCIES

(6) Section 118 of such Act (7 U.S.C. 1806) is amended by adding after the words "this title" the phrase "or title I of the Wheat and Feed Grain Act of 1963".

UTILIZATION OF LAND USE CAPABILITY DATA

(7) Section 119 of such Act (7 U.S.C. 1807) is amended by adding after the words "this title" the phrase "or title I of the Wheat and Feed Grain Act of 1963".

FINALITY OF DETERMINATIONS

(8) Section 121 of such Act (7 U.S.C. 1809) is amended by adding after the words "this title" the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

PROTECTION OF TENANTS AND SHARECROPPERS

(9) Section 122 of such Act (7 U.S.C. 1810) is amended by adding after the words "this title" the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

PENALTY FOR GRAZING OR HARVESTING

(10) Section 123 of such Act (7 U.S.C. 1811) is amended by adding after the words "section 103 or 107" the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

POOLING OF CROPLAND RETIREMENT LAND

(11) Section 126 of such Act (7 U.S.C. 1814) is amended by adding after the words "conservation reserve program" the phrase "or in the cropland retirement program pursuant to title I of the Wheat and Feed Grain Act of 1963".

INCORRECT INFORMATION FURNISHED BY THE GOVERNMENT—MARRIAGE OF PRODUCERS

(12) Section 128 of such Act (7 U.S.C. 1816) is amended by adding after the words "conservation reserve program" the phrase "or the cropland retirement program established pursuant to title I of the Wheat and Feed Grain Act of 1963".

AUTHORIZED PERIOD OF CONTRACT AND EXPENDITURE—APPROPRIATIONS

SEC. 104. (a) The Secretary is authorized to formulate and announce programs under this title and to enter into contracts thereunder with producers during the three-year period 1964–1966 to be carried out during the period ending not later than December 31, 1969, except that contracts for establishment of tree cover may continue until December 31, 1976.

(b) The period covered by any contract shall not exceed three years except that contracts for the establishment of tree cover may extend for ten years.

(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title, including such amounts as may be required to reimburse the Commodity Credit Corporation for its actual costs incurred under the payment-in-kind program established by this title.

TERMINATION AND MODIFICATION OF CONTRACTS

SEC. 105. The Secretary may terminate any contract with a producer by mutual agreement with the producer if the Secretary determines that such termination would be in the public interest. The Secretary may agree to such modification of contracts previously entered into as he may determine to be desirable to carry out the purposes of this title and to facilitate the practical administration of the cropland retirement program.

REGULATIONS

SEC. 106. The Secretary shall prescribe such regulations as he determines necessary to carry out the provisions of this title.

TITLE II—REPEAL OF AUTHORITY FOR ACREAGE ALLOTMENTS AND MARKETING QUOTAS ON WHEAT AND CORN—THE PRICE SUPPORTS ON WHEAT, CORN, OATS, RYE, BARLEY, AND GRAIN SORGHUM

SEC. 201. Notwithstanding any other provision of law, effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum, sections 321 through 339 of parts II and III of subtitle B and section 379(a) through 379(j) of subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended (52 Stat. 31; 7 U.S.C. 1281 et seq.) are repealed. Parts IV, V, and VI of subtitle B are redesignated as parts II, III, and IV, respectively, and subtitle F is redesignated subtitle D.

SEC. 202. Effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum, the Act of May 26, 1941, as amended (Public Law 74, Seventy-seventh Congress, 55 Stat. 203) is repealed.

SEC. 203. Effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum, sections 327 and 328 of the Food and Agriculture Act of 1962 (Public Law 87-703, Eighty-seventh Congress) are repealed.

SEC. 204. Subsection (h) of section 16 of the Soil Conservation and Domestic Allotment Act, as amended (Public Law 46, Seventy-fourth Congress), is repealed.

SEC. 205. Effective with the 1964 crops, section 105 of the Agricultural Act of 1949, as amended (7 U.S.C. 1441 note) is amended to read as follows:

"Sec. 105. Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crops, price support shall be made available to producers for each crop of corn, oats, rye, barley, and grain sorghum at 90 per centum of the average price received by farmers during the three calendar years immediately preceding the calendar year in which the marketing year for such crop begins, adjusted to offset the effect on such price of any abnormal quantity of low-grade corn, oats, rye, barley, and grain sorghum marketed during any of such years: *Provided*, That the level of price support for any crop of corn, oats, rye, barley, and grain sorghum shall not be less than 50 per centum of the parity price therefor."

SEC. 206. Section 107 of the Agricultural Act of 1949, as amended (7 U.S.C. 1445(a)) is amended to read as follows:

"Sec. 107. Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crop, price support shall be made available to producers for each crop of wheat at the United States farm price equivalent, as determined by the Secretary, of the average world market price during the immediately preceding three marketing years: *Provided*, That the level of price support for any crop of wheat shall not be less than 50 per centum of the parity price therefor."

TITLE III—GENERAL PROVISIONS

FEDERAL IRRIGATION, DRAINAGE, AND FLOOD CONTROL PROJECTS

SEC. 301. Section 211 of the Agricultural Act of 1956, as amended (7 U.S.C. 1860), is amended (1) by striking "three years" each time it appears therein and inserting in lieu thereof "eleven years", and (2) by adding after the words "soil bank provisions of the Act" in subsection (b) the phrase "and under title I of the Wheat and Feed Grain Act of 1963".

RESTRICTIONS ON SALES BY THE COMMODITY CREDIT CORPORATION

SEC. 302. Section 407 of the Agricultural Act of 1949, as amended (7 U.S.C. 1427), is amended by changing the period at the end of the fourth sentence to a colon and adding the following: "*Provided*, That effective July 1, 1964, the Commodity Credit Corporation shall not make any sales (except sales offset by equivalent purchases) of wheat, corn, oats, rye, barley, grain sorghum, soybeans, or flaxseed for domestic use at less than 115 per centum of the current support price for any such commodity, plus reasonable carrying charges."

(H.R. 6848 by Mr. Findley follows:)

[H.R. 6848, 88th Cong., 1st sess.]

A BILL To adjust wheat and feed grain production, to establish a cropland retirement program, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Wheat and Feed Grain Act of 1963."

DECLARATION OF POLICY

SEC. 2. The Congress finds that the production of excessive supplies of wheat and other grains depresses prices and the income of farm families, constitutes improper land use, and is wasteful of our natural resources. It is hereby declared to be the policy of the Congress and the purpose of this Wheat and Feed Grain Act of 1963 to bring the supplies of wheat and feed grains into line with current demand in order to (a) increase per family farm income; (b) reduce the surplus of wheat and feed grains; and (c) decrease the public costs of

maintaining farm programs. To effectuate the policy of Congress and the purpose of this Act, programs are herein established to assist farmers in (1) diverting a portion of their cropland from the production of excessive supplies of wheat and other grains; (2) carrying out a voluntary program of soil, water, forest, and wildlife conservation; and (3) obtaining commodity prices in the market place higher than levels at which commodity loans are made available by the Commodity Credit Corporation.

TITLE I—LAND RETIREMENT AND SOIL CONSERVATION

ANNUAL DETERMINATION—VOLUNTARY LAND RETIREMENT—RENTAL PAYMENTS IN CASH OR KIND

SEC. 101. Beginning with the 1964 crop year the Secretary of Agriculture is authorized and directed to establish and carry out a cropland retirement program. In formulating and administering such program—

(a) The Secretary is authorized to enter into contracts for periods of not less than three years with producers determined by him to have control for the contract period of the farms covered by the contracts, if such producers agree to retire and devote to soil-conserving uses any or all farm cropland. The Secretary shall determine and announce the period within which such contracts will be entered into. This period shall be of sufficient duration to provide an opportunity for maximum producer participation. The Secretary shall encourage the retirement of whole farms and shall provide full opportunity for producers of all commodities to participate voluntarily in the cropland retirement program: *Provided*, That the Secretary shall place a maximum limitation on the percentage of total cropland which may be retired and devoted to soil-conserving uses in any State or county if he finds that such action is necessary to prevent the cropland retirement program from having an unduly disruptive effect on the economies of counties and local communities: *Provided further*, That any cropland retired and devoted to soil-conserving uses under the cropland retirement program established pursuant to this title shall be deemed in subsequent years to have been planted cropland for the purpose of establishing cropland history: *And provided further*, That in carrying out the provisions of this title the Secretary shall not enter into contracts in any one year which will call for annual rental payments in excess of \$600,000,000.

(b) The Secretary shall make an annual rental payment either in cash or in kind to producers who: (1) retire and devote cropland to soil-conserving uses with proper management pursuant to subsection (b) of this section, and (2) otherwise comply with the cropland retirement program as set forth in this title.

The Secretary shall determine the rate of rental payments that will provide producers with a fair and reasonable annual return on the land retired and devoted to soil-conserving uses after taking all relevant factors into consideration, including (1) the incentive necessary to achieve voluntary participation in the program, (2) the loss of crop production on the retired acres, (3) any savings in cost which result from not planting crops, (4) the estimated profit margin of crop production on the designated acres, (5) continuing farm overhead expenses, (6) the cost of establishing a conservation practice on the retired acres, (7) the value of the land for production of commodities customarily grown on such kind of land in the county or area, (8) the prevailing rates for cash rentals for similar land in the county or area, and (9) drought, flood, or other abnormal condition.

The rate on lands determined in accordance with the preceding paragraph shall be adjusted on a State, county, and individual farm basis in such a manner as the Secretary determines will facilitate the practical administration of the program. The lands to be covered by contracts shall be determined by a competitive bid procedure whereby a producer wishing to obtain a contract shall specify the percentage of the rental rate applicable to his farm which he is willing to accept.

(c) The Secretary shall compensate producers for participating in the cropland retirement program—

(1) through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem in accordance with regulations prescribed by the Secretary in cash upon presentation by the producer or by any holder in due course; or

(2) if option is exercised by the producer thirty days before compensation is tendered, through the issuance of negotiable certificates which the Com-

modity Credit Corporation shall redeem in accordance with regulations prescribed by the Secretary in wheat, corn, oats, rye, barley, or grain sorghum upon presentation by the producer or by any holder in due course. The Secretary shall limit the distribution of the certificates redeemable in kind if he finds the issuance of such certificates will have an adverse effect on wheat, corn, oats, rye, barley, or grain sorghum market prices or upon livestock marketing or livestock market prices, and in no case shall a certificate be redeemable at less than 115 per centum of the current support price plus reasonable carrying charges for any such commodity.

In order to assist producers in the establishment of soil conserving uses on cropland retired under the cropland retirement program, the Secretary shall coordinate such program with the agricultural conservation program established pursuant to the Soil Conservation and Domestic Allotment Act, as amended (49 Stat, 163, 16 U.S.C. 590 and the following).

TERMS AND CONDITIONS OF CONTRACTS WITH PRODUCERS

SEC. 102. (a) Under any cropland retirement contract the producer shall agree—

(1) to establish and maintain with proper management for the contract period protective vegetative cover (including but not limited to grass and trees), water storage facilities or other soil-, water-, wildlife-, or forest-conserving uses (excluding orchards and vineyards) on an acreage of land which is specifically designated at the time the contract is entered into and which has been regularly used in the production of crops (including crops such as tame hay, alfalfa, and clovers), which do not require annual tillage;

(2) to allow to remain fallow, idle, and in the production of crops (including tame hay, alfalfa, and clovers) which do not require annual tillage throughout the contract period, an acreage of the remaining cropland on the farm which is not less than the acreage normally allowed to remain fallow, idle, and in the production of crops which do not require annual tillage on such remaining acreage;

(3) not to harvest any crop from the acreage established in protective vegetative cover, excepting timber (in accordance with sound forestry management) and wildlife or other natural products of such acreage which do not increase supplies of feed for domestic animals;

(4) not to graze any acreage established in protective vegetative cover;

(5) not to adopt any practice, or divert lands on the farm from conservation, woods, grazing, or other noncropland use, to any use specified by the Secretary in the contract as a practice or use which would tend to defeat the purposes of the contract;

(6) to abide by regulations prescribed by the Secretary with respect to the planting of crops during the contract period for later harvest or use; and

(7) to such additional provisions as the Secretary determines are desirable and includes in the contract to effectuate the purposes of this title and to facilitate the practical administration of the cropland retirement program, including provisions relating to control of noxious and other objectionable weeds.

(b) In the event that the Secretary determines that there has been a violation of the contract (including the prohibition of grazing on retired acreage) at any stage during the time such producer has control of the farm and that such violation is of such a substantial nature as to warrant termination of the contract, the producer shall forfeit all rights to payments or grants under the contract, and shall refund to the United States all payments and grants received by him thereunder. In the event that the Secretary determines that there has been a violation of the contract but that such violation is of such a nature as not to warrant termination of the contract, the producer shall accept such payment adjustments, and make such refunds to the United States of payments received by him, under the contract, as the Secretary may determine to be appropriate.

SEC. 103. The Soil Bank Act, as amended (70 Stat. 188; 7 U.S.C. 1801 et seq.), is amended as follows:

Administrative and Judicial Remedy

(1) The first sentence of section 107(d) of such Act (7 U.S.C. 1831(d)) is amended by adding after the words "paragraph (6) of subsection (a)" the phrase "or under section 102(b) of the Wheat and Feed Grain Act of 1963".

Effect on Other Programs

(2) Section 112 of such Act (7 U.S.C. 1836) is amended by adding after the words "under this subtitle" each time it appears therein the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

Geographic Applicability

(3) Section 113 of such Act (7 U.S.C. 1837) is amended by adding after the words "subtitle B" the phrase "and title I of the Wheat and Feed Grain Act of 1963".

Reapportionment Prohibited

(4) Section 115 of such Act (7 U.S.C. 1803) is amended by adding after the words "conservation reserve programs" the phrase "or the cropland retirement program established pursuant to title I of the Wheat and Feed Grain Act of 1963".

Utilization of Local and State Committees

(5) Section 117 of such Act (7 U.S.C. 1805) is amended by adding after the words "this title" the phrase "or title I of the Wheat and Feed Grain Act of 1963".

Utilization of Other Agencies

(6) Section 118 of such Act (7 U.S.C. 1806) is amended by adding after the words "this title" the phrase "or title I of the Wheat and Feed Grain Act of 1963".

Utilization of Land Use Capability Data

(7) Section 119 of such Act (7 U.S.C. 1807) is amended by adding after the words "this title" the phrase "or title I of the Wheat and Feed Grain Act of 1963".

Finality of Determinations

(8) Section 121 of such Act (7 U.S.C. 1809) is amended by adding after the words "this title" the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

Protection of Tenants and Sharecroppers

(9) Section 122 of such Act (7 U.S.C. 1810) is amended by adding after the words "this title" the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

Penalty for Grazing or Harvesting

(10) Section 123 of such Act (7 U.S.C. 1811) is amended by adding after the words "section 103 or 107" the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

Pooling of Cropland Retirement Land

(11) Section 126 of such Act (7 U.S.C. 1814) is amended by adding after the words "conservation reserve program" the phrase "or in the cropland retirement program pursuant to title I of the Wheat and Feed Grain Act of 1963".

Incorrect Information Furnished by the Government—Marriage of Producers

(12) Section 128 of such Act (7 U.S.C. 1816) is amended by adding after the words "conservation reserve program" the phrase "or the cropland retirement program established pursuant to title I of the Wheat and Feed Grain Act of 1963".

AUTHORIZED PERIOD OF CONTRACT AND EXPENDITURE—APPROPRIATIONS

Sec. 104. (a) The Secretary is authorized to formulate and announce programs under this title and to enter into contracts thereunder with producers during the three-year period 1964-1966 to be carried out during the period ending not later than December 31, 1969, except that contracts for establishment of tree cover may continue until December 31, 1976.

(b) The period covered by any contract shall not exceed three years except that contracts for the establishment of tree cover may extend for ten years.

(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title, including such amounts as

may be required to reimburse the Commodity Credit Corporation for its actual costs incurred under the payment-in-kind program established by this title.

TERMINATION AND MODIFICATIONS OF CONTRACTS

SEC. 105. The Secretary may terminate any contract with a producer by mutual agreement with the producer if the Secretary determines that such termination would be in the public interest. The Secretary may agree to such modification of contracts previously entered into as he may determine to be desirable to carry out the purposes of this title and to facilitate the practical administration of the cropland retirement program.

REGULATIONS

SEC. 106. The Secretary shall prescribe such regulations as he determines necessary to carry out the provisions of this title.

TITLE II—REPEAL OF AUTHORITY FOR ACREAGE ALLOTMENTS AND MARKETING QUOTAS ON WHEAT AND CORN—THE PRICE SUPPORTS ON WHEAT, CORN, OATS, RYE, BARLEY, AND GRAIN SORGHUM

SEC. 201. Notwithstanding any other provision of law, effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum, sections 321 through 339 of parts II and III of subtitle B and sections 379(a) through 379(j) of subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended (52 Stat. 31; 7 U.S.C. 1281 and following), are repealed. Parts IV, V, and VI of subtitle B are redesignated as parts II, III, and IV respectively, and subtitle F is redesignated subtitle D.

