

EXTEND THE FEED GRAIN PROGRAM

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HEARINGS BEFORE THE SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS OF THE COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES EIGHTY-EIGHTH CONGRESS

FIRST SESSION

ON

H.R. 3874

FEBRUARY 27 AND 28, 1963

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EXTEND THE FEED GRAIN PROGRAM

WEDNESDAY, FEBRUARY 27, 1963

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS
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. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Jones of Missouri, Matthews, Purcell, Duncan, Olson of Minnesota, Matsunaga, Quie, Short, Mrs. May, Latta, and Harvey of Indiana.

Also present: Representatives Johnson of Wisconsin, Hagen of California, Hoeven, and Beermann.

Martha Hannah, staff; Hyde H. Murray, assistant clerk; Robert Bruce, assistant counsel; and Francis LeMay, consultant.

Mr. POAGE. The subcommittee will come to order.

I would like to make a very brief statement before we hear any witnesses, because I had not contemplated handling it this way. The bill which is before you, H.R. 3874, which I introduced, is basically an extension of the present feed grain law, the act of 1963, not the act of 1962 or the act of 1961, but, basically, an extension of the act of 1963. I want to call attention to the fact that it exempts malting barley and that is intentional. However, I do not want anybody to feel that we are trying to make a material change without their knowing. The reason being that if there is any reason for malting barley to be included it ought to be discussed here, and if there is a reason why, of course, I would find no objection to putting it in. However, I do not see that there is any real reason for its inclusion. The argument for leaving malting barley out of the program was that there was a shortage, but there is now a surplus of those products.

I do not mean to say that every word in this bill is the same as in the existing law, because it cannot be—we cannot extend the law which was written for 1963 in exactly the existing words, but, basically, it is the same.

In discussing this bill, it is obvious that there are a great many people who do not want to pass a feed grain bill at this time. They feel that we should wait for the signup in the wheat referendum. They prefer to do nothing about the feed grains at this time. And there are other objections to taking up the feed grains at this time. I think that Mr. Quie has raised what seems to me a logical suggestion, that, until we know the result of the signup which will be about the 20th of March, that we should wait. I do not anticipate that there is the slightest chance in the world of passing any legislation, or this

committee finishing any legislation in the next 3 weeks. Everybody likes to talk about how fast we can pass legislation. I have some recollection of getting up here early in January and hearing about how we could pass a cotton bill by the end of the month. That cotton bill is nearly as far along as it was in January, or not quite as far along as it was then. We are not going to pass a feed grain bill in the next 2 weeks. And everybody knows that.

I think we might well start considering what we want to do, with recognition of that fact. I certainly would feel that we need to know what the signup has done and just what we will be faced with before we take final action on any bill.

It does not seem to me that should stand in the way, however, of having consideration at the present time of this feed grain problem, unless the sole purpose is to delay any passage of the feed grain bill. I think that most of us will agree that we need a program. Most of us know that unless we get to work now we will not get one. We should not sit tight and do nothing until the 1st of June and then try to pass a bill. I think it is quite plain that if we have any intention of passing a feed grain bill that we have got to go to work now—not pass it now, but we have got to start to work on it now. And for that purpose I had called this meeting to discuss among the members of the committee as to what we wanted to do, whether we seriously wanted to pass a feed grain bill or whether we did not; since we have this group of visitors here, why, certainly, we can hear their views, and the views of any of those who are interested and we can make that much progress. So, I think it will be in order now to hear from Mr. Jaenke from the Department of Agriculture on the feed grain legislation.

(H.R. 3874, introduced by Mr. Poage, and the report on the bill by the Department follows:)

[H.R. 3874, 88th Cong., 1st sess.]

A BILL To extend the feed grain program

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 Act of 1963."

SEC. 2. Section 105 of the Agricultural Act of 1949, as amended, is amended—

(1) by changing the period at the end of subsection (a) to a colon and adding the following: "*Provided*, That in the case of any crop for which an acreage diversion program is in effect for feed grains, the level of price support for corn of such crop shall be at such level not less than 65 per centum or more than 90 per centum of the parity price therefor as the Secretary determines necessary to achieve the acreage reduction goal established by him for the crop."

(2) by adding the following new subsection (d):

"(d) The provisions of this subsection shall be applicable with respect to any crop of feed grains for which an acreage diversion program is in effect under section 16(h) of the Soil Conservation and Domestic Allotment Act, as amended. The Secretary shall require as a condition of eligibility for price support on the crop of any feed grain which is included in the acreage diversion program that the producer shall participate in the diversion program to the extent prescribed by the Secretary, and, if no diversion program is in effect, he may require as a condition of eligibility for price support on any crop of feed grains that the producer shall not exceed his feed grain base. Such portion of the support price for any feed grain included in the acreage diversion program as the Secretary determines desirable to assure that the benefits of the price support and diversion programs inure primarily to those producers who cooperate in reducing their acreages of feed grains shall be made available to producers through payments in kind. Such

payments in kind shall be made on the number of bushels of such feed grain determined by multiplying the actual acreage of such feed grain planted on the farm for harvest by the adjusted average yield per acre. The base period used in determining such adjusted average yield shall be the same as that used for purposes of the acreage diversion program formulated under section 16(h) of the Soil Conservation and Domestic Allotment Act, as amended. The Secretary may make not to exceed 50 per centum of any payments hereunder to producers in advance of determination of performance. Such payments in kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for feed grains (such feed grains to be valued by the Secretary at not less than the current support price minus that part of the current support price made available through payments in kind, 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. In the case of any certificates 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. The Secretary shall provide for the sharing of such certificates among the producers on the farm on the basis of their respective shares in the crop produced on the farm with respect to which such certificates are issued, or the proceeds therefrom. If the operator of the farm elects to participate in the acreage diversion program, price support for feed grains included in the program shall be made available to the producers on such farm only if such producers divert from the production of such feed 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."

SEC. 3. Section 16 of the Soil Conservation and Domestic Allotment Act, as amended, is amended by adding the following new subsection:

"(h) Notwithstanding any other provision of law—

"(1) Beginning with the 1964 crop, if the Secretary determines that the total supply of feed grains will, in the absence of an acreage diversion program, likely be excessive, taking into account the need for an adequate carry-over to maintain reasonable and stable supplies and prices of feed grains and to meet any national emergency, he may formulate and carry out an acreage diversion program for feed grains, 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 feed grains to an approved conservation use and increase their average acreage of cropland devoted in 1959 and 1960 to designated soil-conserving crops or practices including summer fallow and idle land by an equal amount. Payments shall not be made in amounts in excess of 50 per centum of the estimated basic county support rate, including that part of the support price made available through payments in kind, on the normal production of the acreage diverted from the commodity on the farm based on its adjusted average yield per acre. Notwithstanding the foregoing provisions, the Secretary may permit such diverted acreage to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, and flax, if he determines that 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. The base period for the purpose of determining the adjusted average yield in the case of payments with respect to the 1964 crop 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. The term 'feed grains' means corn, grain sorghums, barley, and, if designated by the Secretary, oats and rye. Such feed grain diversion program shall require the producer to take such measures as the Secretary may deem appropriate to keep such diverted acreage free from erosion, insects,

weeds, and rodents. The acreage eligible for participation in the program shall be such acreage (not to exceed 50 per centum of the average acreage on the farm devoted to feed grains in the crop years, 1959 and 1960 or twenty-five acres, whichever is greater) as the Secretary determines necessary to achieve the acreage reduction goal for the crop. Payments may be made in cash or kind. The average acreage of wheat produced on the farm during the crop years 1959, 1960, and 1961, pursuant to the exemption provided in section 335(f) of the Agricultural Adjustment Act of 1938, prior to its repeal by the Food and Agriculture Act of 1962, in excess of the small farm base acreage for wheat established under section 335 of the Agricultural Adjustment Act of 1938, as amended, shall be considered as an acreage of feed grains produced in the crop years 1959 and 1960 for purposes of establishing the feed grain base acreage for the farm, and the rate of payment for diverting such wheat shall be an amount determined by the Secretary to be fair and reasonable in relation to the rates of payment for diverting feed grains. 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, types of soil, soil and water conservation measures, and topography. To the extent that a producer proves the actual acreages and yields for the farm, such acreages and yields shall be used in making determinations. The Secretary may make not to exceed 50 per centum of any payments to producers in advance of determination of performance.

"(2) There are hereby authorized to be appropriated such amounts as may be necessary to enable the Secretary to carry out this section 16(h). Obligations may be incurred in advance of appropriations therefor and the Commodity Credit Corporation is authorized to advance from its capital funds such sums as may be necessary to pay administrative expenses in connection with such program during the fiscal year ending June 30, 1964, and to pay such costs as may be incurred in carrying out paragraph (4) of this subsection.

"(3) 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.

"(4) Payments in cash shall be made by Commodity Credit Corporation and payments in kind shall be made through the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for feed grains 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. 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. Feed grains with which Commodity Credit Corporation redeems certificates pursuant to this paragraph shall be valued at not less than the current support price, minus that part of the current support price made available through payments in kind, plus reasonable carrying charges.

"(5) Notwithstanding any other provision of law, the Secretary may, by mutual agreement with the producer, terminate or modify any agreement previously entered into pursuant to this subsection if he determines such action necessary because of an emergency created by drought or other disaster, or in order to prevent or alleviate a shortage in the supply of feed grains."

FEBRUARY 27, 1963.

Hon. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on H.R. 3874, a bill to extend the feed grain program (cited as the Feed Grain Act of 1963).

The bill would amend the Agricultural Act of 1949, as amended, to provide for a feed grain program for 1964 and subsequent years very similar to that in effect for 1963.

Under the bill, price support for corn of any crop for which an acreage diversion program is in effect would be between 65 to 90 percent of parity, to those pro-

ducers who participate in the acreage diversion program. Price support for other feed grains would be comparable to that for corn. If no acreage diversion program is in effect, support may be restricted to those producers who do not exceed the feed grain base established for the farm. A portion of the price support shall be made in the form of a payment-in-kind.

An acreage diversion program shall be in effect in any year when it is determined that, if in the absence of such a program, the total supply of feed grains will likely be excessive. Payments, not to exceed 50 percent of the support price (including that portion made in kind) on the normal production of the acreage diverted, are authorized.

The base acreage used to determine the percentage of land to be diverted would continue to be the 1959 and 1960 average adjusted acreage. However, the average acreage of wheat for 1959, 1960, and 1961 produced under the feed wheat exemption (sec. 335(f) of the Agricultural Adjustment Act of 1938, as amended) in excess of the small farm wheat base established for the farm would be included in the feed grain base.

The adjusted yield used to determine the normal production for price-support payments and land diversion payments for the 1964 crop shall be based on the 1959-62 average yield and for subsequent years the most recent representative 5-year period.

The acreage to be diverted would be determined as that necessary to achieve the acreage goal for the crop but could not exceed the larger of 50 percent of the base, or 25 acres.

Payment-in-kind involved in the price-support and acreage-diversion program would be in the form of negotiable certificates with CCC authorized to redeem such certificates for feed grains valued at not less than the current support price less that part of the support price made available through payments-in-kind, plus reasonable carrying charges.

The bill contains a number of other provisions some of which are generally similar to those in effect under the current program, such as (a) the requirement to increase the acreage of cropland devoted to conservation, summer fallow, and idle by the number of acres diverted, (b) the acreage diverted may be used for designated crops with the land diversion payment not more than one-half the rate which would otherwise be applicable, (c) up to 50 percent of the price support and land diversion may be made in advance of determining performance, and (d) oats and rye may be included in the program if so designated.

In addition, based on experience in carrying out the 1961-62 feed grain programs, we recommend several other provisions which we believe to be appropriate in the interest of consistency, effective administration, and fairness to producers: (a) Authority for establishment of new farm bases with no diverted acreage payments to be made during the first year, (b) authority in the case of feed grains as now provided in the case of wheat to adjust normal conserving bases in those cases where the conserving base is abnormally high or low in relationship to comparable farms in the area, (c) authority to adjust for trends in yields so as to keep these yields more up to date, (d) include hardship provisions similar to section 326 of existing laws to deal with cases of producers who acted on the basis of misinformation.

The bill, if enacted, would provide the necessary authority to maintain a balance of production with needs, including a reasonable reserve, to maintain farm income, and at the same time decrease program costs.

The basic objectives of the bill are the same and, from present indications, will be successful again in 1963 as those which have proved so successful in 1961 and 1962. At the beginning of the 1961-21 marketing year, carryover stocks of feed grains were at an all-time high of 84.7 million tons.

By the beginning of the 1964-65 marketing year it is expected that the carryover stocks will be down to around 50 million tons. Stocks declined during 1961-62 by 13 million tons, and are expected to decline at least 10 million tons during 1962-63.

Without these programs, production would have continued to exceed requirements with mounting costs. Eventual savings from the 1961 and 1962 programs alone are currently estimated to exceed \$1.2 billion.

At the same time, farm income from feed grains has been increased. The value of production from the 1962 crop, including the land diversion payment, exceeded that for 1960 by nearly 20 percent. The proposed bill will make it possible to hold these gains.

As indicated above, it is expected that total stocks of feed grains at the beginning of the 1964 marketing year will be down to approximately 50 million tons.

Thus, for 1964 or subsequent years fewer feed grain acres will need to be diverted to maintain a balance between supply and demand, with an allowance for reasonable reserve.

The proposed bill provides the flexibility needed to vary the level of price support, price-support payments, and the land diversion program to fit the needs for 1964 and subsequent years.

It is recommended that immediate favorable consideration be given to the bill.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary*.

STATEMENT OF EDWIN A. JAENKE, ASSOCIATE ADMINISTRATOR, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY CHARLES M. COX, ASSISTANT DEPUTY ADMINISTRATOR, STATE AND COUNTY OFFICE OPERATIONS; JOHN A. SCHNITTKER, STAFF ECONOMIST; AND CLAUDE COFFMAN, OFFICE OF THE GENERAL COUNSEL

Mr. JAENKE. Thank you, Mr. Chairman. May I begin by introducing the other Department people who are with me here today. On my left is Dr. John Schnittker, of the economic research group, a staff economist, Mr. Claude Coffman, of the General Counsel's Office, and Mr. Charles Cox here on my right from the ASCS organization that has to do with the State and county administration.

The Department is pleased to report to this Feed Grain Subcommittee on the overall feed grain situation and to present our views on H.R. 3874, which would extend the feed grain program. We are proud, and we believe the members of this committee and the Congress as a whole have a right also to be proud, of the accomplishments of the 1961 and 1962 feed grain programs.

You will recall that on February 16, 1961, when President Kennedy submitted to the Congress a recommendation for the 1961 feed grain program, the overall feed grain-livestock situation was not bright. In his message the President stated that under the legislation then in existence, burdensome surpluses had accumulated and were threatening to drive down farm prices of livestock. With the Government investment in feed grains at a record high of \$4 billion, the President pointed out the following:

If this program is allowed to continue in effect for this year's crop, the stocks in Government hands will reach even more alarming proportions, a virtually unmanageable storage problem will be created, farm income will continue to suffer, and large amounts of Government funds will be needlessly expended.

First, this committee and subsequently the entire Congress recognized this situation and enacted Public Law 87-5. Later in the session Congress extended the program to include the 1962 crop.

Farmers, too, recognized the danger in a program of unlimited production. Some 1.2 million feed grain producers throughout the United States signed up to participate in the new voluntary program and diverted more than 25 million acres from the production of unneeded feed grains to needed conservation uses. Again in 1962 some 1.3 million farmers again elected to cooperate in the program to bring about balance between feed grain supplies and demand. In this case they diverted nearly 30 million acres.

As a result of this cooperation on the part of the Congress, the administration, and the farmers of America, carryover stocks have been reduced from 84.7 to an estimated 61 million tons next October 1, the end of the marketing year for the 1962 crop.

At the same time net farm income has increased by over \$1 billion per year. In each of these years, much of the increase in farm income was attributable to the feed grain program. As an example, the value of production from the 1962 crop, including the land diversion payments, exceeded the value of the 1960 crop by nearly 20 percent.

Taxpayers, likewise, benefit from this successful effort to bring about a balance in the feed grain economy. In the absence of the feed grain program, production would have continued to exceed requirements and thus result in continually increasing costs for storage, handling, interest, and so on. However, as a result of a reduction in the carryover stocks of nearly 25 million tons in the 2-year period, ultimate savings to taxpayers will be more than \$1.2 billion. Last summer the Congress extended this successful voluntary approach for the 1963 crops of feed grains. There was one significant change. In the current program, the 1963 program, a portion of the farm price support is provided in the form of a price support payment in kind. This makes the 1963 program better adapted to the operations of the feed grains-livestock producer and assures an advantage for cooperation. While we have only the report of the first 10 days of the signup now going on, every indication points to results for the 1963 program about equal to that which was experienced in 1961 and 1962. Therefore, by the beginning of the 1964 marketing year, it is expected that carryover stocks for feed grains will be about 50 million tons—about to the level considered to be a reasonable safe carryover.

These facts are reason enough for this committee and the others who helped develop this program to be proud of their efforts to help the farmer and the taxpayer.

The question before the Congress today is whether the gains which have been made—reduced stocks, improved farm income, and reduced program costs—will be maintained and consolidated or whether we revert to a program of unlimited production and disastrously low prices.

As this committee is well aware, there is no authority after 1963 for a diversion program for feed grains. Furthermore, the law directs the Secretary of Agriculture to establish price supports for corn and other feed grains at such level as will not add to surplus stocks. The effect of this would be price support in the range of 80 cents per bushel for corn and comparable levels for other feed grains. Even so, with unlimited production there would likely be an accumulation of surplus stocks. Prices for hogs, cattle, poultry, and dairy products, and other commodities would fall. If a return to this type of situation is to be avoided, action is necessary on new feed grain legislation.

The President recommended in his recent agricultural message that new legislation to—

take advantage of the knowledge and experience gained under the 1961-62 and 1963 programs.

He further stated:

It should (1) be a voluntary program, (2) be flexible enough to meet varying conditions and needs, and (3) be based upon the same basic principles which have proven successful in the last 2 years.

Either the 1961 and 1962 or the 1963 types of program can effectively meet these requirements. Assuming carryover stocks by the end of the 1963 marketing year are near a safe reserve level, the legislation needs for 1964 and subsequent years call for a program geared to maintain those stocks at about that level.

This will require sufficient flexibility to enable the Secretary of Agriculture to adjust program provisions so as to maintain the desirable balance at the lowest cost consistent with the goal of improved farm income.

We believe the bill before the committee, H.R. 3874, would meet the requirements outlined above and we urge its immediate and favorable consideration.

The bill would amend the Agricultural Act of 1949, as amended, to provide for a feed grain program for 1964 and subsequent years very similar to that in effect for 1963.

Under the bill, price support for corn or any crop for which an acreage diversion program is in effect would be between 65 and 90 percent of parity, to those producers who participate in the acreage diversion program. Price support for other feed grains would be comparable to that for corn. If no acreage diversion program is in effect, support may be restricted to those producers who do not exceed the feed grain base established for the farm. A portion of the price support would be made in the form of a payment in kind.

An acreage diversion program would be in effect in any year when it is determined that, if in the absence of such a program, the total supply of feed grains will likely be excessive. Payments, not to exceed 50 percent of the support price—including that portion made in kind—on the normal production of the acreage diverted, are authorized.

The base acreage used to determine the percentage of land to be diverted would continue to be the 1959 and 1960 average adjusted acreage. However, the average acreage of wheat for 1959, 1960, and 1961 produced under the feed wheat exemption—sec. 335(f) of the Agricultural Adjustment Act of 1938, as amended—in excess of the small farm wheat base established for the farm would be included in the feed grain base.

The adjusted yield used to determine the normal production for price-support payments and land-diversion payments for the 1964 crop would be based on the 1959-62 average yield and for subsequent years the most recent representative 5-year period as in other commodities.

The acreage to be diverted would be determined as that necessary to achieve the acreage goal for the crop but could not exceed the larger of 50 percent of the base or 25 acres.

Payment-in-kind involved in the price-support and acreage-diversion program would be in the form of negotiable certificates with CCC authorized to redeem such certificates for feed grains valued at not less than the current support price less that part of the support price made available through payments-in-kind, plus reasonable carrying charges.

The bill H.R. 3874 contains a number of other provisions, some of which are generally similar to those in effect under the current program, such as (a) the requirement to increase the acreage of cropland devoted to conservation, summer fallow, and idle by the number of acres diverted; (b) the acreage diverted may be used for desig-

nated crops with the land-diversion payment not more than one-half the rate which would otherwise be applicable; (c) up to 50 percent of the price support and land diversion may be made in advance of determining performance; and (d) oats and rye may be included in the program if so designated.

In addition, based on experience in carrying out the 1961-62 feed grain programs, we recommend several other provisions which we believe to be appropriate in the interest of consistency, effective administration, and fairness to producers: (a) Authority for establishment of new farm bases with no diverted acreage payments to be made during the first year; (b) authority in the case of feed grains as now provided in the case of wheat to adjust normal conserving bases in those cases where the conserving base is abnormally high or low in relationship to comparable farms in the area; (c) authority to adjust for trends in yields so as to keep these yields more up to date; (d) include hardship provisions similar to section 326 of existing laws to deal with cases of producers who acted on the basis of misinformation.

In conclusion, Mr. Chairman, and members of the committee, the problems of overproduction and huge stocks, with the associated high costs, are near solution.

With action on feed grain legislation along the lines we have outlined, and such as are contained in H.R. 3874, there is the opportunity for stability in the feed grain-livestock economy with improved income to the producers and minimum program costs. Therefore, we urge prompt and favorable action on this important legislation.

MR. POAGE. Thank you, Mr. Jaenke. I wonder if you might not want to discuss in a little more detail the suggestion to include authority for a new farm base. That is something that we have felt that we may have to consider in this legislation, something it seems to me that we need to discuss.

MR. JAENKE. Yes, sir. Prior to this, in 1961 and 1962, where the bases were established, and where the program was at that time, I think, expected by most of us to be superseded by some other type of program at some later date, we discussed, I believe, with the committee once or twice the problem that would come up in the years ahead. Now we see it coming up in the case of this bill which would authorize a similar type of feed grain program for 1964 and the years thereafter and we believe that there does need to be some authority to provide for new farm bases in cases of entire cropping operations, entire farming operations, where they are changed, where we have not been able to do anything in the past for the farmers, who, for some reason completely outside of their control, or within their control, did not plant the feed grains in those 2 years, which was the base period. We do not have the authority to do anything to help these people. There are many circumstances, such as drought, or other factors which prevented them from growing any of the named feed grains in those years. We cannot give them an opportunity to participate in the program.

MR. POAGE. It seems to me that you should be able to do so.

MR. JAENKE. We think that we should. We felt that the best way was to give them a base. They would be required to divert the first year, but without payment, as a method of getting them in on a comparable basis.

MR. POAGE. They would be required to divert the first year; without any base. How would they divert or be able to?

Mr. JAENKE. The county committee would establish for them, in relationship to the other farms in the county and to their own farming operation, a feed grain base of, let us say, 100 acres, as an example. In the first year of operation they would be required to produce only 80 acres. In other words, they would be required to reduce it 20 percent. They would not receive payment on the first year of operation for that 20-percent diversion.

After that first year of operation, with their 100-acre base, they could then come into the program, plant 80 acres and be eligible for payment for the diverted acres.

Mr. POAGE. I agree with you that we should let them in, but it seems to me that you are letting them in on very easy terms. A man cannot get into any of the existing programs that easily, can he? He cannot come into the cotton program and become a cotton grower that easily.

Mr. JAENKE. I used 100 acres only as an example. Actually, the producer who did not have a base in 1959 or 1960, because they did not plant, since it was a voluntary program, could go ahead and plant feed grains, anyway—so they would be able to establish some sort of a planting history here. Then the county committee, who is not to give them any advantage over others who have participated, would need to establish a base consistent with other farms in the county.

Mr. POAGE. The only point I am making is that it seems to me that you are letting them in very easily. Of course, actually, this legislation would not keep them from planting their whole farms in feed grains if they wanted to do that, but it would keep them from getting the benefits of the program if they did that sort of thing.

Mr. JAENKE. Correct.

Mr. POAGE. And you are simply saying that you can get the benefits of the program rather quickly and rather cheaply, I think. I think you offer the new cooperator a bargain. Maybe it is desirable to offer him a bargain.

Mr. LATTI. Will you yield?

Mr. POAGE. Yes.

Mr. LATTI. What you are proposing here is that a farmer who had not been producing feed grains can come into the program the first year without a diversion payment. Is that what you are proposing?

Mr. JAENKE. What it is considered to do is this: In some cases in the 1959-60 base period the farmers did not plant feed grains. In many cases they had planted them years before and had planted them since then. They are now under the rather tight legislative authority where they are not permitted to come into the program, because they have no base in the 1959-60 year period, because it is a voluntary program. To avoid and prevent the benefits of the program accruing to others who have come in later we need some authority to give them, on the basis of their historical plantings, comparable to other farmers in the county, some sort of way to come in and participate.

We have had, I do not know how many, letters from farmers who say, "How can I come in and get price supports and the benefits under the program?"

Mr. LATTI. Is that not the question that I asked?

Mr. JAENKE. If so, I misunderstood you. I think I have expressed the intent of this provision that it is to give producers who, for some reason or other, did not have a base feed grains in 1959-60, but who

normally would have one, an opportunity to come into the program on a comparable basis with other producers.

Mr. LATTA. Is that consistent with what you are trying to do? I am not producing feed grains. Under this proposal, after the first year you are going to pay me for not producing the feed grains that I was not going to produce?

Mr. JAENKE. I do not think this is quite correct. You are now on a 300-acre farm, producing 200 acres of feed grains, we will say. You do not have a base. Instead of producing for 1964 and any year thereafter the full 300 acres, this would enable us to give you a base comparable to what you had been doing prior to 1959-60, and then you would reduce by 20 percent, so that the net effect would be to reduce the production, rather than to increase it. The bulk of these people, who for some reason or other did not plant in 1959-60, who would become eligible under this proposal, are the ones who normally did plant before and have since planted feed grains. Since they are planting the full amount now, would it not be better to bring them into the program and reduce the production from their farms by 20 percent?

Mr. LATTA. Take my case again; I have not produced feed grains at any time in my lifetime.

Mr. JAENKE. You would not be eligible under this provision.

Mr. LATTA. I would not be eligible?

Mr. JAENKE. No, sir. In other words, we are not trying to get into a case where a farmer produced, say, up to 1958 feed grains, and then changed his operation completely, and maybe went into a beef-raising operation or something else, and now decides to come back in—this is not the type of situation. We are trying to get to those where maybe illness or weather conditions prevented them from planting in 1959 or 1960, or maybe the opportunity looked better in some alternative crop—a number of different special-type circumstances which prevented them from doing it. We are now prohibited from doing anything to alleviate what we think is a legitimate hardship case. Nationwide, this could be a very small total acreage in percentages. This is not to open up the program. It is to try to take care of some special hardship cases.