SEC. 202. Effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum, the Act of May 26, 1941, as amended (Public Law 74, Seventy-seventh Congress; 55 Stat. 203), is repealed.

SEC. 203. Effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum, sections 327 and 328 of the Food and Agriculture Act of 1962 (Public Law 87-703, Eighty-seventh Congress), are repealed.

SEC. 204. Subsection (h) of section 16 of the Soil Conservation and Domestic Allotment Act, as amended (Public Law 46, Seventy-fourth Congress) is repealed.

SEC. 205. Effective with the 1964 crops, section 105 of the Agricultural Act of 1949, as amended (7 U.S.C. 1441 note), is amended to read as follows:

"Sec. 105. Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crops, price support shall be made available to producers for each crop of corn, oats, rye, barley, and grain sorghum at 90 per centum of the average price received by farmers during the three calendar years immediately preceding the calendar year in which the marketing year for such crop begins, adjusted to offset the effect on such price of any abnormal quantity of low-grade corn, oats, rye, barley, and grain sorghum marketed during any of such years: *Provided*, That the level of price support for any crop of corn, oats, rye, barley, and grain sorghum shall not be less than 50 per centum of the parity price therefor."

SEC. 206. Section 107 of the Agricultural Act of 1949, as amended (7 U.S.C. 1445(a)), is amended to read as follows:

"Sec. 107. Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crop, price support shall be made available to producers for each crop of wheat at the United States farm price equivalent, as determined by the Secretary, of the average world market price during the immediate preceding three marketing years: *Provided*, That the level of price support for any crop of wheat shall not be less than 50 per centum of the parity price therefor".

TITLE III—GENERAL PROVISIONS

FEDERAL IRRIGATION, DRAINAGE, AND FLOOD CONTROL PROJECTS

SEC. 301. Section 211 of the Agricultural Act of 1956, as amended (7 U.S.C. 1860), is amended (1) by striking "three years" each time it appears therein and inserting in lieu thereof "eleven years," and (2) by adding after the words "soil bank provisions of the Act" in subsection (b) the phrase "and under title I of the Wheat and Feed Grain Act of 1963".

RESTRICTIONS ON SALES BY THE COMMODITY CREDIT CORPORATION

SEC. 302. Section 407 of the Agricultural Act of 1949, as amended (7 U.S.C. 1427), is amended by changing the period at the end of the fourth sentence to a

colon and adding the following: "Provided, That effective July 1, 1964, the Commodity Credit Corporation shall not make any sales (except sales offset by equivalent purchases) of wheat, corn, oats, rye, barley, grain sorghum, soybeans, or flaxseed for domestic use at less than 115 per centum of the current support price for any such commodity, plus reasonable carrying charges".

(H.R. 6869 by Mr. Beermann follows:)

[H.R. 6869, 88th Cong., 1st sess.]

A BILL To adjust wheat and feed grain production, to establish a cropland retirement program, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Wheat and Feed Grain Act of 1963."

DECLARATION OF POLICY

SEC. 2. The Congress finds that the production of excessive supplies of wheat and other grains depresses prices and the income of farm families, constitutes improper land use, and is wasteful of our natural resources. It is hereby declared to be the policy of the Congress and the purpose of this Wheat and Feed Grain Act of 1963 to bring the supplies of wheat and feed grains into line with current demand in order to (a) increase per family farm income; (b) reduce Government holdings of wheat and feed grains through gradual transfer of needed reserves to producers and private enterprise and (c) decrease the public costs of maintaining farm programs. To effectuate the policy of Congress and the purpose of this Act, programs are herein established to assist farmers in (1) diverting a portion of their cropland from the production of excessive supplies of wheat and other grains; (2) carrying out a voluntary program of soil, water, forest, and wildlife conservation; and (3) obtaining commodity prices in the marketplace higher than levels at which commodity loans are made available by the Commodity Credit Corporation.

TITLE I—LAND RETIREMENT AND SOIL CONSERVATION

ANNUAL DETERMINATION—VOLUNTARY LAND RETIREMENT—RENTAL PAYMENTS IN CASH OR KIND

SEC. 101. Beginning with the 1964 crop year the Secretary of Agriculture is authorized and directed to establish and carry out a cropland retirement program. In formulating and administering such program—

(a) The Secretary shall each year make and announce an annual determination of—

(1) the total estimated cropland available for the production of crops in the United States in that year;

(2) the total acreage of wheat, corn, oats, rye, barley, grain sorghum, soybeans, and flaxseed necessary to bring the total estimated annual production plus the anticipated release from the Commodity Credit Corporation stocks into balance with the estimated annual disappearance of such commodities; and

(3) the total acreage of farm cropland necessary to be retired and devoted to soil-conserving uses in order to achieve this balance, and the acreage that can be retired effectively and economically in the respective year.

(b) The Secretary is authorized to enter into contracts for periods of not less than three years with producers determined by him to have control for the contract period of the farms covered by the contracts, if such producers agree to retire and devote to soil-conserving uses farm cropland. The Secretary shall determine and announce the period within which such contracts will be entered into. This period shall be of sufficient duration to provide an opportunity for maximum producer participation. The Secretary shall encourage land retirement and shall provide full opportunity for producers of all commodities to participate voluntarily in the cropland retirement program: *Provided*, That the Secretary shall place a maximum limitation on the percentage of total cropland which may be retired and devoted to soil-conserving uses in any State or county if he finds that such action is necessary to prevent the cropland retirement program from having an unduly disruptive effect on the economies of

counties and local communities; and *Provided further*, That any cropland retired and devoted to soil-conserving uses under the cropland retirement program established pursuant to this title shall be deemed in subsequent years to have been planted cropland for the purpose of establishing cropland history.

(c) The Secretary shall make an annual rental payment either in cash or in kind to producers who: (1) retire and devote cropland to soil-conserving uses with proper management pursuant to subsection (b) of this section, and (2) otherwise comply with the cropland retirement program as set forth in this title.

The Secretary shall determine the rate of rental payments that will provide producers with a fair and reasonable annual return on the land retired and devoted to soil-conserving uses after taking all relevant factors into consideration, including (1) the incentive necessary to achieve voluntary participation in the program, (2) the loss of crop production on the retired acres, (3) any savings in cost which result from not planting crops, (4) the estimated profit margin of crop production on the designated acres, (5) continuing farm overhead expenses, (6) the cost of establishing a conservation practice on the retired acres, (7) the value of the land for production of commodities customarily grown on such kind of land in the county or area, (8) the prevailing rates for cash rentals for similar land in the county or area, and (9) drought, flood, or other abnormal condition.

The rate on lands determined in accordance with the preceding paragraph shall be adjusted on a State, county, and individual farm basis in such a manner as the Secretary determines will facilitate the practical administration of the program. The lands to be covered by contracts shall be determined by a competitive bid procedure whereby a producer wishing to obtain a contract shall specify the percentage of the rental rate applicable to his farm which he is willing to accept.

(d) The Secretary shall compensate producers for participating in the cropland retirement program—

(1) through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem in accordance with regulations prescribed by the Secretary in cash upon presentation by the producer or by any holder in due course; or

(2) if option is exercised by the producer thirty days before compensation is tendered, through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem in accordance with regulations prescribed by the Secretary in wheat, corn, oats, rye, barley, or grain sorghum upon presentation by the producer or by any holder in due course. The Secretary shall limit the distribution of the certificates redeemable in kind if he finds the issuance of such certificates will have an adverse effect on wheat, corn, oats, rye, barley, or grain sorghum market prices or upon livestock marketing or livestock market prices, and in no case shall a certificate be redeemable at less than 115 per centum of the current support price plus reasonable carrying charges for any such commodity.

In order to assist producers in the establishment of soil-conserving uses on cropland retired under the cropland retirement program, the Secretary shall coordinate such program with the agricultural conservation program established pursuant to the Soil Conservation and Domestic Allotment Act, as amended (49 Stat. 1963; 16 U.S.C. 590 et seq.).

TERMS AND CONDITIONS OF CONTRACTS WITH PRODUCERS

SEC. 102. (a) Under any cropland retirement contract the producer shall agree—

(1) to establish and maintain with proper management for the contract period protective vegetative cover (including but not limited to grass and trees), water storage facilities or other soil-, water-, wildlife-, or forest-conserving uses (excluding orchards and vineyards) on an acreage of land which is specifically designated at the time the contract is entered into and which has been regularly used in the production of crops (including crops such as tame hay, alfalfa, and clovers), which do not require annual tillage;

(2) to allow to remain fallow, idle, and in the production of crops (including tame hay, alfalfa, and clovers) which do not require annual tillage throughout the contract period, an acreage of the remaining cropland on the farm which is not less than the acreage normally allowed to remain fallow, idle, and in the production of crops which do not require annual tillage on such remaining acreage;

(3) not to harvest any crop from the acreage established in protective vegetative cover, excepting timber (in accordance with sound forestry management) and wildlife or other natural products of such acreage which do not increase supplies of feed for domestic animals;

(4) not to graze any acreage established in protective vegetative cover;

(5) not to adopt any practice, or divert lands on the farm from conservation, woods, grazing, or other noncropland use, to any use specified by the Secretary in the contract as a practice or use which would tend to defeat the purposes of the contract;

(6) to abide by regulations prescribed by the Secretary with respect to the planting of crops during the contract period for later harvest or use; and

(7) to such additional provisions as the Secretary determines are desirable and includes in the contract to effectuate the purposes of this title and to facilitate the practical administration of the cropland retirement program, including provisions relating to control of noxious and other objectionable weeds.

(b) In the event that the Secretary determines that there has been a violation of the contract (including the prohibition of grazing on retired acreage) at any stage during the time such producer has control of the farm and that such violation is of such a substantial nature as to warrant termination of the contract, the producer shall forfeit all rights to payments or grants under the contract, and shall refund to the United States all payments and grants received by him thereunder. In the event that the Secretary determines that there has been a violation of the contract but that such violation is of such a nature as not to warrant termination of the contract, to accept such payment adjustments, and make such refunds to the United States of payments received by him, under the contract, as the Secretary may determine to be appropriate.

SEC. 103. The Soil Bank Act, as amended (70 Stat. 188; 7 U.S.C. 1801 et seq.), is amended as follows:

Administrative and Judicial Remedy

(1) The first sentence of section 107(d) of such Act (7 U.S.C. 1831(d)) is amended by adding after the words "paragraph (6) of subsection (a)" the phrase "or under section 102(b) of the Wheat and Feed Grain Act of 1963".

Effect on Other Programs

(2) Section 112 of such Act (7 U.S.C. 1836) is amended by adding after the words "under this subtitle" each time it appears therein the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

Geographic Applicability

(3) Section 113 of such Act (7 U.S.C. 1837) is amended by adding after the words "subtitle B" the phrase "and title I of the Wheat and Feed Grain Act of 1963".

Reapportionment Prohibited

(4) Section 115 of such Act (7 U.S.C. 1803) is amended by adding after the words "conservation reserve programs" the phrase "or the cropland retirement program established pursuant to title I of the Wheat and Feed Grain Act of 1963".

Utilization of Local and State Committees

(5) Section 117 of such Act (7 U.S.C. 1805) is amended by adding after the words "this title" the phrase "or title I of the Wheat and Feed Grain Act of 1963".

Utilization of Other Agencies

(6) Section 118 of such Act (7 U.S.C. 1806) is amended by adding after the words "this title" the phrase "or title I of the Wheat and Feed Grain Act of 1963".

Utilization of Land Use Capability Data

(7) Section 119 of such Act (7 U.S.C. 1807) is amended by adding after the words "this title" the phrase "or title I of the Wheat and Feed Grain Act of 1963".

Finality of Determinations

(8) Section 121 of such Act (7 U.S.C. 1809) is amended by adding after the words "this title" the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

Protection of Tenants and Sharecroppers

(9) Section 122 of such Act (7 U.S.C. 1810) is amended by adding after the words "this title" the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

Penalty for Grazing or Harvesting

(10) Section 123 of such Act (7 U.S.C. 1811) is amended by adding after the words "section 103 or 107" the phrase "or under title I of the Wheat and Feed Grain Act of 1963".

Pooling of Cropland Retirement Land

(11) Section 126 of such Act (7 U.S.C. 1814) is amended by adding after the words "conservation reserve program" the phrase "or in the cropland retirement program pursuant to title I of the Wheat and Feed Grain Act of 1963".

Incorrect Information Furnished by the Government—Marriage of Producers

(12) Section 128 of such Act (7 U.S.C. 1816) is amended by adding after the words "conservation reserve program" the phrase "or the cropland retirement program established pursuant to title I of the Wheat and Feed Grain Act of 1963".

AUTHORIZED PERIOD OF CONTRACT AND EXPENDITURE—APPROPRIATIONS

SEC. 104. (a) The Secretary is authorized to formulate and announce programs under this title and to enter into contracts thereunder with producers during the three-year period 1964-1966 to be carried out during the period ending not later than December 31, 1969, except that contracts for establishment of tree cover may continue until December 31, 1976.

(b) The period covered by any contract shall not exceed three years except that contracts for the establishments of tree cover may extend for ten years.

(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title, including such amounts as may be required to reimburse the Commodity Credit Corporation for its actual costs incurred under the payment-in-kind program established by this title.

TERMINATION AND MODIFICATION OF CONTRACTS

SEC. 105. The Secretary may terminate any contract with a producer by mutual agreement with the producer if the Secretary determines that such termination would be in the public interest. The Secretary may agree to such modification of contracts previously entered into as he may determine to be desirable to carry out the purposes of this title and to facilitate the practical administration of the cropland retirement program.

REGULATIONS

SEC. 106. The Secretary shall prescribe such regulations as he determines necessary to carry out the provisions of this title.

TITLE II—REPEAL OF AUTHORITY FOR ACREAGE ALLOTMENTS AND MARKETING QUOTAS ON WHEAT AND CORN—THE PRICE SUPPORTS ON WHEAT, CORN, OATS, RYE, BARLEY, AND GRAIN SORGHUM

SEC. 201. Notwithstanding any other provision of law, effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum, sections 321 through 339 of parts II and III of subtitle B and sections 379(a) through 379(j) of subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended (52 Stat. 31; 7 U.S.C. 1281 et seq.), are repealed. Parts IV, V, and VI of subtitle B are redesignated as parts II, III, and IV respectively, and subtitle F is redesignated subtitle D.

SEC. 202. Effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum, the Act of May 26, 1941, as amended (Public Law 74, Seventy-seventh Congress, 55 Stat. 203), is repealed.

SEC. 203. Effective with the 1964 crops of wheat, corn, oats, rye, barley, and grain sorghum, sections 327 and 328 of the Food and Agriculture Act of 1962 (Public Law 87-703, Eighty-seventh Congress) are repealed.

SEC. 204. Subsection (h) of section 16 of the Soil Conservation and Domestic Allotment Act, as amended (Public Law 46, Seventy-fourth Congress, is repealed.

SEC. 205. Effective with the 1964 crops, section 105 of the Agricultural Act of 1949, as amended (7 U.S.C. 1441 note) is amended to read as follows:

"SEC. 105. Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crops, price support shall be made available to producers for each crop of corn, oats, rye, barley, and grain sorghum at 90 per centum of the average price received by farmers during the three calendar years immediately preceding the calendar year in which the marketing year for such crop begins, adjusted to offset the effect on such price of any abnormal quality of low-grade corn, oats, rye, barley, and grain sorghum marketed during any of such years: *Provided*, That the level of price support for any crop of corn, oats, rye, barley, and grain sorghum shall not be less than 50 per centum of the parity price therefor."

SEC. 206. Section 107 of the Agricultural Act of 1949, as amended (7 U.S.C. 1445 (a)), is amended to read as follows:

"SEC. 107. Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crop, price support shall be made available to producers for each crop of wheat at the United States farm price equivalent, as determined by the Secretary, of the average world market price during the immediate preceding three marketing years: *Provided*, That the level of price support for any crop of wheat shall not be less than 50 per centum of the parity price therefor."

TITLE III—GENERAL PROVISIONS

FEDERAL IRRIGATION, DRAINAGE, AND FLOOD CONTROL PROJECTS

SEC. 301. Section 211 of the Agricultural Act of 1956, as amended (7 U.S.C. 1860) is amended (1) by striking "three years" each time it appears therein and inserting in lieu thereof "eleven years," and (2) by adding after the words "soil bank provisions of the Act" in subsection (b) the phrase "and under title I of the Wheat and Feed Grain Act of 1963".

RESTRICTIONS ON SALES BY THE COMMODITY CREDIT CORPORATION

SEC. 302. Section 407 of the Agricultural Act of 1949, as amended (7 U.S.C. 1427), is amended by changing the period at the end of the fourth sentence to a colon and adding the following: "*Provided*, That effective July 1, 1964, the Commodity Credit Corporation shall not make any sales (except sales offset by equivalent purchases) of wheat, corn, oats, rye, barley, grain sorghum, soybeans, or flaxseed for domestic use at less than 115 per centum of the current support price for any such commodity, plus reasonable carrying charges."

(H.R. 6548 by Mr. Short, H.R. 6550 by Mr. Avery, H.R. 6555 by Mr. Horan, H.R. 6559 by Mr. MacGregor, H.R. 6560 by Mrs. May, and H.R. 6563 by Mr. Taft are identical to H.R. 6546 by Mr. Quie, the text of which follows:)

[H.R. 6546, 88th Cong., 1st sess.]

A BILL To establish a voluntary feed grain and wheat program for 1964 and subsequent years, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Feed Grain and Wheat Act of 1963".

SEC. 2. Notwithstanding any other provision of law, the provisions of this Act shall apply to the 1964 and subsequent crops of wheat, corn, grain sorghum, barley, oats, and rye.

SEC. 3. Section 301(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new subsections, as follows:

"(10) The term 'designated grains' means wheat, corn, grain sorghum, and barley and, at the discretion of the Secretary, oats and rye.

"(11) The term 'designated grain base' means an acreage on the farm equal to the total of the following acreages:

"(a) The average acreage planted to corn, grain sorghum, barley (and oats and rye if so designated by the Secretary) on the farm in the crop years 1959 and 1960 and the farm feed grain base established for the farm in the crop year 1961; and

"(b) The highest wheat acreage allotment on the farm in the crop year 1959, 1960, or 1961, as established in such years by part III of subtitle B of title III of this Act prior to its repeal by the Feed Grain and Wheat Act of 1963; and

"(c) The highest acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 in the case of farms on which wheat was planted under the fifteen-acre farm marketing quota exemption as provided by section 7 of the Act of May 26, 1941, as amended (Public Law 74, Seventy-seventh Congress), prior to its repeal by the Food and Agriculture Act of 1962: *Provided*, That in computing such acreage the Secretary shall not also include the farm acreage allotment; and

"(d) The average acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 under the thirty-acre wheat-for-feed exemption as provided by section 335(f) of this Act prior to its repeal by the Food and Agriculture Act of 1962."

SEC. 4. Section 301(b) (10) (A) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(10) (A) 'Normal supply' in the case of wheat, corn, grain sorghum, barley, oats, rye, rice, and peanuts for any marketing year shall be (i) the estimated domestic consumption of the commodity for the marketing year ending immediately prior to the marketing year for which normal supply is being determined, plus (ii) the estimated exports of the commodity for the marketing year for which normal supply is being determined, plus (iii) an allowance for carryover. The allowance for carryover shall be the following percentage of the sum of the consumption and exports used in computing normal supply: 15 per centum in the case of wheat, corn, grain sorghum, barley, oats, rye, and peanuts; and 10 per centum in the case of rice. In determining normal supply the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary."

TITLE I—PRICE SUPPORT

SEC. 101. Effective with the 1964 crops, section 105 of the Agricultural Act of 1949, as amended, is amended to read as follows:

"Sec. 105. (a) Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crops, price support shall be made available to producers for each crop of wheat, corn, grain sorghum, barley, oats, and rye at 90 per centum of the average price received by farmers during the three calendar years immediately preceding the calendar year in which the marketing year for such crop begins, adjusted to offset the effect on such price of any abnormal quantities of low-grade wheat, corn, grain sorghum, barley, oats, and rye marketed during any of such years: *Provided*, That in the event that a special agricultural conservation program is in effect for such designated grains as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, the Secretary shall establish the level of support for such grains at not less than 65 per centum nor more than 90 per centum of the parity price therefor.

"(b) In the event that the special agricultural conservation program for the designated grains is in effect, the Secretary shall require as a condition of eligibility for price support on wheat, corn, grain sorghum, barley, oats, and rye that the producers of such crops participate in and comply with such special agricultural conservation program as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended.

"(c) If the producers on the farm elect to participate in the special agricultural conservation program, price support shall be made available only if such producers divert from the production of the designated grains in accordance with the provisions of such program an acreage on the farm equal to the number of acres which such operator agrees to divert, and the agreement shall so provide. In the event that the special agricultural conservation program is not in effect, the Secretary shall make price support available to producers of the designated grains as provided in subsection (a) of this section.

"(d) Beginning with the 1964 and subsequent crops of wheat, any wheat stored in order to postpone or avoid payment of a wheat marketing quota penalty under sections (3) and (6) of the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress, as amended), prior to its repeal by the Feed Grain and Wheat Act of 1963 shall not be eligible for price support."

SEC. 102. Section 107 of the Agricultural Act of 1949, as amended, is hereby repealed.

SEC. 103. Section 407 of the Agricultural Act of 1949, as amended, is amended—

(1) by striking the second proviso and inserting in lieu thereof the following: "": *Provided*, That effective with the beginning of any marketing year for which a special agricultural conservation program is not in effect for wheat, corn, grain sorghum, barley, oats, and rye (as provided by subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended), the Corporation shall not sell any such designated grains for unrestricted use at less than 115 per centum above the current support price for such designated grains plus reasonable carrying charges."; and

(2) by striking the semicolon after the words "deterioration and spoilage" in clause (D) and inserting the following: "except if the supply of any designated grain (as defined in section 301(a)(10) of the Agricultural Adjustment Act of 1938, as amended) is not in excess of a normal supply (as defined in section 301(b)(10)(A) of the Agricultural Adjustment Act of 1938, as amended) the Corporation shall forthwith replenish its stocks by the purchase of a quantity of the commodity equal to the amount of such commodity so sold;"

TITLE II—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

SEC. 201. Subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, is hereby amended to read as follows:

"SUBTITLE D—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

"SEC. 379. (a) If the Secretary finds that during any year the total supply of designated grains will, in the absence of a special agricultural conservation program, be in excess of a 'normal supply' as defined in section 301(b)(10)(A) of this Act, he shall formulate and carry out a special agricultural conservation program, without regard to provisions which would be applicable to the regular agricultural conservation program under which, subject to such terms and conditions as the Secretary determines, conservation payments in amounts determined by the Secretary to be fair and reasonable shall be made to producers who divert acreage from the production of designated grains to an approved conservation use and increase their average acreage of cropland devoted in 1959, 1960, and 1961 to designated soil conserving crops or practices including summer fallow and idle land by an equal amount.

"(b) The Secretary may permit such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, canary seed, and flax, when such crops are not in surplus supply and will not be in surplus supply if permitted to be grown on the diverted acreage, subject to the condition that payment with respect to diverted acreage devoted to any such crop shall be at a rate determined by the Secretary to be fair and reasonable, taking into consideration the use of such acreage for the production of such crops, but in no event shall the payment exceed one-half the rate which would otherwise be applicable if such acreage were devoted to conservation uses and no price support shall be made available for the production of any such crop on such diverted acreage.

"(c) The Secretary shall not permit such diverted acreage to be grazed.

"(d) The Secretary shall require the producer to take appropriate measures to keep such diverted acreage free from erosion, insects, weeds, and rodents.

"(e) The acreage eligible for payments in kind under such special agricultural conservation program shall be an acreage equal to the greater of forty acres or 20 per centum of the farm designated grain base. The Secretary shall, at the option of the producer, make an additional payment in kind for the diversion of not to exceed an additional 30 per centum of the designated grain base on the farm. The rate of payment in kind to be made by the Secretary on the 20 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre. The rate of payment in kind to be made by the Secretary

on the additional 30 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre.

"(f) The Secretary shall permit producers to divert for periods of from three to five years up to 50 per centum of the farm acreage of designated grains and in such event the rate of payment in kind to be made by the Secretary shall not exceed 60 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre: *Provided*, That the same acres on the farm shall be identified and diverted each year during the period provided by this subsection.

"(g) The Secretary may make such adjustments in acreage and yields as he determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop rotation practices, type of soil, soil and water conservation measures, and topography. The base period for the purpose of determining the adjusted average yield in the case of payments with respect to the 1964 crops shall be the four-year period 1959-1962, and in the case of payments with respect to any subsequent crop shall be the most recent five-year period determined by the Secretary to be representative for which statistics are available.

"(h) To the extent that a producer proves the actual acreages and yields for the farm for the 1959, 1960, and 1961 crop years, such acreages and yields shall be used in making determinations.

"(i) The Secretary may make not to exceed 50 per centum of any payments in kind to producers in advance of determination of performance.

"(j) The Secretary shall provide by regulations for the sharing of payments under this subsection among producers on the farm on a fair and equitable basis and in keeping with existing contracts.

"SEC. 380. Only payments in kind shall be made and such payments in kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for the designated grains which shall not be valued at nor sold for unrestricted use for less than the support price plus reasonable carrying charges and, notwithstanding any other provision of law, the Commodity Credit Corporation shall, in accordance with regulations prescribed by the Secretary, assist the producer in the marketing of such certificates at such time and in such manner as the Secretary determines will best effectuate the purposes of this Act. In the case of any certificate not presented for redemption within thirty days of the date of its issuance, reasonable costs of storage and other carrying charges, as determined by the Secretary, for the period beginning thirty days after its issuance and ending with the date of its presentation for redemption shall be deducted from the value of the certificate.

"SEC. 381. Notwithstanding any other provision of law, in the event of a national emergency or a serious drought, flood, or other natural disaster, the Secretary may place such limits on the extent that producers may participate in the special agricultural conservation program authorized by this Act as he determines necessary or he may, by mutual agreement with the producer, terminate or modify any agreement previously entered into pursuant to this Act.

"SEC. 382. There are hereby authorized to be appropriated such amounts as may be necessary to enable the Secretary to carry out the provisions of this subtitle D."

SEC. 202. Effective with the 1964 crop of wheat, the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress), is repealed.

SEC. 203. Effective with the 1964 crops of wheat, corn, grain sorghum, barley, oats, and rye, sections 321 through 339 of parts II and III of subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, are repealed and parts IV, V, and VI of subtitle B are redesignated as parts II, III, and IV, respectively.

SEC. 204. Effective with the 1964 crop of wheat, section 326 of the Food and Agriculture Act of 1962, as amended, is repealed.

SEC. 205. Sections 327 and 328 of the Food and Agriculture Act of 1962, as amended, are hereby repealed.

SEC. 206. Section 16(h) of the Soil Conservation and Domestic Allotment Act, as amended, is hereby repealed.

TITLE III—EXTENSION OF EXPIRING CONSERVATION RESERVE CONTRACTS

Sec. 301. The Soil Bank Act, as amended, is amended as follows:

(1) By adding to the end of section 107(b) (2) the following: "Before extending contracts with producers as provided in section 109(a) of this Act, the Secretary shall review the rate of annual payment provided by such contracts. The rate of payment to be offered by the Secretary shall be adjusted on a State, county, and individual farm basis in such a manner as he determines will facilitate the practical administration of the program. The lands to be covered by such contracts shall be determined by a competitive bid procedure whereby a producer wishing to obtain a contract shall specify the percentage of the rental rate applicable to his farm which he is willing to accept."

(2) Subsection (a) of section 109 is amended by adding to the end thereof the following: "The Secretary is authorized further during the five-year period 1963-1967 to extend contracts, other than contracts for the establishment of tree cover, entered into under the authority of this subsection for periods ending not less than three nor more than ten years after the original termination dates of such contracts."

(3) Subsection (b) of section 109 is amended by inserting after the first comma the following: "except as extended as provided in subsection (a) and".

(4) Paragraph (7) of subsection (a) of section 107 is amended by striking the last word and inserting in lieu thereof: "and other objectionable weeds."

(H.R. 6561 by Mr. Nelson is identical to H.R. 6549 by Mr. Anderson, which follows:)

[H.R. 6549, 88th Cong., 1st sess.]

A BILL To establish a voluntary feed grain and wheat program for 1964 and subsequent years, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Feed Grain and Wheat Act of 1963".

SEC. 2. Notwithstanding any other provision of law, the provisions of this Act shall apply to the 1964 and subsequent crops of wheat, corn, grain sorghum, barley, oats, and rye.

SEC. 3. Section 301(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new subsections as follows:

"(10) The term 'designated grains' means wheat, corn, grain sorghum, and barley and at the discretion of the Secretary oats and rye.

"(11) The term 'designated grain base' means an acreage on the farm equal to the total of the following acreages:

"(a) The average acreage planted to corn, grain sorghum, barley (and oats and rye if so designated by the Secretary), on the farm in the crop years 1959 and 1960 and the farm feed grain base established for the farm in the crop year 1961; and

"(b) The highest wheat acreage allotment on the farm in the crop year 1959, 1960, or 1961, as established in such years by part III of subtitle B of title III of this Act prior to its repeal by the Feed Grain and Wheat Act of 1963; and

"(c) The highest acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 in the case of farms on which wheat was planted under the fifteen-acre farm marketing quota exemption as provided by section 7 of the Act of May 26, 1941, as amended (Public Law 74, Seventy-seventh Congress), prior to its repeal by the Food and Agriculture Act of 1962: *Provided*, That in computing such acreage the Secretary shall not also include the farm acreage allotment; and

"(d) The average acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 under the thirty-acre wheat-for-feed exemption as provided by section 335(f) of this Act prior to its repeal by the Food and Agriculture Act of 1962."

SEC. 4. Section 301(b) (10) (A) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(10) (A) 'Normal supply' in the case of wheat, corn, grain sorghum, barley, oats, rye, rice, and peanuts for any marketing year shall be (1) the estimated domestic consumption of the commodity for the marketing year ending imme-

diately prior to the marketing year for which normal supply is being determined, plus (ii) the estimated exports of the commodity for the marketing year for which normal supply is being determined, plus (iii) an allowance for carryover. The allowance for carryover shall be the following percentage of the sum of the consumption and exports used in computing normal supply: 15 per centum in the case of wheat, corn, grain sorghum, barley, rye, and peanuts; and 10 per centum in the case of rice. In determining normal supply the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary."

TITLE I—PRICE SUPPORT

SEC. 101. Effective with the 1964 crops, section 105 of the Agricultural Act of 1949, as amended, is amended to read as follows:

"SEC. 105. (a) Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crops, price support shall be made available to producers for each crop of wheat, corn, grain sorghum, barley, oats, and rye at 90 per centum of the average price received by farmers during the three calendar years immediately preceding the calendar year in which the marketing year for such crop begins, adjusted to offset the effect on such price of any abnormal quantities of low grade wheat, corn, grain sorghum, barley, oats, and rye marketed during any of such years: *Provided*, That in the event that a special agricultural conservation program is in effect for such designated grains as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, the Secretary shall establish the level of support for such grains at not less than 65 per centum nor more than 90 per centum of the parity price therefor.

"(b) In the event that the special agricultural conservation program for the designated grains is in effect, the Secretary shall require as a condition of eligibility for price support on wheat, corn, grain sorghum, barley, oats, and rye that the producers of such crops participate in and comply with such special agricultural conservation program as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended.

"(c) If the producers on the farm elect to participate in the special agricultural conservation program, price support shall be made available only if such producers divert from the production of the designated grains in accordance with the provisions of such program an acreage on the farm equal to the number of acres which such operator agrees to divert, and the agreement shall so provide. In the event that the special agricultural conservation program is not in effect, the Secretary shall make price support available to producers of the designated grains as provided in subsection (a) of this section.

"(d) Beginning with the 1964 and subsequent crops of wheat, any wheat stored in order to postpone or avoid payment of a wheat marketing quota penalty under sections (3) and (6) of the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress, as amended) prior to its repeal by the Feed Grain and Wheat Act of 1963 shall not be eligible for price support."

SEC. 102. Section 107 of the Agricultural Act of 1949, as amended, is hereby repealed.

SEC. 103. Section 407 of the Agricultural Act of 1949, as amended, is amended—

(1) by striking the second proviso and inserting in lieu thereof the following: "*Provided*, That effective with the beginning of any marketing year for which a special agricultural conservation program is not in effect for wheat, corn, grain sorghum, barley, oats, and rye (as provided by subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended), the Corporation shall not sell any such designated grains for unrestricted use at less than 115 per centum above the current support price for such designated grains plus reasonable carrying charges."; and

(2) by striking the semicolon after the words "deterioration and spoilage" in clause (D) and inserting the following: "except if the supply of any designated grain (as defined in section 301(a) (10) of the Agricultural Adjustment Act of 1938, as amended) is not in excess of a normal supply (as defined in section 301 (b) (10) (A) of the Agricultural Adjustment Act of 1938, as amended) the Corporation shall forthwith replenish its stocks by the purchase of a quantity of the commodity equal to the amount of such commodity so sold;".