Mr. LATTA. Thank you.

Mr. JONES of Missouri. Mr. Jaenke, do I understand that this person would have to have had a history of having planted feed grains in years prior to 1959 and 1960?

Mr. JAENKE. That is correct.

Mr. JONES of Missouri. And also would have planted feed grains in 1961 and 1962?

Mr. JAENKE. And for some special reason had not planted in the 2-year period.

Mr. JONES of Missouri. In those 2 years?

Mr. JAENKE. That is right.

Mr. JONES of Missouri. Let me modify that to say that a person who, during the years 1959 and 1960 had cleared or by some other process brought into production new land, this would not give him the same privilege, would it?

Mr. JAENKE. This would not specifically authorize for a new reclamation project the new acres that would be brought into production, that is, in this legislation that we have right now.

Mr. JONES of Missouri. They have to have a history of planting prior to 1959-60. How many years would you presume that he would have had to have had to establish that history?

Mr. JAENKE. Mr. Cox advises me, sir, that in similar situations in other crops we require some experience and leave it to the county committee to determine whether 3 years is sufficient experience in planting this, rather than to set up a specific requirement of 3 years or 5 years or 2 years or 1 year.

Mr. JONES of Missouri. In other words, the county committee would determine in their minds whether or not he could have been considered to have been producing feed grains to, at least, to provide a substantial portion of his income on that farm, is that it?

Mr. JAENKE. Yes, sir.

Mr. JONES of Missouri. Thank you.

Mr. QUIE. Mr. Jaenke, under the present law, it provides that—

The Secretary may make such adjustments in acreage and yields for the 1959 and 1960 crop years as he determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop rotation practices, types of soil, soil and water conservation measures, and topography.

That, it seems to me, gives the Secretary pretty broad authority. How does this new recommendation differ from that; your explanation of your recommendation seems to be the same thing that the Secretary has now in the law.

Mr. JAENKE. Were you reading from this bill?

Mr. QUIE. I am reading from the present law.

Mr. JAENKE. This bill does not have that provision in it, does it?

Mr. COFFMAN. Well, Mr. Jaenke did use the words, "abnormal weather conditions" in his discussion of it. An adjustment could be made for that under existing law, Congressman Quie. But there still are individual cases that have arisen in which it has not been possible to adjust under this authority. Actually, in the case he used of the abnormal weather conditions, I think that could be handled, but there have been other cases where the problem has not been one of the factors mentioned in the existing law.

Mr. QUIE. Under the existing law he surely can take into consideration conserving practices, he can take into consideration the total number of acres, the type of soil, and these other things.

Mr. COFFMAN. Are you speaking of the conserving basis? Mr. Jaenke has been talking about something different. There are two proposals. One is to set up a new feed grain base. That is all Mr. Jaenke has been talking about so far. You are going into another problem now, which is adjusting the conserving acreage, where the limiting factor in the existing law is that all you can do is to adjust the conserving acres for some situation that existed during 1959 and 1960 or for some of these other factors which you mentioned. Probably, some of the adjustments could be made under the proposed bill. But last year, in the wheat bill, you took great pains to spell out exactly what we could do by way of adjusting the conserving acres for that program.

Many of these farms are in both the wheat program and the feed grain program, and it would be difficult to tell the farmer, "You cannot use the same normal conserving base acreage for both programs"—it would be difficult to tell him that we can adjust his normal conserving

base for the wheat program, but cannot adjust it for the feed grain program. The proposal here is to make them identical.

I do not doubt that most if not all of the adjustments which we would like to make in the conserving base could be made under the proposed bill. It is not absolutely clear, however, that we could adjust exactly to the same extent that we could under the wheat legislation. I think it would be preferable to have them identical.

Mr. QUIE. Thank you.

Mr. POAGE. You make several other suggestions. Would you like to comment on them?

Mr. JAENKE. Mr. Chairman, Mr. Coffman, of our general counsel's office, is preparing a legislative draft that will follow these three or four points here, and I think that probably our discussion would be more beneficial after we actually look at the legislative draft of the details, as to what differences there are, and, in response to your question, Mr. Quie, specifically as to the different points.

Mr. QUIE. If you will yield. Would you have in mind to adjust that for broad areas, so that even if a farmer was not increasing his efficiency in production but his actual yield increased he would get the benefit of the trend of increasing yields in his particular area?

Mr. JAENKE. We would envision this to follow the national basis. Where the national yields go up in areas we have authority to adjust them consistent with the growth pattern. In other words, it would be translated from the national down to the State, and then to the county, and then to the farm. The county committees would still retain the same type of authority they have now.

Mr. Cox. I think that a better way to say it is that if you do not adjust county and State yields for trend the chances are that the farmers in that particular county or that particular area will not be able to get the yield that they would otherwise be entitled to.

Mr. POAGE. May I say that I have not seen or heard anything yet to cause me to change my view that I am not going to vote for any more authority to use the BAE rating to tell anybody what he grew, when you know and I know that he did not grow it or he grew something different. I have had just enough headaches on these post-card reviews, and that is all they are. I do not think BAE knows much about it when they get those postcards. At least it has not been our experience in the past. This simply opens the door to just about anything that you want. It has worked some terrible injustices on some individuals. We saw it in the cotton program. You were not in the department then, were you, Mr. Coffman? You know what the yield trend in the cotton program did. You know of the terrible disasters it worked. How in some instances it took away allotments from other people. You remember some of those complaints that arose at that time.

Why do we open the door to that sort of thing again?

Mr. JAENKE. We have two things. One is in the bill and the other is one of these other suggestions that we just made here, both of which tried to get at the same general problem, which all of us here are familiar with, and that is, that when you use a specific base period, as we have in the past, 1959-60, with the modern developments and improving technology in agriculture our yields are going up very rapidly and are not properly reflected in the official figures determined under existing authority.

The bill that you have introduced would provide the authority for including, first, the 1961 and 1962 years, and then after that, the last 5 years moving average to try to keep these yields more nearly up to date. I think it is very, very difficult for farmers to understand why the official department figures show that their yield, let us say, is 65 bushels per acre, when they know that they have been producing more than that for at least 5 years. Part of the problem is the lag. We have this in every commodity. I think it is probably the source, as you indicated, of more trouble and aggravation among farmers when they see a yield figure here, because their payment rates are based on that. They have difficulty when they see that it is that far behind what they are actually producing.

If there are some other ways that the committee has to meet this problem other than the two that we are suggesting—one that is in the bill, and the other one that we have suggested here this morning—we will be happy to go along with them, but we think that something needs to be done to try to keep these yields more up to date.

Mr. POAGE. In the bill that I introduced the base period is based upon what was actually grown on that land.

Mr. JAENKE. This is true.

Mr. POAGE. He has the right to come in and prove that.

Mr. JAENKE. And as we move into the additional years he will have an opportunity to prove those, too.

Mr. POAGE. That is right.

Mr. JAENKE. This will help a great deal in this problem.

Mr. POAGE. Beg pardon?

Mr. JAENKE. This will help a great deal.

Mr. POAGE. Now, then, I think you have got to keep your records current, but all I am saying is that you have got to keep records, rather than guessing, and on this thing that we have in the bill you are saying that you are going to get 5-year moving average, by dropping the year 5 years back, and picking up the last one.

Mr. JAENKE. Right, sir.

Mr. POAGE. Now we have a question that is proveable for each individual farm, for example, whether Mr. Quie's farm is increasing in production, because he can very well prove if he grew 60 bushels in 1960, and that in 1962 he grew 75 bushels. That is a matter of proof. Or by 1965 he has gone up to 90 bushels or any other figure, that is a matter of proof, but when you talk about these trends you are merely talking about as in cotton what the BAE guesses. You do not talk about what anybody did. That is the BAE's guess and their guess is about as poor as some other guesses that have been made. I do not want to get into that guessing game again. I am perfectly willing to give you the right to adjust these figures to the figures that can be proved, but do not let us get into the individual guessing game. That is what you want to do on this trend, is just to suggest that the State of Minnesota is increasing at this rate, and you guess that Iowa is decreasing at this rate.

Mr. JAENKE. As you point out, the authority for the adding of these other years, and keeping more nearly on a moving current base, may take care of the problem. If it will, we will be happy with that, too.

Mr. POAGE. I was hopeful that you would keep on the proposition of what the actual record is for an individual, rather than guessing what the trend is in an area.

The wheat bill, for example, has always been extremely loose, as everybody knows. You can change a man's wheat allotment because there are so many things that you can do. You take into consideration so many factors. There are so many of these factors in the wheat law, and always have been, because the wheat people wanted a loose kind of construction, but it seems to me that you have to have a little more leeway maybe there where you have complete control, where you have acreage allotments. In this bill you do not have any acreage allotments. These records are made for the purpose of finding out who wants to go into the program, and whether it is profitable for him to go into the program. Any of these people can grow all of the feed grains they want to grow under the terms of this bill.

The cotton bill does say that if you plant more cotton than you are allotted you suffer a penalty. However, you do not suffer a penalty of a penny if you plant more feed grains.

It does not seem to me that we need to be as free about making adjustments here. I think you should have some way to let new people come in. If you do not let people come in you will get a substantial number of growers who are forever precluded from coming into the program, and as the program becomes more successful they will be tempted to plant all of their lands in feed grains and in that way they will tend to break down the benefits that we are seeking to secure by a relatively high price method of bringing about the adjustment, because after all, we have to recognize that this is a high priced method. I will say this, the Congress knows it is a high priced method. We are not trying to kid anybody that we are giving you the cheapest program. We are giving you the only program we think we can pass and it is going to cost the taxpayers some money, but is it going to work—it has worked. It is expensive, but expensive because we cannot get an alternative. We might as well face it. We will have to pay out the money. We ought not to pay out any more than we have to pay out, however. And we ought not to create a big block of people who never can participate and let them break the program down, or force them to break the program down, because they cannot participate. That is why I think we ought to make a provision for new growers, but I doubt the advisability of making it too easy for anybody to participate. I think that maybe in wheat that is all right, but you do not have to do that in feed grains.

Mr. LATTA. Mr. Chairman, as to opening up the doors to people who have not produced feed grains during the base period, you did not make any such recommendations in the wheat program. Can you explain why you made this recommendation for feed grains and not for wheat?

Mr. JAENKE. There are two or three differences that we do have in all other programs, such as peanuts, tobacco, cotton, and wheat. Provisions for new farm allotments is No. 1. And No. 2, in all of these other commodities where it would apply and be appropriate, the base period is a much longer period. It is a moving average. If you will remember, in the new wheat legislation passed last year we now have a 5-year moving average. Anyway, in all of the programs we have a 3- to 5-year moving average and in some cases even a 10-year moving average base history. This has been in the programs since the very beginning.

The difference, of course, here and the difference between those and this one is that these programs that I am referring to are mandatory

programs; but in this case, being a voluntary program, the need for it is for people who, for some reason or other, did not plant who would be permanently kept out of the program if we do not have some type of provisions letting them come into the program.

Mr. LATTA. I want to associate myself with the remarks of Mr. Poage that a man should get what he actually proves.

I notice on page 7, line 18, of the bill, you say:

To the extent that a producer proves the actual acreages and yields for the farm, such acreages and yields shall be used in making determinations.

Is that something new about proving the acreages?

Mr. COFFMAN. That is identical to the present law, last year's law.

Mr. LATTA. Last year's law?

Mr. COFFMAN. 1962 and 1963, both.

Mr. LATTA. The reason I raised that question is that we have some producers in my area who actually proved their yields and then were cut down on their base, just arbitrarily. They should have come in and proved their acreage without having their base cut, is that right?

Mr. JAENKE. Again, 1963—and it would be the case in 1964—they could prove both.

Mr. QUIE. Would you yield?

Mr. LATTA. Yes.

Mr. QUIE. In this bill, however, only the yield that can be changed under 5-year moving average period, and not the acres, is that not correct? Any acreage change would have to come at the discretion of the Secretary?

Mr. JAENKE. Well the basic acreage is there for 1959 and 1960.

Mr. QUIE. Yes, that is correct. There is no way that they can change the base except to go to the Secretary and try to get an adjustment—that is the only way that they can do that because that is the way it is.

Mr. COFFMAN. You cannot really change the feed grain base under this bill for changes that occurred after 1959–60. Under this bill and under existing law feed grain bases are tied to the 1959–60 base period. The proposal Mr. Jaenke made would allow the Secretary to set up a new farm feed grain base, but under the existing law and under this bill you are frozen to the 1959–60 base period.

Mr. QUIE. Under the existing law changes in the 1959–60 law would come upon the request of the farmer?

Mr. Cox. For adjustments.

Mr. QUIE. However, this section that you have would permit the Secretary to change his feed grain base to some lower figure, if you feel that his present base is not high enough, where you say:

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 acres, crop-rotation practices, types of soil, soil and water conservation measures, and topography.

Is that correct?

Mr. JAENKE. Yes, this relates to the conserving base part, not to the feed grain base acreage of 1959–60.

Mr. QUIE. Do you consider the base, for example, if he had corn on all of his acres he would be reducing the feed grain base?

Mr. JAENKE. In that case you would, yes.

Mr. QUIE. This parallels the green acres program then.

[Laughter.]

Mr. POAGE. Are there other questions of Mr. Jaenke?