TITLE II—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

SEC. 201. Subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, is hereby amended to read as follows:

"SUBTITLE D—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

"SEC. 379. (a) If the Secretary finds that during any year the total supply of designated grains will, in the absence of a special agricultural conservation program, be in excess of a 'normal supply' as defined in section 301(b)(10)(A) of this Act, he shall formulate and carry out a special agricultural conservation program, without regard to provisions which would be applicable to the regular agricultural conservation program under which, subject to such terms and conditions as the Secretary determines, conservation payments in amounts determined by the Secretary to be fair and reasonable shall be made to producers who divert acreage from the production of designated grains to an approved conservation use and increase their average acreage of cropland devoted in 1959, 1960, and 1961 to designated soil conserving crops or practices including summer fallow and idle land by an equal amount.

"(b) The Secretary may permit such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, canary seed, and flax, when such crops are not in surplus supply and will not be in surplus supply if permitted to be grown on the diverted acreage, subject to the condition that payment with respect to diverted acreage devoted to any such crop shall be at a rate determined by the Secretary to be fair and reasonable, taking into consideration the use of such acreage for the production of such crops, but in no event shall the payment exceed one-half the rate which would otherwise be applicable if such acreage were devoted to conservation uses and no price support shall be made available for the production of any such crop on such diverted acreage.

"(c) The Secretary shall not permit such diverted acreage to be grazed.

"(d) The Secretary shall require the producer to take appropriate measures to keep such diverted acreage free from erosion, insects, weeds, and rodents.

"(e) The acreage eligible for payments in kind under such special agricultural conservation program shall be an acreage equal to the greater of forty acres or 20 per centum of the farm designated grain base. The Secretary shall, at the option of the producer, make an additional payment in kind for the diversion of not to exceed an additional 30 per centum of the designated grain base on the farm. The rate of payment in kind to be made by the Secretary on the 20 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre. The rate of payment in kind to be made by the Secretary on the additional 30 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre.

"(f) The Secretary shall permit producers to divert for periods of from three to five years up to 50 per centum of the farm acreage of designated grains and in such event the rate of payment in kind to be made by the Secretary shall not exceed 60 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated gains on the farm based on its adjusted yield per acre: *Provided*, That the same acres on the farm shall be identified and diverted each year during the period provided by this subsection.

"(g) The Secretary may make such adjustments in acreage and yields as he determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop rotation practices, type of soil, soil and water conservation measures, and topography. The base period for the purpose of determining the adjusted average yield in the case of payments with respect to the 1964 crops shall be the four-year period 1959–1962, and in the case of payments with respect to any subsequent crop shall be the most recent five-year period determined by the Secretary to be representative for which statistics are available.

"(h) To the extent that a producer proves the actual acreages and yields for the farm for the 1959, 1960, and 1961 crop years, such acreages and yields shall be used in making determinations.

"(i) The Secretary may make not to exceed 50 per centum of any payments in kind to producers in advance of determination of performance.

"(j) The Secretary shall provide by regulations for the sharing of payments under this subsection among producers on the farm on a fair and equitable basis and in keeping with existing contracts.

"Sec. 380. Only payments in kind shall be made and such payments in kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for the designated grains which shall not be valued at nor sold for unrestricted use for less than the support price plus reasonable carrying charges and, notwithstanding any other provision of law, the Commodity Credit Corporation shall, in accordance with regulations prescribed by the Secretary, assist the producer in the marketing of such certificates at such time and in such manner as the Secretary determines will best effectuate the purposes of his Act. In the case of any certificate not presented for redemption within thirty days of the date of its issuance, reasonable costs of storage and other carrying charges, as determined by the Secretary, for the period beginning thirty days after its issuance and ending with the date of its presentation for redemption shall be deducted from the value of the certificate: *Provided*, That producers who elect to take payments in grain in lieu of electing to allow the Secretary to assist such producers in the marketing of payment in kind certificates, shall receive an additional amount of grain, equal to 15 per centum of the amount to which such producers would otherwise be entitled.

"Sec. 381. Notwithstanding any other provision of law, in the event of a national emergency or a serious drought, flood, or other natural disaster, the Secretary may place such limits on the extent that producers may participate in the special agricultural conservation program authorized by this Act as he determines necessary or he may, by mutual agreement with the producer, terminate or modify any agreement previously entered into pursuant to this Act.

"Sec. 382. There are authorized to be appropriated such amounts as may be necessary to enable the Secretary to carry out the provisions of this subtitle D."

SEC. 202. Effective with the 1964 crop of wheat, the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress), is repealed.

SEC. 203. Effective with the 1964 crops of wheat, corn, grain sorghum, barley, oats, and rye, sections 321 through 339 of parts II and III of subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, are repealed and parts IV, V, and VI of subtitle B are redesignated as parts II, III, and IV, respectively.

SEC. 204. Effective with the 1964 crop of wheat, section 326 of the Food and Agriculture Act of 1962, as amended, is repealed.

SEC. 205. Sections 327 and 328 of the Food and Agriculture Act of 1962, as amended, are hereby repealed.

SEC. 206. Section 16(h) of the Soil Conservation and Domestic Allotment Act, as amended, is hereby repealed.

TITLE III—EXTENSION OF EXPIRING CONSERVATION RESERVE CONTRACTS

SEC. 301. The Soil Bank Act, as amended, is amended as follows:

(1) By adding to the end of section 107(b)(2) the following: "Before extending contracts with producers as provided in section 109(a) of this Act, the Secretary shall review the rate of annual payment provided by such contracts. The rate of payment to be offered by the Secretary shall be adjusted on a State, county, and individual farm basis in such a manner as he determines will facilitate the practical administration of the program. The lands to be covered by such contracts shall be determined by a competitive bid procedure whereby a producer wishing to obtain a contract shall specify the percentage of the rental rate applicable to his farm which he is willing to accept."

(2) Subsection (a) of section 109 is amended by adding to the end thereof the following: "The Secretary is authorized further during the five-year period 1963-1967 to extend contracts, other than contracts for the establishment of tree cover, entered into under the authority of this subsection for periods ending not less than three nor more than five years after the original termination dates of such contracts."

(3) Subsection (b) of section 109 is amended by inserting after the first comma the following: "(except as extended as provided in subsection (a) and)".

(4) Paragraph (7) of subsection (a) of section 107 is amended by striking the last word and inserting in lieu thereof: "and other objectionable weeds."

(H.R. 6554 by Mr. Harrison and H.R. 6562 by Mr. Nygaard are identical to H.R. 6551 by Mr. Battin which follows:)

[H.R. 6551, 88th Cong., 1st sess.]

A BILL To establish a voluntary feed grain and wheat program for 1964 and subsequent years, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Feed Grain and Wheat Act of 1963".

SEC. 2. Notwithstanding any other provision of law, the provisions of this Act shall apply to the 1964 and subsequent crops of wheat, corn, grain sorghum, barley, oats, and rye.

SEC. 3. Section 301(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new subsections as follows:

"(10) The term 'designated grains' means wheat, corn, grain sorghum, and barley and at the discretion of the Secretary oats and rye.

"(11) The term 'designated grain base' means an acreage on the farm equal to the total of the following acreages:

"(a) The average acreage planted to corn, grain sorghum, barley (and oats and rye if so designated by the Secretary), on the farm in the crop years 1959 and 1960 and the farm feed grain base established for the farm in the crop year 1961; and

"(b) The highest wheat acreage allotment on the farm in the crop years 1959, 1960, or 1961, as established in such years by part III of subtitle B of title III of this Act prior to its repeal by the Feed Grain and Wheat Act of 1963; and

"(c) The average of wheat planted on the farm in the crop years 1959, 1960, and 1961 in the case of farms on which wheat was planted under the fifteen-acre farm marketing quota exemption as provided by section 7 of the Act of May 26, 1941, as amended (Public Law 74, Seventy-seventh Congress), prior to its repeal by the Food and Agriculture Act of 1962: *Provided*, That in computing such acreage the Secretary shall not also include the farm acreage allotment; and

"(d) The average acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 under the thirty-acre wheat-for-feed exemption as provided by section 335(f) of this Act prior to its repeal by the Food and Agriculture Act of 1962."

SEC. 4. Section 301(b) (10) (A) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(10) (A) 'Normal supply' in the case of wheat, corn, grain sorghum, barley, oats, rye, rice, and peanuts for any marketing year shall be (i) the estimated domestic consumption of the commodity for the marketing year ending immediately prior to the marketing year for which normal supply is being determined plus (ii) the estimated exports of the commodity for the marketing year for which normal supply is being determined, plus (iii) an allowance for carryover. The allowance for carryover shall be the following percentage of the sum of the consumption and exports used in computing normal supply: 15 per centum in the case of wheat, corn, grain sorghum, barley, oats, rye, and peanuts; and 10 per centum in the case of rice. In determining normal supply the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary."

TITLE I—PRICE SUPPORT

SEC. 101. Effective with the 1964 crops, section 105 of the Agricultural Act of 1949, as amended, is amended to read as follows:

"Sec. 105. (a) Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crops, price support shall be made available to producers for each crop of wheat, corn, grain sorghum, barley, oats, and rye at 90 per centum of the average price received by farmers during the three calendar years immediately preceding the calendar year in which the marketing year for such crop begins, adjusted to offset the effect on such price of any abnormal quantities of low grade wheat, corn, grain sorghum, barley, oats, and rye marketed during any of such years; *Provided*, That in the event that a special agricultural conservation program is in effect for such designated grains as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, the Secretary shall establish the level of support for such grains at not less than 65 per centum nor more than 90 per centum of the parity price therefor.

"(b) In the event that the special agricultural conservation program for the designated grains is in effect, the Secretary shall require as a condition of eligibility for price support on wheat, corn, grain sorghum, barley, oats, and rye that the producers of such crops participate in and comply with such special agricultural conservation program as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended.

"(c) If the producers on the farm elect to participate in the special agricultural conservation program, price support shall be made available only if such producers divert from the production of the designated grains in accordance with the provisions of such program an acreage on the farm equal to the number of acres which such operator agrees to divert, and the agreement shall so provide. In the event that the special agricultural conservation program is not in effect, the Secretary shall make price support available to producers of the designated grains as provided in subsection (a) of this section.

"(d) Beginning with the 1964 and subsequent crops of wheat, any wheat stored in order to postpone or avoid payment of a wheat marketing quota penalty under sections (3) and (6) of the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress, as amended), prior to its repeal by the Feed Grain and Wheat Act of 1963 shall not be eligible for price support."

SEC. 102. Section 107 of the Agricultural Act of 1949, as amended, is hereby repealed.

SEC. 103. Section 407 of the Agricultural Act of 1949, as amended, is amended—

(1) by striking the second proviso and inserting in lieu thereof the following: " : *Provided*, That effective with the beginning of any marketing year for which a special agricultural conservation program is not in effect for wheat, corn, grain sorghum, barley, oats, and rye (as provided by subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended), the Corporation shall not sell any such designated grains for unrestricted use at less than 115 per centum above the current price for such designated grains plus reasonable carrying charges." ; and

(2) by striking the semicolon after the words "deterioration and spoilage" in clause (D) and inserting the following: "except if the supply of any designated grain (as defined in section 301(a) (10) of the Agricultural Adjustment Act of 1938, as amended) is not in excess of a normal supply (as defined in section 301(b) (10) (A) of the Agricultural Adjustment Act of 1938, as amended) the Corporation shall forthwith replenish its stocks by the purchase of a quantity of the commodity equal to the amount of such commodity so sold;"

TITLE II—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

SEC. 201. Subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, is hereby amended to read as follows:

"SUBTITLE D—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

"SEC. 379. (a) If the Secretary finds that during any year the total supply of designated grains will, in the absence of a special agricultural conservation program, be in excess of a 'normal supply' as defined in section 301(b) (10) (A) of this Act, he shall formulate and carry out a special agricultural conservation program, without regard to provisions which would be applicable to the regular agricultural conservation program under which, subject to such terms and conditions as the Secretary determines, conservation payments in amounts determined by the Secretary to be fair and reasonable shall be made to producers who divert acreage from the production of designated grains to an approved conservation use and increase their average acreage of cropland devoted in 1959, 1960, and 1961, to designated soil conserving crops or practices including summer fallow and idle land by an equal amount.

"(b) The Secretary may permit such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, canary seed, and flax when such crops are not in surplus supply and will not be in surplus supply if permitted to be grown on the diverted acreage, subject to the condition that payment with respect to diverted acreage devoted to any such crop shall be at a rate determined by the Secretary to be fair and reasonable, taking into consideration the use of such acreage for the production of such crops, but in no event shall the payment exceed one-half the rate which would otherwise be applicable if such acreage were devoted to conservation uses and no price

support shall be made available for the production of any such crop on such diverted acreage.

"(c) The Secretary shall not permit such diverted acreage to be grazed.

"(d) The Secretary shall require the producer to take appropriate measures to keep such diverted acreage free from erosion, insects, weeds, and rodents.

"(e) The acreage eligible for payments in kind under such special agricultural conservation program shall be an acreage equal to the greater of forty acres or 20 per centum of the farm designated grain base. The Secretary shall, at the option of the producer, make an additional payment in kind for the diversion of not to exceed an additional 30 per centum of the designated grain base on the farm. The rate of payment in kind to be made by the Secretary on the 20 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre. The rate of payment in kind to be made by the Secretary on the additional 30 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre.

"(f) The Secretary shall permit producers to divert for periods of from three to five years up to 50 per centum of the farm acreage of designated grains and in such event the rate of payment in kind to be made by the Secretary shall not exceed 60 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre: *Provided*, That the same acres on the farm shall be identified and diverted each year during the period provided by this subsection.

"(g) The Secretary may make such adjustments in acreage and yields as he determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop rotation practices, type of soil, soil and water conservation measures, and topography. The base period for the purpose of determining the adjusted average yield in the case of payments with respect to the 1964 crops shall be the four-year period 1959-1962, and in the case of payments with respect to any subsequent crop shall be the most recent five-year period determined by the Secretary to be representative for which statistics are available.

"(h) To the extent that a producer proves the actual acreages and yields for the farm for 1959, 1960, and 1961 crop years, such acreages and yields shall be used in making determinations.

"(i) The Secretary may make not to exceed 50 per centum of any payments in kind to producers in advance of determination of performance.

"(j) The Secretary shall provide by regulations for the sharing of payments under this subsection among producers on the farm on a fair and equitable basis and in keeping with existing contracts.

"Sec. 380. Only payments in kind shall be made and such payments in kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for the designated grains which shall not be valued at nor sold for unrestricted use for less than the support price plus reasonable carrying charges and, notwithstanding any other provision of law, the Commodity Credit Corporation shall, in accordance with regulations prescribed by the Secretary, assist the producer in the marketing of such certificates at such time and in such manner as the Secretary determines will best effectuate the purposes of this Act. In the case of any certificate not presented for redemption within thirty days of the date of its issuance, reasonable costs of storage and other carrying charges, as determined by the Secretary, for the period beginning thirty days after its issuance and ending with the date of its presentation for redemption shall be deducted from the value of the certificate.

"Sec. 381. Notwithstanding any other provision of law, in the event of a national emergency or a serious drought, flood, or other natural disaster, the Secretary may place such limits on the extent that producers may participate in the special agricultural conservation program authorized by this Act as he determines necessary or he may, by mutual agreement with the producer, terminate or modify any agreement previously entered into pursuant to this Act.

"Sec. 382. There are hereby authorized to be appropriated such amounts as may be necessary to enable the Secretary to carry out the provisions of this subtitle D."

SEC. 202. Effective with the 1964 crop of wheat, the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress), is repealed.

SEC. 203. Effective with the 1964 crops of wheat, corn, grain sorghum, barley, oats, and rye, sections 321 through 339 of parts II and III of subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, are repealed and parts IV, V, and VI of subtitle B are redesignated as parts II, III, and IV, respectively.

SEC. 204. Effective with the 1964 crop of wheat, section 326 of the Food and Agriculture Act of 1962, as amended, is repealed.

SEC. 205. Sections 327 and 328 of the Food and Agriculture Act of 1962, as amended, are hereby repealed.

SEC. 206. Section 16(h) of the Soil Conservation and Domestic Allotment Act, as amended, is hereby repealed.

TITLE III—EXTENSION OF EXPIRING CONSERVATION RESERVE CONTRACTS

Sec. 301. The Soil Bank Act, as amended, is amended as follows:

(1) By adding to the end of section 107(b) (2) the following: "Before extending contracts with producers as provided in section 109(a) of this Act, the Secretary shall review the rate of annual payment provided by such contracts. The rate of payment to be offered by the Secretary shall be adjusted on a State, county, and individual farm basis in such a manner as he determines will facilitate the practical administration of the program. The lands to be covered by such contracts shall be determined by a competitive bid procedure whereby a producer wishing to obtain a contract shall specify the percentage of the rental rate applicable to his farm which he is willing to accept."

(2) Subsection (a) of section 109 is amended by adding to the end thereof the following: "The Secretary is authorized further during the five-year period 1963-1967 to extend contracts, other than contracts for the establishment of tree cover, entered into under the authority of this subsection for periods ending not less than three nor more than ten years after the original termination dates of such contracts."

(3) Subsection (b) of section 109 is amended by inserting after the first comma the following: "except as extended as provided in subsection (a) and".

(4) Paragraph (7) of subsection (a) of section 107 is amended by striking the last word and inserting in lieu thereof: "and other objectionable weeds."

(H.R. 6556 by Mr. Jensen is identical to H.R. 6552 by Mr. Bromwell, which follows:)

[H.R. 6552, 88th Cong., 1st sess.]

A BILL To establish a voluntary feed grain and wheat program for 1964 and subsequent years, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Feed Grain and Wheat Act of 1963".

SEC. 2. Notwithstanding any other provision of law, the provisions of this Act shall apply to the 1964 and subsequent crops of wheat, corn, grain sorghum, barley, oats, and rye.

SEC. 3. Section 301(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new subsections, as follows:

"(10) The term 'designated grains' means wheat, corn, grain sorghum, and barley and, at the discretion of the Secretary, oats and rye.

"(11) The term 'designated grain base' means an acreage on the farm equal to the total of the following acreages:

"(a) The average acreage planted to corn, grain sorghum, barley (and oats and rye if so designated by the Secretary), on the farm in the crop years 1959 and 1960 and the farm feed grain base established for the farm in the crop year 1961; and

"(b) The highest wheat acreage allotment on the farm in the crop years 1959, 1960, or 1961, as established in such years by part III of subtitle B of title III of this Act prior to its repeal by the Feed Grain and Wheat Act of 1963; and

"(c) The highest acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 in the case of farms on which wheat was planted under the fifteen-acre farm marketing quota exemption as provided by section 7 of the Act of May 26, 1941, as amended (Public Law 74, Seventy-seventh

Congress), prior to its repeal by the Food and Agriculture Act of 1962: *Provided*, That in computing such acreage the Secretary shall not also include the farm acreage allotment; and

"(d) The average acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 under the thirty-acre wheat-for-feed exemption as provided by section 335(f) of this Act prior to its repeal by the Food and Agriculture Act of 1962."

SEC. 4. Section 301(b) (10) (A) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(10) (A) 'Normal supply' in the case of wheat, corn, grain sorghum, barley, oats, rye, rice, and peanuts for any marketing year shall be (i) the estimated domestic consumption of the commodity for the marketing year ending immediately prior to the marketing year for which normal supply is being determined, plus (ii) the estimated exports of the commodity for the marketing year for which normal supply is being determined, plus (iii) an allowance for carryover. The allowance for carryover shall be the following percentage of the sum of the consumption and exports used in computing normal supply: 15 per centum in the case of wheat, corn, grain sorghum, barley, oats, rye, and peanuts; and 10 per centum in the case of rice. In determining normal supply the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary."

TITLE I—PRICE SUPPORT

SEC. 101. Effective with the 1964 crops, section 105 of the Agricultural Act of 1949, as amended, is amended to read as follows:

"SEC. 105. (a) Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crops, price support shall be made available to producers for each crop of wheat, corn, grain sorghum, barley, oats, and rye at 90 per centum of the average price received by farmers during the three calendar years immediately preceding the calendar year in which the marketing year for such crop begins, adjusted to offset the effect on such price of any abnormal quantities of low grade wheat, corn, grain sorghum, barley, oats, and rye marketing during any of such years: *Provided*, That in the event that a special agricultural conservation program is in effect for such designated grains as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, the Secretary shall establish the level of support for such grains at not less than 65 per centum nor more than 90 per centum of the parity price therefor.

"(b) In the event that the special agricultural conservation program for the designated grains is in effect, the Secretary shall require as a condition of eligibility for price support on wheat, corn, grain sorghum, barley, oats, and rye that the producers of such crops participate in and comply with such special agricultural conservation program as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended.

"(c) If the producers on the farm elect to participate in the special agricultural conservation program, price support shall be made available only if such producers divert from the production of the designated grains in accordance with the provisions of such program an acreage on the farm equal to the number of acres which such operator agrees to divert, and the agreement shall so provide. In the event that the special agricultural conservation program is not in effect, the Secretary shall make price support available to producers of the designated grains as provided in subsection (a) of this section.

"(d) Beginning with the 1964 and subsequent crops of wheat, any wheat stored in order to postpone or avoid payment of a wheat marketing quota penalty under sections (3) and (6) of the Act of May 26, 1941 (Public Law 74, seventy-seventh Congress, as amended), prior to its repeal by the Feed Grain and Wheat Act of 1963 shall not be eligible for price support."

SEC. 102. Section 107 of the Agricultural Act of 1949, as amended, is hereby repealed.

SEC. 103. Section 407 of the Agricultural Act of 1949, as amended, is amended:

(1) by striking out the second proviso and inserting in lieu thereof the following: "*Provided*, That effective with the beginning of any marketing year for which a special agricultural conservation program is not in effect for wheat, corn, grain sorghum, barley, oats, and rye (as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended), the Corporation shall not sell any such designated grains for unrestricted

use at less than 115 per centum above the current support price for such designated grains plus reasonable carrying charges." ; and

(2) by striking the semicolon after the words "deterioration and spoilage" in clause (D) and inserting the following: "except if the supply of any designated grain (as defined in section 301(a)(10) of the Agricultural Adjustment Act of 1938, as amended) is not in excess of a normal supply (as defined in section 301(b)(10)(A) of the Agricultural Adjustment Act of 1938, as amended) the Corporation shall forthwith replenish its stocks by the purchase of a quantity of the commodity equal to the amount of such commodity so sold;"

TITLE II—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

SEC. 201. Subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, is hereby amended to read as follows:

"SUBTITLE D—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

"SEC. 379. (a) If the Secretary finds that during any year the total supply of designated grains will, in the absence of a special agricultural conservation program, be in excess of a 'normal supply' as defined in section 301(b)(10)(A) of this Act, he shall formulate and carry out a special agricultural conservation program, without regard to provisions which would be applicable to the regular agricultural conservation program under which, subject to such terms and conditions as the Secretary determines, conservation payments in amounts determined by the Secretary to be fair and reasonable shall be made to producers who divert acreage from the production of designated grains to an approved conservation use and increase their average acreage of cropland devoted in 1959, 1960, and 1961 to designated soil conserving crops or practices including summer fallow and idle land by an equal amount.

"(b) The Secretary may permit such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, canary seed, and flax, when such crops are not in surplus supply and will not be in surplus supply if permitted to be grown on the diverted acreage, subject to the condition that payment with respect to diverted acreage devoted to any such crop shall be at a rate determined by the Secretary to be fair and reasonable, taking into consideration the use of such acreage for the production of such crops, but in no event shall the payment exceed one-half the rate which would otherwise be applicable if such acreage were devoted to conservation uses and no price support shall be made available for the production of any such crop on such diverted acreage.

"(c) The Secretary shall not permit such diverted acreage to be grazed.

"(d) The Secretary shall require the producer to take appropriate measures to keep such diverted acreage free from erosion, insects, weeds, and rodents.

"(e) The acreage eligible for payments in kind under such special agricultural conservation program shall be an acreage equal to the greater of forty acres or 20 per centum of the farm designated grain base. The Secretary shall, at the option of the producer, make an additional payment in kind for the diversion of not to exceed an additional 30 per centum of the designated grain base on the farm. The rate of payment in kind to be made by the Secretary on the 20 per centum reduction in the designated grain base on the farm shall not exceed 80 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acres. The rate of payment in kind to be made by the Secretary on the additional 30 per centum reduction in the designated grain base on the farm shall not exceed 80 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acres.

"(f) The Secretary shall permit producers to divert for periods of from three to five years up to 50 per centum of the farm acreage of designated grains and in such event the rate of payment in kind to be made by the Secretary shall not exceed 80 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre: *Provided*, That the same acres on the farm shall be identified and diverted each year during the period provided by this subsection.

"(g) The Secretary may make such adjustments in acreage and yields as he determines necessary to correct for abnormal factors affecting production, and

to give due consideration to tillable acreage, crop rotation practices, type of soil, soil and water conservation measures, and topography. The base period for the purpose of determining the adjusted average yield in the case of payments with respect to the 1964 crops shall be the four-year period 1959-1962, and in the case of payments with respect to any subsequent crop shall be the most recent five-year period determined by the Secretary to be representative for which statistics are available.

"(h) To the extent that a producer proves the actual acreages and yields for the farm for the 1959, 1960, and 1961 crop years, such acreages and yields shall be used in making determinations.

"(i) The Secretary may make not to exceed 50 per centum of any payments in kind to producers in advance of determination of performance.

"(j) The Secretary shall provide by regulations for the sharing of payments under this subsection among producers on the farm on a fair and equitable basis and in keeping with existing contracts.

"SEC. 380. Only payments in kind shall be made and such payments in kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for the designated grains which shall not be valued at nor sold for unrestricted use for less than the support price plus reasonable carrying charges and, notwithstanding any other provision of law, the Commodity Credit Corporation shall, in accordance with regulations prescribed by the Secretary, assist the producer in the marketing of such certificates at such time and in such manner as the Secretary determines will best effectuate the purposes of this Act. In the case of any certificate not presented for redemption within thirty days of the date of its issuance, reasonable costs of storage and other carrying charges, as determined by the Secretary, for the period beginning thirty days after its issuance and ending with the date of its presentation for redemption shall be deducted from the value of the certificate: *Provided*, That producers who elect to take payments in grain in lieu of electing to allow the Secretary to assist such producers in the marketing of payment-in-kind certificates, shall receive an additional amount of grain, equal to 15 per centum of the amount to which such producers would otherwise be entitled.

"SEC. 381. Notwithstanding any other provision of law, in the event of a national emergency or a serious drought, flood, or other natural disaster, the Secretary may place such limits on the extent that producers may participate in the special agricultural conservation program authorized by this Act as he determines necessary or he may, by mutual agreement with the producer, terminate or modify any agreement previously entered into pursuant to this Act.

"SEC. 382. There are hereby authorized to be appropriated such amounts as may be necessary to enable the Secretary to carry out the provisions of this subtitle D."

SEC. 202. Effective with the 1964 crop of wheat, the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress), is repealed.

SEC. 203. Effective with the 1964 crops of wheat, corn, grain sorghum, barley, oats, and rye, sections 321 through 339 of parts II and III of subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, are repealed and parts IV, V, and VI of subtitle B are redesignated as parts II, III, and IV, respectively.

SEC. 204. Effective with the 1964 crop of wheat, section 326 of the Food and Agriculture Act of 1962, as amended, is repealed.

SEC. 205. Sections 327 and 328 of the Food and Agriculture Act of 1962, as amended, are hereby repealed.

SEC. 206. Section 16(h) of the Soil Conservation and Domestic Allotment Act, as amended, is hereby repealed.

SEC. 207. Section 22(a) of the Agricultural Adjustment Act (of 1933) as reenacted by the Marketing Agreement Act of 1937, is amended by inserting before the period at the end of the first sentence the following: " ; and the President shall also cause such an investigation to be made to determine such facts in the case of any agricultural commodity which the Secretary determines is a surplus agricultural commodity (as defined in section 106 of Public Law 480, Eighty-third Congress) ".

TITLE III—EXTENSION OF EXPIRING CONSERVATION RESERVE CONTRACTS

SEC. 301. The Soil Bank Act, as amended, is amended as follows:

(1) By adding to the end of section 107(b) (2) the following: "Before extending contracts with producers as provided in section 109(a) of this Act, the

Secretary shall review the rate of annual payment provided by such contracts. The rate of payment to be offered by the Secretary shall be adjusted on a State, county, and individual farm basis in such a manner as he determines will facilitate the practical administration of the program. The lands to be covered by such contracts shall be determined by a competitive bid procedure whereby a producer wishing to obtain a contract shall specify the percentage of the rental rate applicable to his farm which he is willing to accept."

(2) Subsection (a) of section 109 is amended by adding to the end thereof the following: "The Secretary is authorized further during the five-year period 1963-1967 to extend contracts, other than contracts for the establishment of tree cover, entered into under the authority of this subsection for periods ending not less than three nor more than five years after the original termination dates of such contracts."

(3) Subsection (b) of section 109 is amended by inserting after the first comma the following: "except as extended as provided in subsection (a) and".

(4) Paragraph (7) of subsection (a) of section 107 is amended by striking the last word and inserting in lieu thereof: "and other objectionable weeds."

(H.R. 6564 by Mr. Thomson is identical to H.R. 6557 by Mr. Kyl, which follows:)

[H.R. 6557, 88th Cong., 1st sess.]

A BILL To establish a voluntary feed grain and wheat program for 1964 and subsequent years, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Feed Grain and Wheat Act of 1963".

SEC. 2. Notwithstanding any other provision of law, the provisions of this Act shall apply to the 1964 and subsequent crops of wheat, corn, grain sorghum, barley, oats, and rye.

SEC. 3. Section 301 (a) of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new subsections as follows:

"(10) The term 'designated grains' means wheat, corn, grain sorghum, and barley and, at the discretion of the Secretary, oats and rye.

"(11) The term 'designated grain base' means an acreage on the farm equal to the total of the following acreages:

"(a) The average acreage planted to corn, grain sorghum, barley (and oats and rye if so designated by the Secretary), on the farm in the crop years 1959 and 1960 and the farm feed grain base established for the farm in the crop year 1961; and

"(b) The highest wheat acreage allotment on the farm in the crop year 1959, 1960, or 1961, as established in such years by part III of subtitle B of title III of this Act prior to its repeal by the Feed Grain and Wheat Act of 1963; and

"(c) The highest acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 in the case of farms on which wheat was planted under the fifteen-acre farm marketing quota exemption as provided by section 7 of the Act of May 26, 1941, as amended (Public Law 74, Seventy-seventh Congress), prior to its repeal by the Food and Agriculture Act of 1962: *Provided*, That in computing such acreage the Secretary shall not also include the farm acreage allotment; and

"(d) The average acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 under the thirty-acre wheat-for-feed exemption as provided by section 335(f) of this Act prior to its repeal by the Food and Agricultural Act of 1962."

SEC. 4. Section 301(b) (10) (A) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(10) (A) 'Normal supply' in the case of wheat, corn, grain sorghums, barley, oats, rye, rice, and peanuts for any marketing year shall be (i) the estimated domestic consumption of the commodity for the marketing year ending immediately prior to the marketing year for which normal supply is being determined, plus (ii) the estimated exports of the commodity for the marketing year for which normal supply is being determined, plus (ii) an allowance for carryover. The allowance for carryover shall be the following percentage of the sum of the consumption and exports used in computing normal supply: 15 per centum

in the case of wheat, corn, grain sorghum, barley, oats, rye, and peanuts; and 10 per centum in the case of rice. In determining normal supply the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary."

TITLE I—PRICE SUPPORT

SEC. 101. Effective with the 1964 crops, section 105 of the Agricultural Act of 1949, as amended, is amended to read as follows:

"SEC. 105. (a) Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crops, price support shall be made available to producers for each crop of wheat, corn, grain sorghum, barley, oat and rye at 90 per centum of the average price received by farmers during the three calendar years immediately preceding the calendar year in which the marketing year for such crop begins, adjusted to offset the effect on such price of any abnormal quantities of low grade wheat, corn, grain sorghums, barley, oats, and rye marketed during any of such years: *Provided*, That in the event that a special agricultural conservation program is in effect for such designated grains as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, the Secretary shall establish the level of support for such grains at not less than 65 per centum nor more than 90 per centum of the parity price therefor.

"(b) In the event that the special agricultural conservation program for the designated grains is in effect, the Secretary shall require as a condition of eligibility for price support on wheat, corn, grain sorghum, barley, oats, and rye that the producers of such crops participate in and comply with such special agricultural conservation program as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended.

"(c) If the producers on the farm elect to participate in the special agricultural conservation program, price support shall be made available only if such producers divert from the production of the designated grains in accordance with the provisions of such program an acreage on the farm equal to the number of acres which such operator agrees to divert, and the agreement shall so provide. In the event that the special agricultural conservation program is not in effect, the Secretary shall make price support available to producers of the designated grains as provided in subsection (a) of this section.

"(d) Beginning with the 1964 and subsequent crops of wheat, any wheat stored in order to postpone or avoid payment of a wheat marketing quota penalty under sections (3) and (6) of the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress, as amended), prior to its repeal by the Feed Grain and Wheat Act of 1963 shall not be eligible for price support."

SEC. 102. Section 107 of the Agricultural Act of 1949, as amended, is hereby repealed.