Mr. HARVEY of Indiana. Yes, I have some.

Mr. QUIE. I have one other on this bill.

Mr. POAGE. Are there any other questions as to the suggested amendments, at the moment?

Mr. HARVEY of Indiana. Mine do not have to do with that. My questions have to do with his statement.

Mrs. MAY. I have some questions.

Mr. POAGE. All right.

Mrs. MAY. Of course, you will have to establish some criteria and guidelines on how the Secretary shall make the determinations. As I understand it, this has to be initiated by the farmer himself, is that right?

Mr. JAENKE. That is right.

Mrs. MAY. Then he in turn can go and prove to the county committee that he had a very good reason for not having grown it?

Mr. JAENKE. Yes.

Mrs. MAY. Will the Secretary himself, if this legislation is passed, do this, or give that to the local committee to do?

Mr. JAENKE. I think that we would have to have some criteria and guidelines set in here before the program could go out to the county committees, so that the farmers would know about it. We would be happy to have any suggestions.

Mrs. MAY. It occurs to me that it might be helpful, since we get questions not only from our own farmers that we represent, but our colleagues in Congress, to give the committee some type of idea as to what the Secretary would have in mind in establishing criteria on which he would base his decision to give relief or adjustment.

Mr. JAENKE. We would be pleased to do this, as indicated.

Mrs. MAY. You have received letters where you have been unable to give people any adjustments.

Mr. JAENKE. Yes.

Mr. HARVEY of Indiana. Will you yield?

Mrs. MAY. Yes.

Mr. HARVEY of Indiana. Mr. Jaenke, on page 3 of your statement you have mentioned toward the end of the first paragraph the figure of 50 million tons. I am used to thinking in terms of bushels, rather than tons. I have tried to translate that into bushels and I come up with a figure of, approximately, 1.8 billion bushels. Is that approximately the figure that you have in mind in this case?

Mr. JAENKE. Yes, sir; this is 1.9 billion bushels.

Mr. HARVEY of Indiana. That represents approximately 6 months or one-half year's production, or supply, translated into terms of consumption?

Mr. JAENKE. A little less than 6 months—probably around $4\frac{1}{2}$ to $5\frac{1}{2}$.

Mr. HARVEY of Indiana. I just wanted to comment on that, because I think that on the basis of my observation and experience that is a very fair figure. I think it is a target to shoot at. I do not think that we should have much less than that in reserve as a safety factor; neither do I think that it is necessary to have much more than that in reserve as a cushion. That is all.

Mr. POAGE. Thank you.

Mr. DUNCAN. Mr. Jaenke, you say that they have to show some history of growing. Is this a personal history on the part of the farmer or is it based on the part of the land?

Mr. Cox. This probably is the same kind of criteria that we would lay down in the case of feed grains as in others, personal history on the part of the operator.

Mr. DUNCAN. Of that operator?

Mr. Cox. Yes.

Mr. DUNCAN. Mr. Poage has said that this is an expensive or high-cost program. How do we reconcile that with the \$1.2 billion saving which you say that the taxpayers would get as a result of this feed grains program?

Mr. JAENKE. Yes, sir. I do not mean to put words in the chairman's mouth, but I think that he was referring to the type of program, and I think that he probably meant the voluntary as opposed to a mandatory type program.

I think it was rather clear in the discussions last year, in considering a mandatory-type feed grain program, sir, that it is much less expensive than a voluntary type of program, and for a number of different reasons. To mention one or two, all producers, if approved in a referendum, would share in the reduction with a voluntary program. We know that, in 1961, some producers expanded their acreage, while others were coming into a program on a voluntary basis and reducing it. As to the savings, this is an ultimate savings to the taxpayer and it is based on the alternative type of program of no program versus this program. In other words, we had 84 million tons of feed grains beginning the 1961-62 marketing year. Based on the experience of 1959-60, with no program and unlimited production, we would have produced about another 6 to 8 to 10 percent that year and would have added that to the carryover. And under that program it was eligible for a loan. It comes into the Government's hands and it commits the Government to spend money for storage, handling, interest, administrative expenses, for a period of years.

Mr. DUNCAN. It is not as inexpensive as the mandatory program; is that basically what you are saying?

Mr. JAENKE. Yes.

Mr. DUNCAN. Are we not realizing the savings as we go along?

Mr. JAENKE. We are realizing a portion of them immediately and will continue to realize a portion of them each year.

Mr. DUNCAN. So long as it is a voluntary program, to what do you attribute, at least, the apparent success of this program—what other factors worked to offset the point that growers have of growing as much as they want, of increasing their production in acreage, that is, in terms of their acreage and not in terms of units of production—what factors are there in this program contributing to that success, that are not found in the other programs?

Mr. JAENKE. It has been a very popular program, even by those who have not participated in it. About 1.2 million feed grain farmers have come into the program. If one-half as many came into the program, then the success would have been considerably less. I think, quite frankly, that the amazing success of this program is because of the participation on the part of the farmers, and that is more than anything else the reason that it is effective.

Mr. DUNCAN. What percentage of participation has there been, if you know?

Mr. JAENKE. By numbers?

Mr. DUNCAN. By percentages. Have we had 90 percent participation?

Mr. JAENKE. We have had 43 percent of the producers signed up in the 1962 program. In terms of acreage the percentage is higher—around 60 percent.

Mr. JONES of Missouri. There is one thing that I would like to clear up. Mr. Cox said that this history was based on the individual history rather than on the farm history. I want to get that clear. It has always been my understanding that it has been the history on the farm. The only place that you have a personal history is in the rice program.

Mr. Cox. Congressman Jones, you are absolutely right so far as old farm allotments are concerned, but where we are providing farmers with new farm allotments one of the things that we require the county committee to consider is whether or not the operator has had any experience in growing this particular crop. This is particularly true in the case of tobacco, for example.

Mr. JONES of Missouri. On the base there is what?

Mr. Cox. This is not with respect to the amount of the acreage that he has produced, but whether he has had the experience, whether he knows how to grow these crops at all.

Mr. JONES of Missouri. I do not want to belabor this point, but when you get into that question, of course, you have veteran's preference, at least, that is a consideration.

Mr. Cox. That is right.

Mr. JONES of Missouri. He might not have any experience at all in growing the crop.

Mr. Cox. I only mention this as one of the criteria that is used at the present time. We are advocating that it be established on the basis that we establish personal allotments for these people.

Mr. JONES of Missouri. That is news to me, because I cannot recall any time when you have had it except in the case of rice, where they carry their allotment in their hip pocket. I never knew of it for anything else.

Mr. POAGE. May I point out that in the wheat program there is a provision that the Secretary can take into consideration, in making the allotments, the equipment that is available and the experience of the grower, and the quality of the land and all of these various items. That is in the wheat law and has always been there.

Mr. Cox. This is correct.

Mr. POAGE. That has been there for 15 or 20 years.

Mr. JAENKE. Maybe I could cite an example, Mr. Jones, that might clarify this. Let us say that a particular cotton farmer has been producing and had an allotment of 40 acres or something along that line, but for some reason he was forced to leave that farm and go to a new farm in a different part of the State which had not had a history of cotton production on that farm. This is then when he comes in and applies for a new allotment for that farm.

Mr. JONES of Missouri. But at the present time that county would have had to have a reserve to have done that, or are you going to take it from some old producer? For instance, a man is renting land on a farm that has a 40-acre cotton allotment and then he goes to another farm that does not have a cotton allotment, do you mean that the 40-acre allotment would remain with the farm where he had been,

and the owner of the farm would retain that allotment, and then would there be a new allotment for the tenant who moves to a different farm, a farm that did not have an allotment?

Mr. COX. This would be a possibility, Mr. Jones, but I think that Mr. Poage indicated a few minutes ago that in most cases the amount of the reserve which is held for new farm allotments, which we propose would be held for new farm bases, if the authority is granted, would be extremely small.

Mr. POAGE. Just one-half of 1 percent.

Mr. COX. It is very small; yes, sir.

Mr. HARVEY of Indiana. As I understand you try to safeguard that by limiting such transfers to instances such as the Government taking over by right of eminent domain, and things of that sort where the cotton base was lost.

Mr. POAGE. I may say this on cotton, that there is no provision for transferring the base, except as Mr. Harvey has stated, where the land that he was on has been taken out by eminent domain and he moves it to another farm which he owns. But there is no provision for selling or leasing the cotton bases. All that we are talking about in cotton, for example, is one-half of 1 percent which is set aside for the new growers and for inequities. The State committee allocates that one-half of 1 percent to the counties to take care of the new growers and the inequities. The only cotton that can be allotted to a new grower comes out of that one-half of 1 percent. There is not any other place that you can get cotton allotments for a new grower. You cannot take it from the old grower and give it to a new grower. You can only give it out of the one-half of 1 percent. And one-half of 1 percent does not look like much cotton, but it is a whole lot of cotton over the Nation. It takes care of a whole lot of hardship cases and it prevents a lot of complaints coming up here, but nobody can get into the cotton business full blown the first year. It will take him several years. It will take about 5 years to give a man sufficient time to build him up to what the committee thinks he ought to have. If they think he should have 40 acres, they do not give him 40 acres the first year, they give him 8 or 10 acres at the outside. They build him up a little each year until he gets to where they think he is actually entitled to be.

As I understand it you will take these things into consideration in handling the new growers.

Mr. COX. This is correct.

Mr. MATSUNAGA. Mr. Jaenke, you state that 50 million tons is considered to be a reasonably safe carryover. How was that figure arrived at?

Mr. JAEENKE. I would like to refer this question to Dr. Schnittker, with one preface. A range of 45 to 50 million tons is what we considered to be a safe carryover. As pointed out before this is a little less than 5 months, or $4\frac{1}{2}$ to 5 months supply, based on current utilization, domestic and exports.

John, would you answer the Congressman on the question of the determination of the figure?

Mr. SCHNITTKER. About one-half of that figure is an estimate of the feed grain reserve we would need to cope with the instabilities in production that we expect in feed grains. Since corn, sorghum, barley, oats are produced all across the country and mainly in areas

where rainfall is pretty regular there is not much instability in production. Hence 25 or 30 million tons is thought to be enough to guard against irregular weather conditions.

In addition the department is charged with certain defense and emergency responsibilities.

The remainder, roughly 15 to 25 million tons, is an estimate of additional stocks that the department would need to carry to meet certain emergency and defense obligations which have been delegated by the President to the Secretary.

Mr. MATSUNAGA. This is within the course of a year?

Mr. SCHNITTKER. Yes, sir; within the course of a year, until a new crop comes along. And in terms of the weather aspect, we assume that we would have one season as dry as we have ever had, followed immediately by a fairly poor crop; in other words, one serious drought followed immediately by one moderate drought, yet this reserve would carry us over that.

Mr. MATSUNAGA. Is this to open the door to those who have not been growing grain up to now, as you propose in this new bill?

Mr. JAENKE. No, sir.

Mr. MATSUNAGA. No?

Mr. JAENKE. No. Perhaps I have not explained this sufficiently. This is not for those who have not been growing feed grain in recent years. This is for those who have been growing, and have been growing larger amounts, and who have not been eligible to come into the program because of something that happened back in 1959 and 1960, which is the base period. This would let them come in and reduce, rather than continuing to over produce.

Mr. MATSUNAGA. Thank you.

Mr. BEERMANN. You stated in your statement:

In his message the President stated that under the legislation then in existence burdensome surpluses had occurred and were threatening to drive down farm prices of livestock.

Now you state that there has been a reduction of these burdensome surpluses from 84.7 to an estimated 61 million tons in a 2-year period, and with cattle selling for \$32.50 or 32½ cents a pound, a few months ago, and in the 24- to 25-cent area today, it looks to me like that is a little wrong. Will you verify that for me?

Mr. JAENKE. I think that you are comparing a short-term period. We are not at all happy with what has been happening in the cattle market in recent months.

Mr. BEERMANN. The point is that the burdensome surpluses at that time were 84.7 million, and they are down 25 million tons. The surplus was reduced 25.5 million tons, and the price of livestock still goes down.

Mr. JAENKE. The prices until the last few months have been very, very good for beef cattle and for hogs as well. It is a well-known fact that when you have an overabundant supply of feed grains at relatively low prices there is a tendency to expand the livestock production. This occurs at a different rate. Poultry is one of the most rapid in which expansion can take place. Beef cattle is one of the slower ones in which the expansion takes place, although the feeding rates do increase.

As this condition of overabundance, overproduction, and low prices continues, it has the effect of bringing down the livestock prices, be-

cause the producer further increases production and inevitably the price comes down. This has occurred time after time.

Perhaps if we had not passed the 1961 feed grain program and we had continued with the effective price for corn in the range of 90 to 92 or 93 cents on the farm, as had been the case in the 2 years prior, we might well have had cattle prices as low as \$20 and hogs \$10 by now.

Mr. BEERMANN. But following the logic that increased support prices cause additional feeding of cattle?

Mr. JAENKE. I think higher feed prices have discouraged any expansion or additional feeding of cattle or of hogs and other livestock as well, compared with what it would have been if the prices had continued. The average price of corn in 1961, let us say, as compared to 1960, increased 10 cents a bushel—average prices received by the farmers. Had that remained at 94 cents it certainly would have been more of an incentive for livestock expansion than an increase to \$1.02 or \$1.03.

Mr. BEERMANN. Thank you.