SEC. 103. Section 407 of the Agricultural Act of 1949, as amended, is amended—

(1) by striking the second proviso and inserting in lieu thereof the following: "*Provided*, That effective with the beginning of any marketing year for which a special agricultural conservation program is not in effect for wheat, corn, grain sorghum, barley, oats, and rye (as provided by subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended), the Corporation shall not sell any such designated grains for unrestricted use at less than 115 per centum above the current support price for such designated grains plus reasonable carry charges."; and

(2) by striking the semicolon after the words "deterioration and spoilage" in clause (D) and inserting the following: "except if the supply of any designated grain (as defined in section 301(a)(10) of the Agricultural Adjustment Act of 1938, as amended) is not in excess of a normal supply (as defined in section 301(b)(10) (A) of the Agricultural Adjustment Act of 1938, as amended) the Corporation shall forthwith replenish its stocks by the purchase of a quantity of the commodity equal to the amount of such commodity so sold;".

TITLE II—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

SEC. 201. Subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, is hereby amended to read as follows:

"SUBTITLE D—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

"SEC. 379. (a) If the Secretary finds that during any year the total supply of designated grains will, in the absence of a special agricultural conservation program, be in excess of a 'normal supply' as defined in section 301(b) (10) (A) of this Act, he shall formulate and carry out a special agricultural conservation program, without regard to provisions which would be applicable to the regular agricultural conservation program under which, subject to such terms and conditions as the Secretary determines, conservation payments in amounts determined by the Secretary to be fair and reasonable shall be made to producers who divert acreage from the production of designated grains to an approved conservation use and increase their average acreage of cropland devoted in 1959, 1960, and 1961 to designated soil conserving crops or practices including summer fallow and idle land by an equal amount.

"(b) The Secretary may permit such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, canary seed, and flax, when such crops are not in surplus supply and will not be in surplus supply if permitted to be grown on the diverted acreage, subject to the condition that payment with respect to diverted acreage devoted to any such crop shall be at a rate determined by the Secretary to be fair and reasonable, taking into consideration the use of such acreage for the production of such crops, but in no event shall the payment exceed one-half the rate which would otherwise be applicable if such acreage were devoted to conservation uses and no price support shall be made available for the production of any such crop on such diverted acreage.

"(c) The Secretary shall not permit such diverted acreage to be grazed.

"(d) The Secretary shall require the producer to take appropriate measures to keep such diverted acreage free from erosion, insects, weeds, and rodents.

"(e) The acreage eligible for payments in kind under such special agricultural conservation program shall be an acreage equal to the greater of forty acres or 20 per centum of the farm designated grain base. The Secretary shall, at the option of the producer, make an additional payment in kind for the diversion of not to exceed an additional 30 per centum of the designated grain base on the farm. The rate of payment in kind to be made by the Secretary on the 20 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre. The rate of payment in kind to be made by the Secretary on the additional 30 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre.

"(f) The Secretary shall permit producers to divert for periods of from three to five years up to 50 per centum of the farm acreage of designated grains and in such event the rate of payment in kind to be made by the Secretary shall not exceed 60 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre: *Provided*, That the same acres on the farms shall be identified and diverted each year during the period provided by this subsection.

"(g) The Secretary may make such adjustments in acreage and yields as he determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop rotation practices, type of soil, soil and water conservation measures, and topography. The base period for the purpose of determining the adjusted average yield in the case of payments with respect to the 1964 crops shall be the four-year period 1959-1962, and in the case of payments with respect to any subsequent crop shall be the most recent five-year period determined by the Secretary to be representative for which statistics are available.

"(h) To the extent that a producer proves the actual acreages and yields for the farm for the 1959, 1960, and 1961 crop years, such acreages and yields shall be used in making determinations.

"(i) The Secretary may make not to exceed 50 per centum of any payments in kind to producers in advance of determination of performance.

"(j) The Secretary shall provide by regulations for the sharing of payments under this subsection among producers on the farm on a fair and equitable basis and in keeping with existing contracts.

"SEC. 380. Only payments in kind shall be made and such payments in kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for the designated grains which shall not be valued at nor sold for unrestricted use for less than the support price plus reasonable carrying charges and, notwithstanding any other provision of law, the Commodity Credit Corporation shall, in accordance with regulations prescribed by the Secretary, assist the producer in the marketing of such certificates at such time and in such manner as the Secretary determines will best effectuate the purposes of this Act. In the case of any certificate not presented for redemption within thirty days of the date of its issuance, reasonable costs of storage and other carrying charges, as determined by the Secretary, for the period beginning thirty days after its issuance and ending with the date of its presentation for redemption shall be deducted from the value of the certificate: *Provided*, That producers who elect to take payments in grain in lieu of electing to allow the Secretary to assist such producers in the marketing of payments in kind certificates, shall receive an additional amount of grain, equal to 15 per centum of the amount to which such producers would otherwise be entitled.

"SEC. 381. Notwithstanding any other provision of law, in the event of a national emergency or a serious drought, flood, or other natural disaster, the Secretary may place such limits on the extent that producers may participate in the special agricultural conservation program authorized by this Act as he determines necessary or he may, by mutual agreement with the producer, terminate or modify any agreement previously entered into pursuant to this Act.

"SEC. 382. There are hereby authorized to be appropriated such amounts as may be necessary to enable the Secretary to carry out the provisions of this subtitle D."

SEC. 202. Effective with the 1964 crop of wheat, the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress), is repealed.

SEC. 203. Effective with the 1964 crops of wheat, corn, grain sorghum, barley, oats, and rye, sections 321 through 339 of part II and III of subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, are repealed and parts IV, V, and VI of subtitle B are redesignated as parts II, III, and IV, respectively.

SEC. 204. Effective with the 1964 crop of wheat, section 326 of the Food and Agriculture Act of 1962, as amended, is repealed.

SEC. 205. Sections 327 and 328 of the Food and Agriculture Act of 1962, as amended, are hereby repealed.

SEC. 206. Section 16(h) of the Soil Conservation and Domestic Allotment Act, as amended, is hereby repealed.

TITLE III—EXTENSION OF EXPIRING CONSERVATION RESERVE CONTRACTS

SEC. 301. The Soil Bank Act, as amended, is amended as follows:

(1) By adding to the end of section 107(b) (2) the following: "Before extending contracts with producers as provided in section 109(a) of this Act, the Secretary shall review the rate of annual payment provided by such contracts. The rate of payment to be offered by the Secretary shall be adjusted on a State, county, and individual farm basis in such a manner as he determines will facilitate the practical administration of the program. The lands to be covered by such contracts shall be determined by a competitive bid procedure whereby a producer wishing to obtain a contract shall specify the percentage of the rental rate applicable to his farm which he is willing to accept."

(2) Subsection (a) of section 109 is amended by adding to the end thereof the following: "The Secretary is authorized further during the five-year period 1963-1967 to extend contracts, other than contracts for the establishment of tree cover, entered into under the authority of this subsection for periods ending not less than three nor more than ten years after the original termination dates of such contracts."

(3) Subsection (b) of section 109 is amended by inserting after the first comma the following: "except as extended as provided in subsection (a) and".

(4) Paragraph (7) of subsection (a) of section 107 is amended by striking the last word and inserting in lieu thereof: "and other objectionable weeds."

(H.R. 6547 by Mr. Dole follows:)

[H.R. 6547, 88th Cong., 1st sess.]

A BILL To establish a voluntary feed grain and wheat program for 1964 and subsequent years, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Feed Grain and Wheat Act of 1963".

SEC. 2. Notwithstanding any other provision of law, the provisions of this Act shall apply to the 1964 and subsequent crops of wheat, corn, grain sorghum, barley, oats, and rye.

SEC. 3. Section 301 (a) of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new subsections as follows:

"(10) The term 'designated grains' means wheat, corn, grain sorghum, and barley and, at the discretion of the Secretary, oats and rye.

"(11) The term 'designated grain base' means an acreage on the farm equal to the total of the following acreages:

"(a) The average acreage planted to corn, grain sorghum, barley (and oats and rye if so designated by the Secretary), on the farm in the crop years 1959 and 1960 and the farm feed grain base established for the farm in the crop year 1961; and

"(b) The highest wheat acreage allotment on the farm in the crop years 1959, 1960, or 1961, as established in such years by part III of subtitle B of title III of this Act prior to its repeal by the Feed Grain and Wheat Act of 1963; and

"(c) The average acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 in the case of farms on which wheat was planted under the fifteen-acre farm marketing quota exemption as provided by section 7 of the Act of May 26, 1941, as amended (Public Law 74, Seventy-seventh Congress), prior to its repeal by the Food and Agriculture Act of 1962: *Provided*, That in computing such acreage the Secretary shall not also include the farm acreage allotment; and

"(d) The average acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 under the thirty-acre wheat-for-feed exemption as provided by section 335 (f) of this Act prior to its repeal by the Food and Agriculture Act of 1962."

SEC. 4. Section 301 (b) (10) (A) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(10) (A) 'Normal supply' in the case of wheat, corn, grain sorghum, barley, oats, rye, rice, and peanuts for any marketing year shall be (i) the estimated domestic consumption of the commodity for the marketing year ending immediately prior to the marketing year for which normal supply is being determined, plus (ii) the estimated exports of the commodity for the marketing year for which normal supply is being determined, plus (iii) an allowance for carryover. The allowance for carryover shall be the following percentage of the sum of the consumption and exports used in computing normal supply: 15 per centum in the case of wheat, corn, grain sorghum, barley, oats, rye, and peanuts; and 10 per centum in the case of rice. In determining normal supply the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary."

TITLE I—PRICE SUPPORT

SEC. 101. Effective with the 1964 crops, section 105 of the Agricultural Act of 1949, as amended, is amended to read as follows:

"SEC. 105. (a) Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crops, price support shall be made available to producers for each crop of wheat, corn, grain sorghum, barley, oats, and rye at 90 per centum of the average price received by farmers during the three calendar years immediately preceding the calendar year in which the marketing year for such crop begins, adjusted to offset the effect on such price of any abnormal quantities of low grade wheat, corn, grain sorghum, barley, oats, and rye marketed during

any of such years: *Provided*, That in the event that a special agricultural conservation program is in effect for such designated grains as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, the Secretary shall establish the level of support for such grains at not less than 65 per centum nor more than 90 per centum of the parity price therefor.

"(b) In the event that the special agricultural conservation program for the designated grains is in effect, the Secretary shall require as a condition of eligibility for price support on wheat, corn, grain sorghum, barley, oats, and rye that the producers of such crops participate in and comply with such special agricultural conservation program as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended.

"(c) If the producers on the farm elect to participate in the special agricultural conservation program, price support shall be made available only if such producers divert from the production of the designated grains in accordance with the provisions of such program an acreage on the farm equal to the number of acres which such operator agrees to divert, and the agreement shall so provide. In the event that the special agricultural conservation program is not in effect, the Secretary shall make price support available to producers of the designated grains as provided in subsection (a) of this section.

"(d) Beginning with the 1964 and subsequent crops of wheat, any wheat stored in order to postpone or avoid payment of a wheat marketing quota penalty under sections (3) and (6) of the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress, as amended), prior to its repeal by the Feed Grain and Wheat Act of 1963 shall not be eligible for price support."

SEC. 102. Section 107 of the Agricultural Act of 1949, as amended, is hereby repealed.

SEC. 103. Section 407 of the Agricultural Act of 1949, as amended, is amended—

(1) by striking the second proviso and inserting in lieu thereof the following: "*Provided*, That effective with the beginning of any marketing year for which a special agricultural conservation program is not in effect for wheat, corn, grain sorghum, barley, oats, and rye (as provided by subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended), the Corporation shall not sell any such designated grains for unrestricted use at less than 115 per centum above the current support price for such designated grains plus reasonable carrying charges."; and

(2) by striking the semicolon after the words "deterioration and spoilage" in clause (D) and inserting the following: "except if the supply of any designated grain (as defined in section 301(a)(10) of the Agricultural Adjustment Act of 1938, as amended) is not in excess of a normal supply (as defined in section 301(b)(10)(A) of the Agricultural Adjustment Act of 1938, as amended) the Corporation shall forthwith replenish its stocks by the purchase of a quantity of the commodity equal to the amount of such commodity so sold;"

TITLE II—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

SEC. 201. Subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, is hereby amended to read as follows:

"SUBTITLE D—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

"SEC. 379. (a) If the Secretary finds that during any year the total supply of designated grains will, in the absence of a special agricultural conservation program, be in excess of a 'normal supply' as defined in section 301(b)(10)(A) of this Act, he shall formulate and carry out a special agricultural conservation program, without regard to provisions which would be applicable to the regular agricultural conservation program under which, subject to such terms and conditions as the Secretary determines, conservation payments in amounts determined by the Secretary to be fair and reasonable shall be made to producers who divert acreage from the production of designated grains to an approved conservation use and increase their average acreage of cropland devoted in 1959, 1960, and 1961 to designated soil conserving crops or practices including summer fallow and idle land by an equal amount.

"(b) The Secretary may permit such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, canary seed, and flax, when such crops are not in surplus supply and will not be in surplus supply if permitted to be grown on the diverted acreage, subject to

the condition that payment with respect to diverted acreage devoted to any such crop shall be at a rate determined by the Secretary to be fair and reasonable, taking into consideration the use of such acreage for the production of such crops, but in no event shall the payment exceed one-half the rate which would otherwise be applicable if such acreage were devoted to conservation uses and no price support shall be made available for the production of any such crop on such diverted acreage.

"(c) The Secretary shall not permit such diverted acreage to be grazed.

"(d) The Secretary shall require the producer to take appropriate measures to keep such diverted acreage free from erosion, insects, weeds, and rodents.

"(e) The acreage eligible for payments in kind under such special agricultural conservation program shall be an acreage equal to the greater of forty acres or 20 per centum of the farm designated grain base. The Secretary shall, at the option of the producer, make an additional payment in kind for the diversion of not to exceed an additional 30 per centum of the designated grain base on the farm. The rate of payment in kind to be made by the Secretary on the 20 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre. The rate of payment in kind to be made by the Secretary on the additional 30 per centum reduction is the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre.

"(f) The Secretary shall permit producers to divert for periods of from three to five years up to 50 per centum of the farm acreage of designated grains and in such event the rate of payment in kind to be made by the Secretary shall not exceed 60 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre: *Provided*, That the same acres on the farm shall be identified and diverted each year during the period provided by this subsection.

"(g) The Secretary may make such adjustments in acreage and yields as he determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop rotation practices, type of soil, soil and water conservation measures, and topography. The base period for the purpose of determining the adjusted average yield in the case of payments with respect to the 1964 crops shall be the four-year period 1959-1962, and in the case of payments with respect to any subsequent crop shall be the most recent five-year period determined by the Secretary to be representative for which statistics are available.

"(h) To the extent that a producer proves the actual acreages and yields for the farm for the 1959, 1960, and 1961 crop years, such acreages and yields shall be used in making determinations.

"(i) The Secretary may make not to exceed 50 per centum of any payments in kind to producers in advance of determination of performance.

"(j) The Secretary shall provide by regulations for the sharing of payments under this subsection among producers on the farm on a fair and equitable basis and in keeping with existing contracts.

"SEC. 380. Only payments in kind shall be made and such payments in kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for the designated grains which shall not be valued at nor sold for unrestricted use for less than the support price plus reasonable carrying charges and, notwithstanding any other provision of law, the Commodity Credit Corporation shall, in accordance with regulations prescribed by the Secretary, assist the producer in the marketing of such certificates at such time and in such manner as the Secretary determines will best effectuate the purposes of this Act. In the case of any certificate not presented for redemption within thirty days of the date of its issuance, reasonable costs of storage and other carrying charges, as determined by the Secretary, for the period beginning thirty days after its issuance and ending with the date of its presentation for redemption shall be deducted from the value of the certificate.

"SEC. 381. Notwithstanding any other provision of law, in the event of a national emergency or a serious drought, flood, or other natural disaster, the Secretary may place such limits on the extent that producers may participate in the special agricultural conservation program authorized by this

Act as he determines necessary or he may, by mutual agreement with the producer, terminate or modify any agreement previously entered into pursuant to this Act.

"SEC. 382. There are hereby authorized to be appropriated such amounts as may be necessary to enable the Secretary to carry out the provisions of this subtitle D."

SEC. 202. Effective with the 1964 crop of wheat, the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress), is repealed.

SEC. 203. Effective with the 1964 crops of wheat, corn, grain sorghum, barley, oats, and rye, sections 321 through 339 of parts II and III of subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, are repealed and parts IV, V, and VI of subtitle B are redesignated as parts II, III, and IV, respectively.

SEC. 204. Effective with the 1964 crop of wheat, section 326 of the Food and Agriculture Act of 1962, as amended, is repealed.

SEC. 205. Sections 327 and 328 of the Food and Agriculture Act of 1962, as amended, are hereby repealed.

SEC. 206. Section 16(h) of the Soil Conservation and Domestic Allotment Act, as amended, is hereby repealed.

SEC. 207. Section 22(a) of the Agricultural Adjustment Act (of 1933) as reenacted by the Marketing Agreement Act of 1937, is amended by inserting before the period at the end of the first sentence the following: "; and the President shall also cause such an investigation to be made to determine such facts in the case of any agricultural commodity which the Secretary determines is a surplus agricultural commodity (as defined in section 106 of Public Law 480, Eighty-third Congress)".

TITLE III—EXTENSION OF EXPIRING CONSERVATION RESERVE CONTRACTS

SEC. 301. The Soil Bank Act, as amended, is amended as follows:

(1) By adding to the end of section 107(b)(2) the following: "Before extending contracts with producers as provided in section 109(a) of this Act, the Secretary shall review the rate of annual payment provided by such contracts.

"The rate of payment to be offered by the Secretary shall be adjusted on a State, county, and individual farm basis in such a manner as he determines will facilitate the practical administration of the program. The lands to be covered by such contracts shall be determined by a competitive bid procedure whereby a producer wishing to obtain a contract shall specify the percentage of the rental rate applicable to his farm which he is willing to accept."

(2) Subsection (a) of section 109 is amended by adding to the end thereof the following: "The Secretary is authorized further during the five-year period 1963-1967 to extend contracts, other than contracts for the establishment of tree cover, entered into under the authority of this subsection for periods ending not less than three nor more than ten years after the original termination dates of such contracts."

(3) Subsection (b) of section 109 is amended by inserting after the first comma the following: "except as extended as provided in subsection (a) and".

(4) Paragraph (7) of subsection (a) of section 107 is amended by striking the last word and inserting in lieu thereof: "and other objectionable weeds."

(H.R. 6553 by Mr. Ellsworth follows:)

[H.R. 6553, 88th Cong., 1st sess.]

A BILL To establish a voluntary feed grain and wheat program for 1964 and subsequent years

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Feed Grain and Wheat Act of 1963".

SEC. 2. Notwithstanding any other provision of law, the provisions of this Act shall apply to the 1964 and subsequent crops of wheat, corn, grain sorghum, barley, oats, and rye.

SEC. 3. Section 301(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new subsections as follows:

"(10) The term 'designated grains' means wheat, corn, grain sorghum, and barley and, at the discretion of the Secretary, oats and rye.

"(11) The term 'designated grain base' means an acreage on the farm equal to the total of the following acreages:

"(a) The average acreage planted to corn, grain sorghum, barley (and oats and rye if so designated by the Secretary), on the farm in the crop years 1959 and 1960 and the farm feed grain base established for the farm in the crop year 1961; and

"(b) The highest wheat acreage allotment on the farm in the crop years 1959, 1960, or 1961, as established in such years by part III of subtitle B of title III of this Act prior to its repeal by the Feed Grain and Wheat Act of 1963; and

"(c) The average acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 in the case of farms on which wheat was planted under the fifteen-acre farm marketing quota exemption as provided by section 7 of the Act of May 26, 1941, as amended (Public Law 74, Seventy-seventh Congress), prior to its repeal by the Food and Agriculture Act of 1962: *Provided*, That in computing such acreage the Secretary shall not also include the farm acreage allotment; and

"(d) The average acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 under the thirty-acre wheat-for-feed exemption as provided by section 335(f) of this Act prior to its repeal by the Food and Agriculture Act of 1962."

SEC. 4. Section 301(b)(10)(A) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(10)(A) 'Normal supply' in the case of wheat, corn, grain sorghum, barley, oats, rye, rice, and peanuts for any marketing year shall be (i) the estimated domestic consumption of the commodity for the marketing year ending immediately prior to the marketing year for which normal supply is being determined, plus (ii) the estimated exports of the commodity for the marketing year for which normal supply is being determined, plus (iii) an allowance for carryover. The allowance for carryover shall be the following percentage of the sum of the consumption and exports used in computing normal supply: 15 per centum in the case of wheat, corn, grain sorghum, barley, oats, rye, and peanuts; and 10 per centum in the case of rice. In determining normal supply the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary."

TITLE I—PRICE SUPPORT

SEC. 101. Effective with the 1964 crops, section 105 of the Agricultural Act of 1949, as amended, is amended to read as follows:

"SEC. 105. (a) Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crops, price support shall be made available to producers for each crop of wheat, corn, grain sorghum, barley, oats, and rye at 90 per centum of the average price received by farmers during the three calendar years immediately preceding the calendar year in which the marketing year for such crop begins adjusted to offset the effect on such price of any abnormal quantities of low grade wheat, corn, grain sorghum, barley, oats, and rye marketed during any of such years: *Provided*, That in the event that a special agricultural conservation program is in effect for such designated grains as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, the Secretary shall establish the level of support for such grains at not less than 65 per centum nor more than 90 per centum of the parity price therefor.

"(b) In the event that the special agricultural conservation program for the designated grains is in effect, the Secretary shall require as a condition of eligibility for price support on wheat, corn, grain sorghum, barley, oats, and rye that the producers of such crops participate in and comply with such special agricultural conservation program as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended.

"(c) If the producers on the farm elect to participate in the special agricultural conservation program, price support shall be made available only if such producers divert from the production of the designated grains in accordance with the provisions of such program an acreage on the farm equal to the num-

ber of acres which such operator agrees to divert, and the agreement shall so provide. In the event that the special agricultural conservation program is not in effect, the Secretary shall make price support available to producers of the designated grains as provided in subsection (a) of this section.

"(d) Beginning with the 1964 and subsequent crops of wheat, any wheat stored in order to postpone or avoid payment of a wheat marketing quota penalty under sections (3) and (6) of the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress, as amended), prior to its repeal by the Feed Grain and Wheat Act of 1963 shall not be eligible for price support."

SEC. 102. Section 107 of the Agricultural Act of 1949, as amended, is hereby repealed.

SEC. 103. Section 407 of the Agricultural Act of 1949, as amended, is amended—

(1) by striking the second proviso and inserting in lieu thereof the following: " : *Provided*, That effective with the beginning of any marketing year for which a special agricultural conservation program is not in effect for wheat, corn, grain sorghum, barley, oats, and rye (as provided by subtitle D of title II of the Agricultural Adjustment Act of 1938, as amended), the Corporation shall not sell any such designated grains for unrestricted use at less than 115 per centum above the current support price for such designated grains plus reasonable carrying charges."; and

(2) by striking out the semicolon after the words "deterioration and spoilage" in clause (D) and inserting the following: "except if the supply of any designated grain (as defined in section 301(a)(10) of the Agricultural Adjustment Act of 1938, as amended) is not in excess of a normal supply (as defined in section 301(b)(10)(A) of the Agricultural Adjustment Act of 1938, as amended) the Corporation shall forthwith replenish its stocks by the purchase of a quantity of the commodity equal to the amount of such commodity so sold;".

TITLE II—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

SEC. 201. Subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, is hereby amended to read as follows:

"SUBTITLE D—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

"Sec. 379. (a) If the Secretary finds that during any year the total supply of designated grains will, in the absence of a special agricultural conservation program, be in excess of a 'normal supply' as defined in section 301(b)(10)(A) of this Act, he shall formulate and carry out a special agricultural conservation program, without regard to provisions which would be applicable to the regular agricultural conservation program under which, subject to such terms and conditions as the Secretary determines, conservation payments in amounts determined by the Secretary to be fair and reasonable shall be made to producers who divert acreage from the production of designated grains to an approved conservation use and increase their average acreage of cropland devoted in 1959, 1960, and 1961 to designated soil conserving crops or practices including summer fallow and idle land by an equal amount.

"(b) The Secretary may permit such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, canary seed, and flax, when such crops are not in surplus supply and will not be in surplus supply if permitted to be grown on the diverted acreage, subject to the condition that payment with respect to diverted acreage devoted to any such crop shall be at a rate determined by the Secretary to be fair and reasonable, taking into consideration the use of such acreage for the production of such crops, but in no event shall the payment exceed one-half the rate which would otherwise be applicable if such acreage were devoted to conservation uses and no price support shall be made available for the production of any such crop on such diverted acreage.

"(c) The Secretary shall not permit such diverted acreage to be grazed.

"(d) The Secretary shall require the producer to take appropriate measures to keep such diverted acreage free from erosion, insects, weeds, and rodents.

"(e) The acreage eligible for payments in kind under such special agricultural conservation program shall be an acreage equal to the greater of forty acres or 20 per centum of the farm designated grain base. The Secretary shall, at the option of the producer, make an additional payment in kind for the

diversion of not to exceed an additional 30 per centum of the designated grain base on the farm. The rate of payment in kind to be made by the Secretary on the 20 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre. The rate of payment in kind to be made by the Secretary on the additional 30 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre.

"(f) The Secretary shall permit producers to divert for periods of from three to five years up to 50 per centum of the farm acreage of designated grains and in such event the rate of payment in kind to be made by the Secretary shall not exceed 60 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre: *Provided*, That the same acres on the farm shall be identified and diverted each year during the period provided by this subsection.

"(g) The Secretary may make such adjustments in acreage and yields as he determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop rotation practices, type of soil, soil and water conservation measures, and topography. The base period for the purpose of determining the adjusted average yield in the case of payments with respect to the 1964 crops shall be the four-year period 1959-1962, and in the case of payments with respect to any subsequent crop shall be the most recent five year period determined by the Secretary to be representative for which statistics are available.

"(h) To the extent that a producer proves the actual acreages and yields for the farm for the 1959, 1960, and 1961 crop years, such acreages and yields shall be used in making determinations.

"(i) The Secretary may make not to exceed 50 per centum of any payments in kind to producers in advance of determination of performance.

"(j) The Secretary shall provide by regulations for the sharing of payments under this subsection among producers on the farm on a fair and equitable basis and in keeping with existing contracts.

"SEC. 380. Only payments in kind shall be made and such payments in kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for the designated grains which shall not be valued at nor sold for unrestricted use for less than the support price plus reasonable carrying charges and, notwithstanding any other provision of law, the Commodity Credit Corporation shall, in accordance with regulations prescribed by the Secretary, assist the producer in the marketing of such certificates at such time and in such manner as the Secretary determines will best effectuate the purposes of this Act. In the case of any certificate not presented for redemption within thirty days of the date of its issuance, reasonable costs of storage and other carrying charges, as determined by the Secretary, for the period beginning thirty days after its issuance and ending with the date of its presentation for redemption shall be deducted from the value of the certificate.

"SEC. 381. Notwithstanding any other provision of law, in the event of a national emergency or a serious drought, flood, or other natural disaster, the Secretary may place such limits on the extent that producers may participate in the special agricultural conservation program authorized by this Act as he determines necessary or he may, by mutual agreement with the producer, terminate or modify any agreement previously entered into pursuant to this Act.

"SEC. 382. There are hereby authorized to be appropriated such amounts as may be necessary to enable the Secretary to carry out the provisions of this subtitle D."

SEC. 202. Effective with the 1964 crop of wheat, the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress), is repealed.

SEC. Effective with the 1964 crops of wheat, corn, grain sorghum, barley, oats, and rye, sections 321 through 339 of parts II and III of subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, are repealed and parts IV, V, and VI of subtitle B are redesignated as parts II, III, and IV, respectively.

SEC. 204. Effective with the 1964 crop of wheat, section 326 of the Food and Agriculture Act of 1962, as amended, is repealed.

SEC. 205. Sections 327 and 328 of the Food and Agriculture Act of 1962, as amended, are hereby repealed.

SEC. 206. Section 16(h) of the Soil Conservation and Domestic Allotment Act, as amended, is hereby repealed.

(H.R. 6558 by Mr. Langen follows:)

[H.R. 6558, 88th Cong., 1st sess.]

A BILL To establish a voluntary feed grain and wheat program for 1964 and subsequent years, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Feed Grain and Wheat Act of 1963".

SEC. 2. Notwithstanding any other provision of law, the provisions of this Act shall apply to the 1964 and subsequent crops of wheat, corn, grain sorghum, barley, oats and rye.

SEC. 3. Section 301(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new subsections as follows:

"(10) The term 'designated grains' means wheat, corn, grain sorghum, and barley and at the discretion of the Secretary oats and rye.

"(11) The term 'designated grain base' means an acreage on the farm equal to the total of the following acreages:

"(a) The farm feed grain base established for the farm in the crop year 1963; and

"(b) The highest wheat acreage allotment on the farm in the crop years 1959, 1960, or 1961, as established in such years by part III of subtitle B of title III of this Act prior to its repeal by the Feed Grain and Wheat Act of 1963; and

"(c) The average acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 in the case of farms on which wheat was planted under the fifteen-acre farm marketing quota exemption as provided by section 7 of the Act of May 26, 1941, as amended (Public Law 74, Seventy-seventh Congress), prior to its repeal by the Food and Agriculture Act of 1962: *Provided*, That in computing such acreage the Secretary shall not also include the farm acreage allotment; and

"(d) The average acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 under the thirty-acre wheat-for-feed exemption as provided by section 335(f) of this Act prior to its repeal by the Food and Agriculture Act of 1962."

SEC. 4. Section 301(b) (10) (A) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(10) (A) 'Normal supply' in the case of wheat, corn, grain sorghum, barley, oats, rye, rice, and peanuts for any marketing year shall be (i) the estimated domestic consumption of the commodity for the marketing year ending immediately prior to the marketing year for which normal supply is being determined, plus (ii) the estimated exports of the commodity for the marketing year for which normal supply is being determined, plus (iii) an allowance for carryover. The allowance for carryover shall be the following percentage of the sum of the consumption and exports used in computing normal supply: 15 per centum in the case of wheat, corn, grain sorghum, barley, oats, rye, and peanuts; and 10 per centum in the case of rice. In determining normal supply the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary."

TITLE I—PRICE SUPPORT

SEC. 101. Effective with the 1964 crops, section 105 of the Agricultural Act of 1949, as amended, is amended to read as follows:

"SEC. 105. (a) Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crops, price support shall be made available to producers for each crop of wheat, corn, grain sorghum, barley, oats, and rye at 90 per centum of the average price received by farmers during the three calendar years immediately preceding the calendar year in which the marketing

year for such crop begins, adjusted to offset the effect on such price of any abnormal quantities of low-grade wheat, corn, grain sorghum, barley, oats, and rye marketed during any of such years: *Provided*, That in the event that a special agricultural conservation program is in effect for such designated grains as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, the Secretary shall establish the level of support for such grains at not less than 65 per centum nor more than 90 per centum of the parity price therefor.

"(b) In the event that the special agricultural conservation program for the designated grains is in effect, the Secretary shall require as a condition of eligibility for price support on wheat, corn, grain sorghum, barley, oats, and rye that the producers of such crops participate in, and comply with, such special agricultural conservation program as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended.

"(c) If the producers on the farm elect to participate in the special agricultural conservation program, price support shall be made available only if such producers divert from the production of the designated grains in accordance with the provisions of such program an acreage on the farm equal to the number of acres which such operator agrees to divert, and the agreement shall so provide. In the event that the special agricultural conservation program is not in effect, the Secretary shall make price support available to producers of the designated grains as provided in subsection (a) of this section.

"(d) Beginning with the 1964 and subsequent crops of wheat, any wheat stored in order to postpone or avoid payment of a wheat marketing quota penalty under section 6 of the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress, as amended), prior to its repeal by the Feed Grain and Wheat Act of 1963 shall not be eligible for price support."

Sec. 102. Section 107 of the Agricultural Act of 1949, as amended, is hereby repealed.

Sec. 103. Section 407 of the Agricultural Act of 1949, as amended, is amended—

(1) by striking the second proviso and inserting in lieu thereof the following: "*Provided*, That effective with the beginning of any marketing year for which a special agricultural conservation program is not in effect for wheat, corn, grain sorghum, barley, oats and rye (as provided by subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended), the Corporation shall not sell any such designated grains for unrestricted use at less than 115 per centum above the current support price for such designated grains plus reasonable carrying charges."; and

(2) by striking the semicolon after the words "deterioration and spoilage" in clause (D) and inserting the following: "except if the supply of any designated grain (as defined in section 301(a)(10) of the Agricultural Adjustment Act of 1938, as amended) is not in excess of a normal supply (as defined in section 301(b)(10)(A) of the Agricultural Adjustment Act of 1938, as amended) the Corporation shall forthwith replenish its stocks by the purchase of a quantity of the commodity equal to the amount of such commodity so sold;"

TITLE II—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

Sec. 201. Subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, is hereby amended to read as follows:

"SUBTITLE D—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

"Sec. 379. (a) If the Secretary finds that during any year the total supply of designated grains will, in the absence of a special agricultural conservation program, be in excess of a 'normal supply' as defined in section 301(b)(10)(A) of this Act, he shall formulate and carry out a special agricultural conservation program, without regard to provisions which would be applicable to the regular agricultural conservation program under which, subject to such terms and conditions as the Secretary determines, conservation payments in amounts determined by the Secretary to be fair and reasonable shall be made to producers who divert acreage from the production of designated grains to an approved conservation use and increase their soil conserving base acreage for 1963, by an equal amount.