Mr. QUIE. Mr. Jaenke, we have talked of your request for additional authority to set a new feed grain base, and a conserving base. The additional increase in authority of the Secretary in this bill would be the opportunity to set the direct payment now set at 18 cents in the law, and the authority to set the diversion which is required of the farmer to comply; is that correct?

Mr. JAENKE. That is correct.

Mr. QUIE. What would you expect the direct payment to be, instead of the 18 cents that he has the authority to do for this coming year?

Mr. JAENKE. For 1964 we believe, assuming this legislation were enacted and assuming the carryover levels we indicate here turn out to be exactly right, we would estimate that the price support payment in kind portion of the support level would probably be in the range of 10 to 15 cents in lieu of the 18 cents now, somewhat smaller. We would anticipate that the 20-percent diversion requirement would be continued for at least the 1964 crop.

Mr. QUIE. But if you had that authority in 1963 would you anticipate any different figure from the 18 cents? Have you had an opportunity to look at it since then?

Mr. JAENKE. We believe that 18 cents may be a little high with the other figures, total price support of \$1.20 to \$1.25. At that rate, that 18 cents may be a little high as a price support payment to the producers. I say a little high. I think it is, perhaps, 15 cents which might be more appropriate in the longer range period. Now if that authority had existed in 1963, in view of the need to get as many acres out and signed up into the program, to get a larger reduction, we may have gone ahead with the 18-cent figure, certainly no more than that.

Mr. QUIE. You say that if no acreage diversion program is in effect.

Mr. JAENKE. Yes, sir.

Mr. QUIE. And then you still would provide price supports for a portion of it, which would be a payment in kind. What kind of a payment in kind are you talking about for that period?

Mr. COFFMAN. Excuse me, Mr. Quie. That would not apply except where an acreage diversion program is in effect.

Mr. QUIE. That is on page 5.

Mr. JAENKE. Of the bill or the statement?

Mr. QUIE. Of your statement there. You state:

If no acreage diversion program is in effect, support may be restricted to those producers who do not exceed the feed grain base established for the farm. A portion of the price support would be made in the form of a payment in kind.

What do you mean by "payment in kind"?

Mr. COFFMAN. Those two provisions do not go together, though. As the bill is written, if no acreage diversion program were in effect the farmer could still be required to stay within the base in order to get price support, but the payment-in-kind portion of the price support is authorized under the bill only in those years in which there is an acreage diversion program.

Mr. QUIE. If there was no acreage diversion program he would only receive the price support to the loan?

Mr. COFFMAN. That is correct.

Mr. JAENKE. That is correct. There would be authority in H.R. 3874 to limit that eligibility for price supports to those who remained within their base. And the purpose is to avoid this: For instance, if you are out of balance in year, 1965 or whatever it may be, and you have no more program, it would be a natural tendency for everybody to increase as a method of tempering this a little bit, so that there would not be a big jump in production and in stocks. Thus authority would be provided for that.

Mr. QUIE. In present law your diversion payments on the first 20 percent of acres diverted could be 50 percent of average production. You also agreed to a provision which would have permitted the farmer to choose to retire an additional 30 percent if he so desired. The Secretary determined he would permit the farmer to retire only an additional 20 percent. I understand that after the law was enacted the Budget Bureau felt that the program was simply too expensive. What made the program too expensive? We cut down, I believe, the authority on the diversion payments from the previous year, but we put in there the additional 18 cents direct payment on the normal production of the farmer who complied with the program. What made this so expensive that they had to change your determination not only on the amount of acreage permitted to be diverted but a drop in payment also.

Mr. JAENKE. First of all, let me indicate that the budgetary consideration was only one reason. There were others, too. This program, as you have indicated, was put together rather quickly in conference. I do not think anybody had an opportunity to study it very carefully, but what we found was that because of the 18 cent price support payment in kind, and because a producer lost this payment on any diversion beyond the first 20-percent diversion, the payment rate as between the first 20 percent and anything beyond 20 percent had to reflect this difference if there was to be any diversion beyond the minimum 20 percent. We felt there needed to be some difference in the payment rates to compensate for that additional diversion and for the loss of that 18 cents. We did not intend, and I regret that it was felt that we were not going along with what a lot of people thought was going to be the case.

The reason for the difference in the cost is simply this, under the 1962 type program where the loan level was at \$1.20 and where there was the authority, direct from the Congress for the Department to sell back payment-in-kind certificates or for the farmers to put them back on the market, in either case at any level below, so as to maintain a spread between the cooperator and the noncooperator, under this type of program, the cooperator, to get the benefit of the program, needed to put his grain under loan. Theoretically all of the cooperators would put their grain under loan. And when they did it, the difference between the \$1.20 support price and the market price was 18 cents, and theoretically the cost of the two programs, 1963 versus 1962 would be exactly the same. As a practical matter, all farmers did not actually put their grain under the loan for various reasons, some because they were livestock feeders, and some for other reasons. So less than one-half of those eligible for the loan actually came in.

In the case of 1963 program, a producer receives a payment-in-kind certificate on every bushel, on his entire normal yield times his planted acres. This is the difference between the two programs and therein lies the difference in the cost of the 1963-type program over the 1962-type program.

Mr. QUIE. I will yield to Mr. Beermann.

Mr. BEERMANN. I would like to bring this out: The loan rate was \$1.20. You say the market price was 18 cents less, or \$1. The reason for the lower price was because the Government was dumping all kinds of corn.

Mr. JAENKE. We were selling certificates into the marketplace to regain the payment in kind, according to the law, and according to the program.

Mr. BEERMANN. By the dumping action of this corn at \$1 a bushel on the market you helped to build up the livestock cattle supply in the market.

Mr. JAENKE. The basic concept, Congressman Beermann, of the program was that the payment-in-kind certificates which the cooperating producer earned would be marketed back either by the farmer or, if he requested it, by the Government, so that the effective market price would be something below \$1.20, the loan price; therefore, providing the spread and the advantage for participation. Without this, why would a person participate—why would he come into the program and lose the income on 20 or 40 percent of his acres if he were not going to get a higher price for participating than his neighbor, who did not? This is the basic concept of the program.

Mr. BEERMANN. By this the Department of Agriculture cut the price of grain down, selling it for 20 cents less than the support price.

Mr. JAENKE. The law told us to market those certificates when the producers asked us to market them, to gain sums to carry on the program. And whether we did it or the producers did it, the effect is there.

Mr. QUIE. I can see the reason why the farmer would see a great advantage to compliance even without the direct payment or the buy high, sell low provision of the 1961-62 law. He gets good crop insurance through the diversion payment and a guaranteed price for his crop through the loan. That is quite an advantage especially to the people who market their grain. The diversion payment could

be a substantial amount under the law, of around 50 percent of normal production. Especially the farmers whose normal production rate given them by the local ASC office was actually greater than the normal production this was appealing. They did not raise any fuss about it. They were specially benefited, that is, the diversion payment was of a special beneficial effect to them. But now, you administered the law by cutting the diversion payment from 50 percent down to 20 percent. You have cut the advantage to the complier. But then because of criticism you increased the price support from \$1.20 to \$1.25 which, in effect, gave the same benefits, did it not, to the complier and to the noncomplier—you went contrary to what you have been talking about the last few minutes.

Mr. JAENKE. There were other reasons, as I indicated—there were other factors concerned in this. One was the overall beneficial effect on the total livestock economy by the action of the Secretary in raising the price support to \$1.25 and the loan level from \$1.02 to \$1.07. Farm income will be improved in 1963 as a result of that nickel. This should tend to discourage further expansion in hogs and livestock.

Mr. QUIE. It was interesting to me to read the Secretary's rationale as compared to what a previous Secretary said in 1956, I think it was, when he provided a price support for noncompliance corn farmers because of his interest in the livestock economy and he got corn into nothing but a lot of trouble. I was concerned about what the Secretary did last fall when he increased the loan and decreased the diversion payment, which I considered was more benefit to the noncomplier and should not have been done, and you have used the rationale of asking for additional authority here under the new law.

Mr. JAENKE. May I say just one thing?

Mr. QUIE. Yes.

Mr. JAENKE. You indicated the similarity between the price-support announcement some years back on noncompliance corn and this one. I think I get your comparison here, but I would—

Mr. QUIE. The rationale.

Mr. JAENKE. The rationale. I would not want it to be misinterpreted that there is any price support under this program to the noncomplier as there was in that particular case.

Mr. QUIE. That is correct, except that we have been talking for 2 years as to the loan level that when the Secretary cannot sell below the loan level, it is indirectly a benefit to the noncomplier as compared to the complier. The Secretary not only increased the price support from \$1.20 to \$1.25, he increased the bottom figure from \$1.02 to \$1.07, thereby benefiting the noncomplier.

Mr. JAENKE. Yes, sir. This is the point I was mentioning to the Congressman here when he raised the question about the price. The 18-cent spread goes to the cooperator in the 1963 program; it assures him, whether the price of corn be 50 cents a bushel or \$1.50 a bushel, that he is still going to get 18 cents on his normal production, on his remaining acres. I think I pointed out that it guarantees an advantage to the cooperator.

Mr. QUIE. The benefit to the complier is the greatest with a diversion of only the minimum number of acres.

Mr. JAENKE. Yes.

Mr. QUIE. Even though you lowered the payment from 50 percent down to 20 percent, it is still true. It is still true that anybody who

diverts further than is required loses 18 cents a bushel on the corn that he would have produced on those acres.

I think that if we want the farmers to comply further than the initial 20 percent, this fault in the program should be corrected.

Mr. JAENKE. There was a ceiling of 50 percent in the law, so that the payment rates could not go beyond that for the 1963 year. I think that the 20-percent rate for the first 20 and the 50-percent rate for an additional 20 does just about enough to provide the necessary incentive for it.

There are other reasons. There is the opportunity of a guaranteed income despite what may happen because of weather conditions and there are other advantages to the complier beyond the 20 percent.

Mr. QUIE. You say that the program would ultimately save \$1,200 million because you would no longer have to store the 25 billion bushels that are no longer in CCC stocks. How long is ultimately? It kind of reminds me of the statement that you save more money by not smoking cigarettes the longer you live.

Mr. JAENKE. The comparison is based on how long would a bushel of grain that came in in 1961 or 1962 remain in the Government's hands before it could ultimately be moved. As I remember, in the case of the 1961 crop, a bushel of grain would have come in our hands and would have remained between 7 and 9 years. Now that the stocks are down after 1961 to somewhere around 70 million tons, there would be a lesser period, about 4 or 5 years.

As we get down to 45 to 50 million tons for carryover, then this would be much less; and therefore the ultimate saving from not putting grain in storage is less.

Mr. QUIE. This is corn. You would assume that it remained for the storable life of the corn?

Mr. JAENKE. No, we follow the accounting procedure of first in and first out. In our budgetary estimates this is used, too. As a matter of fact, this corn would normally be rotated after 3 or 4 years, so that the physical corn would not be there, but the expenses attributed to that bushel would be there.

Mr. QUIE. I see. Could you give us some figures that you can put in the record at this point in order that we can judge the proposed new program thereby. So far you have only indicated what costs would be in broad figures nationally.

I will give them to you. I think it would be helpful to have them. Could you give me the total payments to the producers by States, and then if you could break that down into the 1961-62 program, what were the payments for the initial 20-percent diversion and what were the payments for the additional diversion? And then after that, what you estimate to be not only the first and additional diversion, but also the additional payment—the direct payment of 18 cents to the producers. Give us the total number of farms that have a feed grain base by States, and the acres. I imagine that you have that.

Mr. JAENKE. We will look to the record to make sure that we have what you want.

Mr. Cox. I am not sure that we have these figures broken down by the first 20 percent and the like, the different rates, but we could give you a fairly good estimate, I think, if we do not have the figures available.

Mr. QUIE. It seems to me I have seen some estimates. I think it would be helpful, even though it is an estimate. Then also give me the numbers and percentages of farmers participating in the program by States, and then give us the realized losses of the Commodity Credit Corporation in the feed grain programs, 1961, 1962, and estimated 1963. And then the last one—I do not know whether you have it or not; it depends upon how you are administering the program—would you be able to tell at the end of the signup period how many of the compliers were farmers who complied in previous years and how many were new compliers?

Mr. JAENKE. No.

Mr. QUIE. You have no figures on those?

Mr. JAENKE. We can provide later on in the summer, through a questionnaire to the county offices, something as to their judgment. It would undoubtedly require a considerable amount of work to check all of the names, but we can get a judgment, something to the effect that they have 90 percent of the ones that were in the 1962 program, plus 25 percent more or 10 percent more of the others.

Mr. QUIE. Mr. Chairman, I would suggest that this be provided for the record, because I imagine we might get a better idea of how the feed grain farmers and the livestock farmers are complying with the program.

Mr. POAGE. Mr. Jaenke is going to provide the best information that he can.

(The information follows:)

Feed Grain Program		Livestock Program		Total	
Number of Farmers	Number of Acres	Number of Farmers	Number of Acres	Number of Farmers	Number of Acres
1,000	100,000	500	50,000	1,500	150,000
2,000	200,000	1,000	100,000	3,000	300,000
3,000	300,000	1,500	150,000	4,500	450,000
4,000	400,000	2,000	200,000	6,000	600,000
5,000	500,000	2,500	250,000	7,500	750,000
6,000	600,000	3,000	300,000	9,000	900,000
7,000	700,000	3,500	350,000	10,500	1,050,000
8,000	800,000	4,000	400,000	12,000	1,200,000
9,000	900,000	4,500	450,000	13,500	1,350,000
10,000	1,000,000	5,000	500,000	15,000	1,500,000
11,000	1,100,000	5,500	550,000	16,500	1,650,000
12,000	1,200,000	6,000	600,000	18,000	1,800,000
13,000	1,300,000	6,500	650,000	19,500	1,950,000
14,000	1,400,000	7,000	700,000	21,000	2,100,000
15,000	1,500,000	7,500	750,000	22,500	2,250,000
16,000	1,600,000	8,000	800,000	24,000	2,400,000
17,000	1,700,000	8,500	850,000	25,500	2,550,000
18,000	1,800,000	9,000	900,000	27,000	2,700,000
19,000	1,900,000	9,500	950,000	28,500	2,850,000
20,000	2,000,000	10,000	1,000,000	30,000	3,000,000
21,000	2,100,000	10,500	1,050,000	31,500	3,150,000
22,000	2,200,000	11,000	1,100,000	33,000	3,300,000
23,000	2,300,000	11,500	1,150,000	34,500	3,450,000
24,000	2,400,000	12,000	1,200,000	36,000	3,600,000
25,000	2,500,000	12,500	1,250,000	37,500	3,750,000
26,000	2,600,000	13,000	1,300,000	39,000	3,900,000
27,000	2,700,000	13,500	1,350,000	40,500	4,050,000
28,000	2,800,000	14,000	1,400,000	42,000	4,200,000
29,000	2,900,000	14,500	1,450,000	43,500	4,350,000
30,000	3,000,000	15,000	1,500,000	45,000	4,500,000
31,000	3,100,000	15,500	1,550,000	46,500	4,650,000
32,000	3,200,000	16,000	1,600,000	48,000	4,800,000
33,000	3,300,000	16,500	1,650,000	49,500	4,950,000
34,000	3,400,000	17,000	1,700,000	51,000	5,100,000
35,000	3,500,000	17,500	1,750,000	52,500	5,250,000
36,000	3,600,000	18,000	1,800,000	54,000	5,400,000
37,000	3,700,000	18,500	1,850,000	55,500	5,550,000
38,000	3,800,000	19,000	1,900,000	57,000	5,700,000
39,000	3,900,000	19,500	1,950,000	58,500	5,850,000
40,000	4,000,000	20,000	2,000,000	60,000	6,000,000
41,000	4,100,000	20,500	2,050,000	61,500	6,150,000
42,000	4,200,000	21,000	2,100,000	63,000	6,300,000
43,000	4,300,000	21,500	2,150,000	64,500	6,450,000
44,000	4,400,000	22,000	2,200,000	66,000	6,600,000
45,000	4,500,000	22,500	2,250,000	67,500	6,750,000
46,000	4,600,000	23,000	2,300,000	69,000	6,900,000
47,000	4,700,000	23,500	2,350,000	70,500	7,050,000
48,000	4,800,000	24,000	2,400,000	72,000	7,200,000
49,000	4,900,000	24,500	2,450,000	73,500	7,350,000
50,000	5,000,000	25,000	2,500,000	75,000	7,500,000
51,000	5,100,000	25,500	2,550,000	76,500	7,650,000
52,000	5,200,000	26,000	2,600,000	78,000	7,800,000
53,000	5,300,000	26,500	2,650,000	79,500	7,950,000
54,000	5,400,000	27,000	2,700,000	81,000	8,100,000
55,000	5,500,000	27,500	2,750,000	82,500	8,250,000
56,000	5,600,000	28,000	2,800,000	84,000	8,400,000
57,000	5,700,000	28,500	2,850,000	85,500	8,550,000
58,000	5,800,000	29,000	2,900,000	87,000	8,700,000
59,000	5,900,000	29,500	2,950,000	88,500	8,850,000
60,000	6,000,000	30,000	3,000,000	90,000	9,000,000
61,000	6,100,000	30,500	3,050,000	91,500	9,150,000
62,000	6,200,000	31,000	3,100,000	93,000	9,300,000
63,000	6,300,000	31,500	3,150,000	94,500	9,450,000
64,000	6,400,000	32,000	3,200,000	96,000	9,600,000
65,000	6,500,000	32,500	3,250,000	97,500	9,750,000
66,000	6,600,000	33,000	3,300,000	99,000	9,900,000
67,000	6,700,000	33,500	3,350,000	100,500	10,050,000
68,000	6,800,000	34,000	3,400,000	102,000	10,200,000
69,000	6,900,000	34,500	3,450,000	103,500	10,350,000
70,000	7,000,000	35,000	3,500,000	105,000	10,500,000
71,000	7,100,000	35,500	3,550,000	106,500	10,650,000
72,000	7,200,000	36,000	3,600,000	108,000	10,800,000
73,000	7,300,000	36,500	3,650,000	109,500	10,950,000
74,000	7,400,000	37,000	3,700,000	111,000	11,100,000
75,000	7,500,000	37,500	3,750,000	112,500	11,250,000
76,000	7,600,000	38,000	3,800,000	114,000	11,400,000
77,000	7,700,000	38,500	3,850,000	115,500	11,550,000
78,000	7,800,000	39,000	3,900,000	117,000	11,700,000
79,000	7,900,000	39,500	3,950,000	118,500	11,850,000
80,000	8,000,000	40,000	4,000,000	120,000	12,000,000
81,000	8,100,000	40,500	4,050,000	121,500	12,150,000
82,000	8,200,000	41,000	4,100,000	123,000	12,300,000
83,000	8,300,000	41,500	4,150,000	124,500	12,450,000
84,000	8,400,000	42,000	4,200,000	126,000	12,600,000
85,000	8,500,000	42,500	4,250,000	127,500	12,750,000
86,000	8,600,000	43,000	4,300,000	129,000	12,900,000
87,000	8,700,000	43,500	4,350,000	130,500	13,050,000
88,000	8,800,000	44,000	4,400,000	132,000	13,200,000
89,000	8,900,000	44,500	4,450,000	133,500	13,350,000
90,000	9,000,000	45,000	4,500,000	135,000	13,500,000
91,000	9,100,000	45,500	4,550,000	136,500	13,650,000
92,000	9,200,000	46,000	4,600,000	138,000	13,800,000
93,000	9,300,000	46,500	4,650,000	139,500	13,950,000
94,000	9,400,000	47,000	4,700,000	141,000	14,100,000
95,000	9,500,000	47,500	4,750,000	142,500	14,250,000
96,000	9,600,000	48,000	4,800,000	144,000	14,400,000
97,000	9,700,000	48,500	4,850,000	145,500	14,550,000
98,000	9,800,000	49,000	4,900,000	147,000	14,700,000
99,000	9,900,000	49,500	4,950,000	148,500	14,850,000
100,000	10,000,000	50,000	5,000,000	150,000	15,000,000

EXTEND THE FEED GRAIN PROGRAM

TABLE 1.—Progress report of enrollment in the 1963 feed grain program as of Feb. 21, 1963¹

State	All eligible feed grain farms		1963 enrollment						Estimated diversion payments
	Farms	1963 base acreage ²	Farms		Base acreage		Intended diversion		
			Enrolled	Portion of total eligible farms	On enrolled farms	Average per farm	Portion of total base	On enrolled farms	
	Number	Thousands of acres	Number	Percent	Thousands of acres	Acres	Percent	Thousands of acres	Thousands of dollars
Alabama	112,202	2,261.0	16,640	14.7	463.3	28	20.5	276.5	4,259.9
Alaska									
Arizona	3,054	374.4	319	10.4	55.8	175	14.9	22.2	556.8
Arkansas	43,798	599.5	3,209	7.3	66.9	21	11.2	47.2	882.4
California	12,514	2,444.1	3,638	7.5	224.4	239	9.2	86.2	1,670.0
Colorado	2,757	2,441.7	1,305	4.9	153.2	122	6.5	58.5	1,722.1
Connecticut	2,257	34.8	36	0.6	0.6	17	1.7	0.5	18.9
Delaware	5,227	182.2	448	8.6	21.2	47	11.6	10.3	323.1
Florida	16,732	718.9	3,187	19.0	186.0	58	25.9	87.5	1,302.4
Georgia	93,469	3,190.1	12,654	13.5	621.1	49	19.5	296.3	4,511.0
Hawaii									
Idaho	22,436	818.3	670	3.0	44.4	66	5.4	19.0	317.9
Illinois	211,716	10,981.4	24,680	11.7	1,688.1	68	15.4	486.1	11,480.1
Indiana	162,137	5,744.6	18,693	11.5	801.0	43	13.9	349.6	10,038.9
Iowa	194,600	13,517.0	30,616	15.7	2,466.1	81	18.2	663.2	13,426.0
Kansas	133,968	9,467.2	12,279	9.2	821.3	67	8.7	300.7	4,478.7
Kentucky	127,476	1,998.2	18,193	14.3	388.8	21	19.5	259.4	6,187.7
Louisiana	34,968	499.4	3,590	10.3	84.9	24	17.0	48.6	6,953.7
Maine		10.6	38	4.0	0.4	10	3.5	0.3	10.8
Maryland	22,904	620.1	1,117	4.9	40.8	36	6.6	21.4	698.8
Massachusetts	1,410	21.5	5	0.4	0.1	15	0.3	0.1	2.8
Michigan	106,665	2,842.2	9,378	8.8	262.0	28	11.2	155.0	4,604.6
Minnesota	144,349	8,575.2	19,884	13.8	1,512.7	76	17.6	450.2	8,797.6
Mississippi	88,813	1,395.2	12,057	13.6	279.6	23	20.0	175.3	3,119.9
Missouri	152,937	5,912.3	28,314	18.5	1,397.5	49	23.6	642.6	15,588.6
Montana	20,567	2,208.4	704	3.4	88.8	126	4.0	27.0	237.8
Nebraska	108,438	9,880.7	15,561	14.4	1,491.9	96	15.1	407.8	6,500.0
Nevada	562	20.9	11	2.0	0.6	53	2.8	0.3	6.0
New Hampshire	822	9.9							
New Jersey	6,777	201.6	789	11.6	27.3	35	13.6	15.5	56.8
New Mexico	6,996	850.3	399	5.7	40.8	102	4.8	15.3	224.9

New York	46,270	756.8	6,027	13.0	116.2	19	15.4	75.0	64.5	2,399.0
North Carolina	175,089	2,278.6	24,882	14.2	495.6	18	19.1	275.6	63.3	7,243.5
North Dakota	65,418	6,121.1	5,582	8.5	599.6	108	9.8	176.0	29.4	1,250.9
Ohio	161,161	3,981.1	10,926	6.8	320.1	29	8.0	173.2	54.1	5,690.5
Oklahoma	75,720	3,115.2	8,056	10.6	336.5	42	10.8	181.9	54.1	2,386.4
Oregon	12,719	632.4	4,597	4.8	28.8	48	4.5	14.3	40.6	2,289.2
Pennsylvania	63,489	1,500.7	4,597	4.9	86.4	19	5.8	60.1	69.5	2,143.6
Puerto Rico ¹										
Rhode Island	195	3.7	1	0.5	(4)	50	1.4	(4)	50.0	0.8
South Carolina	71,572	10,695	10,695	14.9	243.5	23	22.4	145.4	59.7	2,511.3
South Dakota	63,928	5,840.1	6,735	10.5	686.9	102	11.8	197.0	28.7	1,897.5
Tennessee	118,632	1,800.3	20,898	17.6	417.4	20	23.2	286.9	68.7	6,412.7
Texas	192,449	12,295.5	26,754	13.9	2,083.8	78	16.9	796.7	38.2	11,137.7
Utah	12,357	249.3	3,577	4.7	17.5	30	7.0	10.3	57.5	1,197.0
Vermont	3,692	50.6	31	0.8	0.4	12	0.7	0.3	79.6	11.0
Virginia	75,473	926.5	6,008	8.0	99.2	17	10.7	61.6	62.1	1,069.1
Virgin Islands ¹										
Washington	11,318	880.6	509	4.5	27.1	53	3.1	12.4	45.7	345.6
West Virginia	16,139	118.3	974	6.0	9.8	10	8.3	7.6	77.5	280.4
Wisconsin	125,651	3,189.7	15,143	12.1	536.3	35	16.8	201.4	48.7	7,840.7
Wyoming	4,581	223.9	236	5.2	17.0	72	7.6	7.6	44.8	132.0
U. S. total	3,191,428	132,371.1	384,762	12.1	19,297.7	50	14.6	7,665.7	39.7	155,010.7

¹ Data is based on preliminary reports from State and county ASCS offices and are subject to revision.

² Data differs from the 1962 base because of the inclusion of base acreages covered by conservation reserve program contracts, and because of adjustments and revisions in individual farm crop histories.

³ Not applicable.
⁴ 50 acres or less.