"(b) The Secretary may permit such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, canary seed, and flax, when such crops are not in surplus supply and will not be in surplus supply if permitted to be grown on the diverted acreage, subject to the condition that payment with respect to diverted acreage devoted to any such crop shall be at a rate determined by the Secretary to be fair and reasonable, taking into consideration the use of such acreage for the production of such crops, but in no event shall the payment exceed one-half the rate which would otherwise be applicable if such acreage were devoted to conservation uses and no price support shall be made available for the production of any such crop on such diverted acreage.

"(c) The Secretary shall not permit such diverted acreage to be grazed.

"(d) The Secretary shall require the producer to take appropriate measures to keep such diverted acreage free from erosion, insects, weeds, and rodents.

"(e) The acreage eligible for payments in kind under such special agricultural conservation program shall be an acreage equal to the greater of forty acres or 20 per centum of the farm designated grain base. The Secretary shall, at the option of the producer, make an additional payment in kind for the diversion of not to exceed an additional 30 per centum of the designated grain base on the farm. The rate of payment in kind to be made by the Secretary on the 20 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre. The rate of payment in kind to be made by the Secretary on the additional 30 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre.

"(f) The Secretary shall permit producers to divert for periods of from three to five years up to 50 per centum of the farm acreage of designated grains and in such event the rate of payment in kind to be made by the Secretary shall not exceed 60 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre: *Provided*, That the same acres on the farm shall be identified and diverted each year during the period provided by this subsection.

"(g) The Secretary may make such adjustments in acreage and yields as he determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop rotation practices, type of soil, soil and water conservation measures, and topography. The base period for the purpose of determining the adjusted average yield in the case of payments with respect to the 1964 crops shall be the four-year period 1959-1962, and in the case of payments with respect to any subsequent crop shall be the most recent five-year period determined by the Secretary to be representative for which statistics are available.

"(h) To the extent that a producer proves the actual acreages and yields for the farm for the 1959, 1960, and 1961 crop years, such acreages and yields shall be used in making determinations.

"(i) The Secretary may make not to exceed 50 per centum of any payments in kind to producers in advance of determination of performance.

"(j) The Secretary shall provide by regulations for the sharing of payments under this subsection among producers on the farm on a fair and equitable basis and in keeping with existing contracts.

"SEC. 380. Only payments in kind shall be made and such payments in kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for the designated grains which shall not be valued at nor sold for unrestricted use for less than the support price plus reasonable carrying charges and, notwithstanding any other provision of law, the Commodity Credit Corporation shall, in accordance with regulations prescribed by the Secretary, assist the producer in the marketing of such certificates at such time and in such manner as the Secretary determines will best effectuate the purposes of this Act. In the case of any certificate not presented for redemption within thirty days of the date of its issuance, reasonable costs of storage and other carrying charges, as determined by the Secretary, for the period beginning thirty days after its issuance and ending with the date of its presentation for redemption shall be deducted from the value of the

certificate: *Provided*, That producers who elect to take payments in grain in lieu of electing to allow the Secretary to assist such producers in the marketing of payment-in-kind certificates shall receive an additional amount of grain, equal to 10 per centum of the amount to which such producers would otherwise be entitled.

"SEC. 381. Notwithstanding any other provision of law, in the event of a national emergency or a serious drought, flood, or other natural disaster, the Secretary may place such limits on the extent that producers may participate in the special agricultural conservation program authorized by this Act as he determines necessary or he may, by mutual agreement with the producer, terminate or modify any agreement previously entered into pursuant to this Act.

"SEC. 382. There are hereby authorized to be appropriated such amounts as may be necessary to enable the Secretary to carry out the provisions of this subtitle D."

SEC. 202. Effective with the 1964 crop of wheat, the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress), is repealed.

SEC. 203. Effective with the 1964 crops of wheat, corn, grain sorghum, barley, oats, and rye, sections 321 through 339 of parts II and III of subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, are repealed and parts IV, V, and VI of subtitle B are redesignated as parts II, III, and IV, respectively.

SEC. 204. Effective with the 1964 crop of wheat, section 326 of the Food and Agriculture Act of 1962, as amended, is repealed.

SEC. 205. Sections 327 and 328 of the Food and Agriculture Act of 1962, as amended, are hereby repealed.

SEC. 206. Section 16(h) of the Soil Conservation and Domestic Allotment Act, as amended, is hereby repealed.

SEC. 207. Section 22(a) of the Agricultural Adjustment Act (of 1933) as reenacted by the Marketing Agreement Act of 1937, is amended by inserting before the period at the end of the first sentence the following: "; and the President shall also cause such an investigation to be made to determine such facts in the case of any agricultural commodity which the Secretary determines is a surplus agricultural commodity (as defined in section 106 of Public Law 480, Eighty-third Congress)".

TITLE III—EXTENSION OF EXPIRING CONSERVATION RESERVE CONTRACTS

SEC. 301. The Soil Bank Act, as amended, is amended as follows:

(1) By adding to the end of section 107(b) (2) the following: "Before extending contracts with producers as provided in section 109(a) of this Act, the Secretary shall review the rate of annual payment provided by such contracts. The rate of payment to be offered by the Secretary shall be adjusted on a State, county, and individual farm basis in such a manner as he determines will facilitate the practical administration of the program. The lands to be covered by such contracts shall be determined by a competitive bid procedure whereby a producer wishing to obtain a contract shall specify the percentage of the rental rate applicable to his farm which he is willing to accept."

(2) Subsection (a) of section 109 is amended by adding to the end thereof the following: "The Secretary is authorized further during the five-year period 1963-1967 to extend contracts, other than contracts for the establishment of tree cover, entered into under the authority of this subsection for periods ending not less than three nor more than ten years after the original termination dates of such contracts."

(3) Subsection (b) of section 109 is amended by inserting after the first comma the following: "except as extended as provided in subsection (a) and".

(4) Paragraph (7) of subsection (a) of section 107 is amended by striking the last word and inserting in lieu thereof: "and other objectionable weeds."

(H.R. 6565 by Mr. Berry follows:)

[H.R. 6565, 88th Cong., 1st sess.]

A BILL To establish a voluntary feed grain and wheat program for 1964 and subsequent years

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Feed Grain and Wheat Act of 1963".

SEC. 2. Notwithstanding any other provision of law, the provisions of this Act shall apply to the 1964 and subsequent crops of wheat, corn, grain sorghum, barley, oats, and rye.

SEC. 3. Section 301(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new subsections as follows:

"(10) The term 'designated grains' means wheat, corn, grain sorghum, and barley and, at the discretion of the Secretary, oats and rye.

"(11) The term 'designated grain base' means an acreage on the farm equal to the total of the following acreages:

"(a) The farm feed grain base established for the farm in the crop year 1963; and

"(b) The highest wheat acreage allotment on the farm in the crop year 1959, 1960, or 1961, as established in such years by part III of subtitle B of title III of this Act prior to its repeal by the Feed Grain and Wheat Act of 1963; and

"(c) The average acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 in the case of farms on which wheat was planted under the fifteen-acre farm marketing quota exemption as provided by section 7 of the Act of May 26, 1941, as amended (Public Law 74, Seventy-seventh Congress), prior to its repeal by the Food and Agriculture Act of 1962: *Provided*, That in computing such acreage the Secretary shall not also include the farm acreage allotment; and

"(d) The average acreage of wheat planted on the farm in the crop years 1959, 1960, and 1961 under the thirty-acre wheat-for-feed exemption as provided by section 335(f) of this Act prior to its repeal by the Food and Agriculture Act of 1962."

SEC. 4. Section 301(b) (10) (A) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(10) (A) 'Normal supply' in the case of wheat, corn, grain sorghum, barley, oats, rye, rice, and peanuts for any marketing year shall be (i) the estimated domestic consumption of the commodity for the marketing year ending immediately prior to the marketing year for which normal supply is being determined, plus (ii) the estimated exports of the commodity for the marketing year for which normal supply is being determined, plus (iii) an allowance for carryover. The allowance for carryover shall be the following percentage of the sum of the consumption and exports used in computing normal supply; 15 per centum in the case of wheat, corn, grain sorghum, barley, oats, rye, and peanuts; and 10 per centum in the case of rice. In determining normal supply the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary."

TITLE I—PRICE SUPPORT

SEC. 101. Effective with the 1964 crops, section 105 of the Agricultural Act of 1949, as amended, is amended to read as follows:

"SEC. 105. (a) Notwithstanding the provisions of section 101 of this Act, beginning with the 1964 crops, price support shall be made available to producers for each crop of wheat, corn, grain sorghum, barley, oats, and rye at 90 per centum of the average price received by farmers during the three calendar years immediately preceding the calendar year in which the marketing year for such crop begins, adjusted to offset the effect on such price of any abnormal quantities of low grade wheat, corn, grain sorghum, barley, oats, and rye marketed during any of such years: *Provided*, That in the event that a special agricultural conservation program is in effect for such designated grains as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, the Secretary shall establish the level of support for such grains at not less than 65 per centum nor more than 90 per centum of the parity price therefor.

"(b) In the event that the special agricultural conservation program for the designated grains is in effect, the Secretary shall require as a condition of eligibility for price support on wheat, corn, grain sorghum, barley, oats, and rye that the producers of such crops participate in and comply with such special agricultural conservation program as provided in subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended.

"(c) If the producers on the farm elect to participate in the special agricultural conservation program, price support shall be made available only if such producers divert from the production of the designated grains in accordance with the provisions of such program an acreage on the farm equal to the number of acres which such operator agrees to divert, and the agreement shall so provide. In the event that the special agricultural conservation program is not in effect, the Secretary shall make price support available to producers of the designated grains as provided in subsection (a) of this section.

"(d) Beginning with the 1964 and subsequent crops of wheat, any wheat stored in order to postpone or avoid payment of a wheat marketing quota penalty under section 6 of the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress, as amended), prior to its repeal by the Feed Grain and Wheat Act of 1963 shall not be eligible for price support."

Sec. 102. Section 107 of the Agricultural Act of 1949, as amended, is hereby repealed.

Sec. 103. Section 407 of the Agricultural Act of 1949, as amended, is amended—

(1) by striking the second proviso and inserting in lieu thereof the following: "*Provided*, That effective with the beginning of any marketing year for which a special agricultural conservation program is not in effect for wheat, corn, grain sorghum, barley, oats, and rye (as provided by subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended), the Corporation shall not sell any such designated grains for unrestricted use at less than 115 per centum above the current support price for such designated grains plus reasonable carrying charges."; and

(2) by striking the semicolon after the words "deterioration and spoilage" in clause (D) and inserting the following: "except if the supply of any designated grain (as defined in section 301(a)(10) of the Agricultural Adjustment Act of 1938, as amended) is not in excess of a normal supply (as defined in section 301(b)(10)(A) of the Agricultural Adjustment Act of 1938, as amended) the Corporation shall forthwith replenish its stocks by the purchase of a quantity of the commodity equal to the amount of such commodity so sold;".

TITLE II—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

Sec. 201. Subtitle D of title III of the Agricultural Adjustment Act of 1938, as amended, is hereby amended to read as follows:

"SUBTITLE D—SPECIAL AGRICULTURAL CONSERVATION PROGRAM

"Sec. 379. (a) If the Secretary finds that during any year the total supply of designated grains will, in the absence of a special agricultural conservation program, be in excess of a 'normal supply' as defined in section 301(b)(10)(A) of this Act, he shall formulate and carry out a special agricultural conservation program, without regard to provisions which would be applicable to the regular agricultural conservation program under which, subject to such terms and conditions as the Secretary determines, conservation payments in amounts determined by the Secretary to be fair and reasonable shall be made to producers who divert acreage from the production of designated grains to an approved conservation use and increase their soil conserving base acreage for 1963, by an equal amount.

"(b) The Secretary may permit such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, canary seed, and flax, when such crops are not in surplus supply and will not be in surplus supply if permitted to be grown on the diverted acreage, subject to the condition that payment with respect to diverted acreage devoted to any such crop shall be at a rate determined by the Secretary to be fair and reasonable, taking into consideration the use of such acreage for the production of such crops, but in no event shall the payment exceed one-half the rate which

would otherwise be applicable if such acreage were devoted to conservation uses and no price support shall be made available for the production of any such crop on such diverted acreage.

"(c) The Secretary shall not permit such diverted acreage to be grazed.

"(d) The Secretary shall require the producer to take appropriate measures to keep such diverted acreage free from erosion, insects, weeds, and rodents.

"(e) The acreage eligible for payments in kind under such special agricultural conservation program shall be an acreage equal to the greater of forty acres or 20 per centum of the farm designated grain base. The Secretary shall, at the option of the producer, make an additional payment in kind for the diversion of not to exceed an additional 30 per centum of the designated grain base on the farm. The rate of payment in kind to be made by the Secretary on the 20 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre. The rate of payment in kind to be made by the Secretary on the additional 30 per centum reduction in the designated grain base on the farm shall not exceed 50 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre.

"(f) The Secretary shall permit producers to divert for periods of from three to five years up to 50 per centum of the farm acreage of designated grains and in such event the rate of payment in kind to be made by the Secretary shall not exceed 60 per centum of the estimated basic county support rate on the normal production of the acreage diverted from the designated grains on the farm based on its adjusted yield per acre: *Provided*, That the same acres on the farm shall be identified and diverted each year during the period provided by this subsection.

"(g) The Secretary may make such adjustments in acreage and yields as he determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop rotation practices, type of soil, soil and water conservation measures, and topography. The base period for the purpose of determining the adjusted average yield in the case of payments with respect to the 1964 crops shall be the four-year 1959-1962, and in the case of payments with respect to any subsequent crop shall be the most recent five-year period determined by the Secretary to be representative for which statistics are available.

"(h) To the extent that a producer proves the actual acreages and yields for the farm for the 1959, 1960, and 1961 crop years, such acreages and yields shall be used in making determinations.

"(i) The Secretary may make not to exceed 50 per centum of any payments in kind to producers in advance of determination of performance.

"(j) The Secretary shall provide by regulations for the sharing of payments under this subsection among producers on the farm on a fair and equitable basis and in keeping with existing contracts.

"Sec. 380. Only payments in kind shall be made and such payments in kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for the designated grains which shall not be valued at nor sold for unrestricted use for less than the support price plus reasonable carrying charges and, notwithstanding any other provision of law, the Commodity Credit Corporation shall, in accordance with regulations prescribed by the Secretary, assist the producer in the marketing of such certificates at such time and in such manner as the Secretary determines will best effectuate the purposes of this Act. In the case of any certificate not presented for redemption within thirty days of the date of its issuance, reasonable costs of storage and other carrying charges, as determined by the Secretary, for the period beginning thirty days after its issuance and ending with the date of its presentation for redemption shall be deducted from the value of the certificate: *Provided*, That producers who elect to take payments in grain in lieu of electing to allow the Secretary to assist such producers in the marketing of payment-in-kind certificates shall receive an additional amount of grain, equal to 10 per centum of the amount to which such producers would otherwise be entitled.

"Sec. 381. Notwithstanding any other provision of law, in the event of a national emergency, or a serious drought, flood, or other natural disaster,

the Secretary may place such limits on the extent that producers may participate in the special agricultural conservation program authorized by this Act as he determines necessary or he may, by mutual agreement with the producer, terminate or modify any agreement previously entered into pursuant to this Act.

"Sec. 382. There are hereby authorized to be appropriated such amounts as may be necessary to enable the Secretary to carry out the provisions of this subtitle D."

SEC. 202. Effective with the 1964 crop of wheat, the Act of May 26, 1941 (Public Law 74, Seventy-seventh Congress), is repealed.

SEC. 203. Effective with the 1964 crops of wheat, corn, grain sorghum, barley, oats, and rye, sections 321 through 339 of parts II and III of subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, are repealed and parts IV, V, and VI of subtitle B are redesignated as parts II, III, and IV, respectively.

SEC. 204. Effective with the 1964 crop of wheat, section 326 of the Food and Agriculture Act of 1962, as amended, is repealed.

SEC. 205. Sections 327 and 328 of the Food and Agriculture Act of 1962, as amended, are hereby repealed.

SEC. 206. Section 16(h) of the Soil Conservation and Domestic Allotment Act, as amended, is hereby repealed.

SEC. 207. Section 22(a) of the Agricultural Adjustment Act (of 1933) as reenacted by the Marketing Agreement Act of 1937, is amended by inserting before the period at the end of the first sentence the following: "; and the President shall also cause such an investigation to be made to determine such facts in the case of any agricultural commodity which the Secretary determines is a surplus agricultural commodity (as defined in section 106 of Public Law 480, Eighty-third Congress)".