TABLE 2.—Feed grain farms any extent of participation—1962 feed grain program—preliminary ¹

	Total number of farms, 1962		Total number of farms signing to participate, 1962		Portion of total corn and/or grain farms sign- ing to partic- ipate	Portion of total barley farms sign- ing to partic- ipate
	Corn and/or grain sorghum	Barley	Corn and/or grain sorghum	Barley		
					Percent	Percent
Maine.....	88		56		63.6	
New Hampshire.....	970					
Vermont.....	3,888		96		2.5	
Massachusetts.....	1,000		19		1.9	
Rhode Island.....	290		2		.7	
Connecticut.....	1,887		154		8.2	
New York.....	41,199	3,239	16,897	1,095	41.0	33.8
New Jersey.....	5,730	1,922	2,365	252	41.3	13.1
Pennsylvania.....	85,838	22,630	18,341	1,214	21.4	5.4
Ohio.....	153,373	7,313	57,570	448	37.5	6.1
Indiana.....	156,118	7,189	66,642	346	42.7	4.8
Illinois.....	207,595	8,216	97,365	376	46.9	4.6
Michigan.....	94,321	10,097	39,897	1,424	42.3	14.1
Wisconsin.....	117,862	2,504	36,334	197	30.8	7.9
Minnesota.....	126,868	21,615	65,253	11,315	51.4	52.3
Iowa.....	189,820	1,421	114,178	108	60.2	7.6
Missouri.....	141,926	17,712	82,717	2,896	58.3	16.4
North Dakota.....	27,497	53,955	14,642	24,665	53.2	45.7
South Dakota.....	61,086	17,306	26,028	5,068	42.6	29.3
Nebraska.....	105,658	14,505	71,762	5,146	67.9	35.5
Kansas.....	122,422	41,119	72,476	13,074	59.2	31.8
Delaware.....	4,993	975	1,646	111	33.0	11.4
Maryland.....	21,179	7,002	3,998	434	18.9	6.2
Virginia.....	69,624	13,285	19,989	2,725	28.7	20.5
West Virginia.....	7,868	976	1,652	47	21.0	4.8
North Carolina.....	148,134	10,554	63,421	3,117	42.8	29.5
South Carolina.....	60,655	3,027	23,643	1,372	39.0	45.3
Georgia.....	72,984	448	25,182	179	34.5	40.0
Florida.....	15,242		6,054		39.7	
Kentucky.....	96,993	7,219	43,982	1,072	45.3	14.8
Tennessee.....	108,641	5,313	45,262	1,069	41.7	20.1
Alabama.....	107,815	218	37,854	33	35.1	15.1
Mississippi.....	83,861	96	25,950	30	30.9	31.2
Arkansas.....	27,581	845	6,857	156	24.9	18.5
Louisiana.....	30,968	1	8,480	1	27.4	100.0
Oklahoma.....	46,427	29,327	21,345	10,109	46.0	34.5
Texas.....	163,912	14,571	84,692	6,093	51.7	41.8
Montana.....	2,914	18,931	1,233	6,196	42.3	32.7
Idaho.....	5,913	17,130	875	3,027	14.8	17.7
Wyoming.....	2,099	3,587	515	333	24.5	9.3
Colorado.....	17,395	15,023	7,772	4,514	44.7	30.0
New Mexico.....	5,176	1,328	2,480	417	47.9	31.4
Arizona.....	2,208	1,646	905	688	41.0	41.8
Utah.....	3,675	8,564	593	1,431	16.1	16.7
Nevada.....	164	379	7	34	4.3	9.0
Washington.....	3,046	8,298	1,380	2,642	45.3	31.8
Oregon.....	2,768	10,373	1,037	3,252	37.5	31.4
California.....	6,240	8,426	2,209	3,088	35.4	36.6
U.S. total.....	2,763,911	418,358	1,221,807	119,794	44.2	28.6

¹ Based on State and county ASCS office reports compiled through Feb. 25, 1963, and subject to revision on the basis of final reports received from State and county offices.

TABLE 3.—Total base acreage on all feed grain farms and extent of participation—
1962 feed grain program—preliminary ¹

State	Base acreages			Acreage diverted for payment on participating farms	
	On all feed grain farms (corn, grain sorghums, barley) ²	On participating farms		Amount	Portion of base acreage on participating farms diverted for payment (col. 5÷col. 3) ³
		Amount ²	Portion of total base acreage on participating farms (col. 3÷col. 2) ³		
(1)	(2)	(3)	(4)	(5)	(6)
	Thousands of acres	Thousands of acres	Percent	Thousands of acres	Percent
Maine.....	10.0	0.8	8.0	0.5	6.2
New Hampshire.....	10.0	0	0	0	0
Vermont.....	48.0	1.6	3.3	1.2	75.0
Massachusetts.....	26.0	.4	1.5	.3	75.0
Rhode Island.....	5.0	.1	1.3	(4)	40.0
Connecticut.....	34.0	3.2	9.4	1.8	56.2
New York.....	702.8	284.6	40.5	177.5	62.4
New Jersey.....	186.1	81.9	44.0	48.6	59.3
Pennsylvania.....	1,419.0	295.7	20.8	198.2	67.0
Ohio.....	3,885.6	1,613.6	41.5	867.2	63.7
Indiana.....	5,628.9	2,800.1	49.7	1,308.2	46.7
Illinois.....	10,848.2	5,917.4	54.5	2,043.0	34.5
Michigan.....	2,215.4	1,008.2	45.5	598.2	59.3
Wisconsin.....	3,043.6	1,689.3	55.5	610.7	36.2
Minnesota.....	8,258.5	4,778.9	57.9	1,873.7	39.2
Iowa.....	13,310.2	8,951.9	67.3	3,119.9	34.9
Missouri.....	5,633.6	3,823.7	67.9	1,897.8	49.6
North Dakota.....	5,590.8	2,685.8	48.0	1,318.0	49.1
South Dakota.....	5,402.7	2,466.4	45.7	873.0	35.4
Nebraska.....	9,536.0	6,892.5	72.3	2,296.5	33.3
Kansas.....	8,741.2	5,092.1	58.3	1,987.9	39.0
Delaware.....	174.2	68.5	39.3	36.1	52.7
Maryland.....	603.0	145.1	24.1	78.3	54.0
Virginia.....	905.0	326.0	36.0	201.6	61.8
West Virginia.....	139.4	24.1	17.3	16.1	66.8
North Carolina.....	2,191.3	1,159.1	52.9	775.4	66.9
South Carolina.....	926.6	509.3	55.0	297.6	58.4
Georgia.....	2,801.7	1,216.3	43.4	571.7	47.0
Florida.....	606.7	338.4	55.8	161.5	47.7
Kentucky.....	1,878.7	938.0	49.9	594.7	63.4
Tennessee.....	1,653.5	875.7	53.0	583.5	66.6
Alabama.....	2,096.8	983.2	46.9	565.7	57.5
Mississippi.....	1,299.9	622.6	47.9	352.6	56.6
Arkansas.....	470.3	183.8	39.1	113.3	61.6
Louisiana.....	445.9	201.1	45.1	116.7	58.0
Oklahoma.....	2,539.5	1,075.2	42.3	577.9	53.7
Texas.....	10,762.2	7,556.1	70.2	2,984.8	39.5
Montana.....	2,057.4	386.1	18.8	144.9	37.5
Idaho.....	711.7	213.5	30.0	87.8	41.1
Wyoming.....	196.0	47.9	24.4	21.4	44.7
Colorado.....	1,927.0	933.3	48.4	383.1	41.0
New Mexico.....	463.5	317.5	68.5	123.6	38.9
Arizona.....	369.1	209.1	56.7	86.7	41.5
Utah.....	206.5	55.5	26.9	29.7	53.5
Nevada.....	18.7	1.4	7.5	0.8	57.1
Washington.....	815.3	201.9	24.8	76.6	37.9
Oregon.....	584.6	240.0	41.1	95.1	39.6
California.....	1,960.3	967.9	49.4	346.0	35.7
U.S. total.....	123,340.4	68,184.8	55.3	28,645.4	42.0

¹ Based on State and county ASCS office reports compiled through Feb. 25, 1963, and subject to revision on the basis of final reports received from State and county offices.

² 1959-60 average acreage of field corn planted for all purposes plus sweet corn utilized as silage and of grain sorghum planted for harvest as grain, silage or fodder, both adjusted, where necessary, for abnormal factor affecting plantings.

³ Computed on rounded data.

⁴ 50 acres or less.

EXTEND THE FEED GRAIN PROGRAM

TABLE 4.—Payments under 1961 and 1962 feed grain programs cumulative from inception through Jan. 31, 1963¹

State	1961	1962
Maine.....	\$15,192.81	\$20,128.18
New Hampshire.....		
Vermont.....	50,175.68	45,926.05
Massachusetts.....	7,195.14	12,753.21
Rhode Island.....	929.14	1,481.24
Connecticut.....	47,968.04	84,587.90
New York.....	6,682,800.36	6,547,078.96
New Jersey.....	1,895,972.70	2,356,405.53
Pennsylvania.....	6,821,336.60	8,149,306.66
Ohio.....	42,674,824.43	36,603,994.99
Indiana.....	54,742,969.80	53,706,966.78
Illinois.....	87,817,582.63	87,505,791.53
Michigan.....	18,320,677.52	21,259,519.17
Wisconsin.....	23,462,051.07	25,835,092.65
Minnesota.....	46,213,009.54	53,970,447.50
Iowa.....	107,620,556.78	121,569,584.71
Missouri.....	69,328,457.38	64,850,552.21
North Dakota.....	5,507,579.19	13,589,872.53
South Dakota.....	15,775,983.08	15,008,599.32
Nebraska.....	66,788,199.59	68,025,510.09
Kansas.....	55,209,166.28	44,164,064.60
Delaware.....	1,511,602.28	1,479,352.31
Maryland.....	3,127,734.51	3,035,486.48
Virginia.....	4,373,162.98	6,293,070.89
West Virginia.....	407,098.21	748,375.98
North Carolina.....	16,231,578.73	20,828,623.99
South Carolina.....	4,198,903.27	6,009,777.87
Georgia.....	6,574,272.08	11,941,776.63
Florida.....	2,466,460.80	3,227,494.06
Kentucky.....	17,723,194.20	18,204,191.76
Tennessee.....	11,867,721.84	14,822,371.68
Alabama.....	7,649,355.90	10,338,427.09
Mississippi.....	5,285,687.01	7,706,405.34
Arkansas.....	2,212,219.46	2,788,502.10
Louisiana.....	2,170,378.73	3,105,747.03
Oklahoma.....	8,782,070.88	9,653,248.40
Texas.....	59,601,429.43	64,569,628.14
Montana.....	601,921.97	1,727,066.88
Idaho.....	337,262.98	1,697,980.91
Wyoming.....	378,164.83	516,190.34
Colorado.....	6,327,776.98	6,755,320.29
New Mexico.....	2,635,342.22	2,838,522.31
Arizona.....	2,192,877.84	3,230,211.20
Utah.....	355,815.37	694,427.68
Nevada.....	25,143.44	15,873.04
Washington.....	1,058,388.46	2,931,744.15
Oregon.....	822,942.54	2,361,277.57
California.....	4,397,794.42	10,091,095.41
U.S. total.....	782,198,929.12	841,519,853.34

¹ Based on data compiled by Fiscal Division, ASCS, Feb. 26, 1963, and subject to revision after final reports are obtained from State and county ASCS offices.

TABLE 5.—*Extent of farms participating in the program*¹—1961 feed grain program

State	Indicated total number of corn and/or grain sorghum farms	Number of farms signed to participate	Number of farms participating in program	Percent of total number of farms participating
	(1)	(2)	(3)	(4)
Maine.....	946	44	39	4.1
New Hampshire.....	970			
Vermont.....	3,880	90	85	2.2
Massachusetts.....	1,911	13	12	.6
Rhode Island.....	291	1	1	.9
Connecticut.....	2,325	92	90	3.3
New York.....	41,206	16,168	15,036	36.5
New Jersey.....	6,447	1,941	1,922	29.8
Pennsylvania.....	81,526	14,928	14,565	17.9
Ohio.....	157,039	60,990	59,817	38.1
Indiana.....	156,730	66,579	65,683	41.9
Illinois.....	208,445	104,968	100,856	48.4
Michigan.....	96,664	34,400	33,806	35.0
Wisconsin.....	120,565	35,555	32,669	27.1
Minnesota.....	126,995	64,231	63,134	49.7
Iowa.....	191,603	109,030	107,045	55.9
Missouri.....	148,999	82,352	81,253	54.
North Dakota.....	27,474	20,160	19,853	72.3
South Dakota.....	61,376	30,145	29,649	48.3
Nebraska.....	106,827	76,370	75,473	70.6
Kansas.....	121,606	84,251	82,936	68.2
Delaware.....	5,077	1,807	1,783	35.1
Maryland.....	21,714	4,151	4,107	18.9
Virginia.....	66,471	15,257	14,756	22.2
West Virginia.....	13,899	897	880	6.3
North Carolina.....	169,422	53,700	52,899	31.2
South Carolina.....	67,279	18,066	17,554	26.1
Georgia.....	83,032	14,143	13,727	16.5
Florida.....	16,177	4,615	4,529	28.0
Kentucky.....	114,963	40,500	40,005	34.8
Tennessee.....	106,576	36,255	35,675	33.5
Alabama.....	108,263	29,816	29,424	27.2
Mississippi.....	85,573	18,197	17,763	20.8
Arkansas.....	33,340	5,003	5,459	16.4
Louisiana.....	33,045	5,341	5,213	15.8
Oklahoma.....	50,838	22,912	22,212	43.7
Texas.....	168,357	80,384	77,334	45.9
Montana.....	2,966	1,668	1,654	55.8
Idaho.....	6,486	501	483	7.4
Wyoming.....	2,150	527	516	24.0
Colorado.....	17,758	8,057	7,880	44.4
New Mexico.....	5,495	2,363	2,320	42.2
Arizona.....	2,281	1,225	1,196	52.4
Utah.....	3,731	706	690	18.5
Nevada.....	164	45	44	26.8
Washington.....	3,289	1,132	1,097	33.4
Oregon.....	2,806	1,123	1,014	39.3
California.....	5,969	2,824	2,738	45.9
U.S. total.....	2,860,946	1,174,123	1,146,969	40.1

¹ Based on data reported to Grain Division by Agricultural Soil Conservation Service State offices.

TABLE 6.—Total base acres of corn and grain sorghums and base acres of corn and grain sorghum on farms participating in the program ¹—1961 feed grain program

State	Corn			Grain sorghums		
	Total base acres on all farms (thousand acres)	Base acres on participating farms (thousand acres)	Percent of total base on participating farms (percent)	Total base acres on all farms (thousand acres)	Base acres on participating farms (thousand acres)	Percent of total base on participating farms (percent)
	(1)	(2)	(3)	(4)	(5)	(6)
Maine.....	11.0	0.5	4.5			
New Hampshire.....	11.5					
Vermont.....	59.5	1.4	2.4			
Massachusetts.....	31.5	.2	0.6			
Rhode Island.....	6.0	(²)				
Connecticut.....	41.0	1.9	4.6			
New York.....	662.8	295.1	44.5			
New Jersey.....	188.2	67.9	36.1			
Pennsylvania.....	1,286.7	264.9	20.6	11.4	1.2	10.1
Ohio.....	4,115.4	1,947.8	47.3	1.2	.5	41.7
Indiana.....	5,481.2	2,967.7	54.1	18.7	14.3	76.5
Illinois.....	10,823.0	6,203.1	57.3	25.1	16.1	64.1
Michigan.....	2,315.4	961.8	41.5	(²)	(²)	
Wisconsin.....	2,989.5	1,161.4	38.8	.1	.1	100.0
Minnesota.....	7,131.2	4,331.5	60.7	4.4	2.8	63.6
Iowa.....	13,118.3	8,433.3	64.3	65.7	52.8	80.4
Missouri.....	4,791.8	3,511.2	73.3	594.9	451.8	75.9
North Dakota.....	1,389.2	5,901.5	64.9	.5	.5	100.0
South Dakota.....	4,497.4	2,476.7	55.1	225.2	145.4	64.6
Nebraska.....	7,248.4	5,564.1	76.8	1,824.4	1,722.4	94.4
Kansas.....	2,142.4	1,566.2	73.1	5,709.8	4,718.6	82.6
Delaware.....	157.2	74.2	47.2	(²)	(²)	
Maryland.....	522.7	160.9	30.8	.9	.1	11.1
Virginia.....	814.1	231.0	28.4	18.5	4.4	23.8
West Virginia.....	147.9	14.9	10.1	.2	(²)	
North Carolina.....	2,054.4	932.5	45.4	120.4	43.9	36.5
South Carolina.....	967.1	388.2	40.1	51.1	10.5	20.5
Georgia.....	2,880.0	737.3	25.6	69.8	19.9	28.5
Florida.....	632.3	272.1	43.0	6.9	1.9	27.5
Kentucky.....	1,860.9	950.5	51.1	27.7	17.1	61.7
Tennessee.....	1,663.4	721.4	43.4	61.6	30.6	49.7
Alabama.....	2,024.9	782.8	38.7	35.2	16.1	45.7
Mississippi.....	1,386.4	433.3	31.3	56.9	26.3	46.2
Arkansas.....	398.2	122.2	30.7	98.5	27.8	28.2
Louisiana.....	550.0	133.8	24.3	16.8	6.1	36.3
Oklahoma.....	276.7	96.6	34.9	1,478.6	924.3	62.5
Texas.....	1,514.2	770.6	50.9	8,416.3	6,141.4	73.0
Montana.....	110.4	82.9	75.1			
Idaho.....	81.0	11.2	13.8	2.7	.2	7.4
Wyoming.....	62.5	25.6	41.0	3.7	.9	24.3
Colorado.....	481.4	247.5	51.4	732.9	597.7	81.6
New Mexico.....	46.0	10.2	22.2	375.2	283.9	75.7
Arizona.....	33.6	4.3	12.8	191.2	125.2	65.5
Utah.....	50.8	11.0	21.7	.8	.4	50.0
Nevada.....	4.5	1.2	26.7	.8	.1	12.5
Washington.....	87.2	34.9	40.0	9.9	4.9	49.5
Oregon.....	65.0	25.9	39.8	.5	.3	60.0
California.....	141.6	79.3	56.0	277.8	180.2	64.9
U.S. total.....	87,355.3	48,014.3	55.0	20,536.3	15,590.3	75.9

¹ Based on data reported to grain division by ASCS State offices.² Less than 50 acres.

TABLE 7.—*Acres of corn and grain sorghums diverted for payment—1961 feed grain program*¹

(In thousands of acres)

State	Corn (final acres diverted)	Grain sorghums (final acres diverted)	Total corn and grain sorghums (final acres diverted)	State	Corn (final acres diverted)	Grain sorghums (final acres diverted)	Total corn and grain sorghums (final acres diverted)
(1)	(2)	(3)			(1)	(2)	(3)
Maine.....	0.3	-----	0.3	South Carolina.....	194.9	5.0	199.9
New Hampshire.....	-----	-----	-----	Georgia.....	302.1	8.7	310.8
Vermont.....	.9	-----	.9	Florida.....	115.9	1.5	117.4
Massachusetts.....	.2	-----	.2	Kentucky.....	560.6	6.6	567.2
Rhode Island.....	(²)	-----	(²)	Tennessee.....	432.2	16.4	448.6
Connecticut.....	1.0	-----	1.0	Alabama.....	407.2	6.5	413.7
New York.....	172.5	-----	172.5	Mississippi.....	220.5	10.9	231.4
New Jersey.....	37.4	-----	37.4	Arkansas.....	75.5	11.7	87.2
Pennsylvania.....	158.8	0.8	159.6	Louisiana.....	72.3	2.9	75.2
Ohio.....	995.2	.2	995.4	Oklahoma.....	59.4	445.5	504.9
Indiana.....	1,321.2	5.3	1,326.5	Texas.....	320.0	2,292.5	2,612.5
Illinois.....	2,097.2	7.9	2,105.1	Montana.....	39.9	-----	39.9
Michigan.....	531.5	(²)	531.5	Idaho.....	6.7	(²)	6.7
Wisconsin.....	549.1	(²)	549.1	Wyoming.....	11.8	.5	12.3
Minnesota.....	1,518.5	.8	1,519.3	Colorado.....	106.3	225.9	332.2
Iowa.....	2,760.2	24.2	2,784.4	New Mexico.....	5.4	100.7	106.1
Missouri.....	1,722.2	208.3	1,930.5	Arizona.....	1.7	54.7	56.4
North Dakota.....	406.4	.2	406.6	Utah.....	7.2	.2	7.4
South Dakota.....	818.5	69.3	887.8	Nevada.....	.8	(²)	.8
Nebraska.....	1,605.2	707.4	2,312.6	Washington.....	16.8	2.3	19.1
Kansas.....	671.4	1,786.2	2,457.6	Oregon.....	15.2	.1	15.3
Delaware.....	36.9	(²)	36.9	California.....	32.9	69.2	102.1
Maryland.....	77.4	(²)	77.4				
Virginia.....	125.5	(²) 1.8	127.3	United States, total.....	19,114.6	6,100.5	25,215.1
West Virginia.....	8.9	(²)	8.9				
North Carolina.....	492.9	26.3	519.2				

¹ Based on data reported to grain division by ASCS State offices.² Less than 50 acres.

Mr. SHORT. I have a couple of brief questions.

In your statement at the bottom of page 4, Mr. Jaenke, you say:

Either the 1961 or 1962 or the 1963 types of program can effectively meet these requirements.

This seems to indicate that you do not have any real strong feelings as to which one of those three programs should be enacted. If I interpret this correctly, you mean that it is the feeling of the Department that you are satisfied with any one of the three. There is one important difference in the 1963 program in the direct payment feature which is included only in the 1963 program.

Can we interpret this to mean that the Department is not completely wedded to the direct payment idea?

Mr. JAENKE. I think what we tried to indicate here was that we think that the need after 1963, when we are going to be about down to a safe normal carryover in the range of 45 to 50 million tons, is for the right kind of authority to vary some of these requirements so that stocks will be kept constant. You would not want to go down far below 45 million tons—nor would we want to start building back up again.

We think that either the 1961, 1962, or the 1963 type program with these other authorities to adjust the amount of the diversion, to adjust the payment rates, can be effectively used to maintain the stable carryover. We think there are advantages to the 1963 type program, the advantages to assure benefits to the cooperator.

Mr. SHORT. Because of the payment feature in the 1963 program?

Mr. JAENKE. In the 1962-type program the producer who cooperated was not sure what the market would do throughout the year; and therefore could not be sure as to what his advantage would be by participating in the program.

In the 1963-type program, he knows that he is going to get the 18 cents or in some other year 10 or 15 cents. He knows he is going to get this amount in payment in kind certificates. And he knows he is that much better off than the others.

In addition, we think it is more nearly adaptable and better adapted to the livestock producer.

In the 1961- and 1962-type programs, as I indicated, the livestock feeder who raised his own corn in order to be certain of the benefits had to put his corn under loan and then buy other corn in the marketplace 10 to 15 to 18 cents below the loan rate.

In 1963, this is unnecessary.

Based on all of our reports, this will bring in more livestock farmers in the 1963 program.

So for those reasons we see advantages to the 1963 type program, and therefore are happy to support it and to recommend the enactment of this program.

Likewise we do think that the concept of the 1962 program can be made to accomplish the same goals and the same ultimate ends of maintaining a stable feed grain livestock program.

Mr. SHORT. To develop this a little bit further, let me say that the 1963 program was carefully analyzed in Successful Farming magazine. Alternatives that are available to the farmer, were worked out in dollars and it looked like the best dollar alternative was to the livestock feeder who would feed all of his own grain. He could retire the minimum 20 percent of his acreage required under the law in order to be eligible for the direct payment, but he was also producing the maximum amount of grain possible and still comply to a minimum degree with the program.

Of course the amount of the direct payment would be a consideration, but it seems that it gives an advantage to this individual who was going to feed all of his grain on his own farm. The direct payment is an incentive to produce as much as possible on the land not taken out of production.

This is the reason why I was wondering whether the Department felt that this direct payment approach, rather than a variation in the land retirement payment, was an essential ingredient in any future feed grain program.

Mr. JAENKE. This points to one of the reasons in our actions last fall of establishing the 20- and 50-percent rate. If we had not done this, there would have been all the more incentive to do this very thing, as you pointed out. The minimum of 20 percent, to produce up to your full 80 percent, and get into the program and get the benefit of it were in centives. I have seen this article in the Successful Farming magazine, and in one or two other farm magazines. I do not mean to condemn their figures but we do not concur in their presentation.

Mr. SHORT. These figures that they used on this particular farm would not be broadly applicable to another one.

Mr. JAENKE. There is one point. We only have the first 10 days, report on the signup. We will have another one at about the halfway

point this Friday, but from that first report it would appear that a great number of farmers do not agree with the approach and the figures that the magazine articles show, because they are signing up much in excess of the minimum 20 percent. A portion of it is in the small farm area which lets them take out their entire acreage. We find that the farmers are going beyond the 20 percent. I think that the future reports will show that.

Mr. SHORT. We got into this consideration of the total supply of grain affecting the livestock prices a few moments ago. What has the Department done—maybe they have done something that I am not aware of—in the way of announcing a resale program for the 1962 crop?

Mr. JAENKE. We have not announced one.

Mr. SHORT. For feed grains.

Mr. JAENKE. We have not announced one.

Mr. SHORT. Would it not be in the interest of containing the supply of grain in its present location, in its present status, rather than forcing it to flow into the Commodity Credit Corporation stocks by announcing a resale program?

Mr. JAENKE. Of course, whatever you have really is in effect already in the Commodity Credit Corporation stocks, as a practical matter.

Mr. SHORT. It is not available for the Commodity Credit Corporation to sell in redeeming certificates.

Mr. JAENKE. No, it is not.

Mr. SHORT. Technically, it is not.

Mr. JAENKE. It is not. I think there are several considerations on this resale question. We believe that it is very desirable to have farm storage. Our loan program makes it available for the crop and the oncoming crop, so that in effect there is a 2-year supply there. On the other hand, we do not believe, as has occurred from time to time in recent years, that on-the-farm storage should be built up to handle four or five or six crops. There are also problems in farm storage that are not always conducive to the moving of the grain, to turning it, to keeping it in quality, particularly in certain areas of the country. This would not be so true in your area, I will agree, but it is in other areas. Therefore, it is to protect the farmer from ending up with a grain that is 3 or 4 years old and has deteriorated that we are trying to be very cautious and not permit too much resaleing. We hope to make some announcement on the resale question in the very near future, in the next 2 or 3 weeks.

Mr. SHORT. Thank you.

Mr. POAGE. Are there any other questions? If not, we are very much obliged to you, Mr. Jaenke, and to your associates. And since we have developed this type of procedure we will go on with it tomorrow. We will have an open hearing tomorrow. And we will have from the National Farmers Union, the American Farm Bureau Federation, the National Association of Wheat Growers, the Missouri Farmers Organization and the U.S. Chamber of Commerce.

Is there anyone else who wants to be heard other than those who have been heard or who have been listed for tomorrow?

I have a request from the American National Cattlemen's Association to insert a letter in the record, and without objection that will be inserted in the record at this point.

(The letter referred to follows:)

AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION,
Denver, Colo., February 25, 1963.

Hon. W. R. POAGE,
*Chairman, Livestock and Feed Grain Subcommittee,
House Committee on Agriculture, House Office Building,
Washington, D.C.*

DEAR MR. POAGE: The American National Cattlemen's Association is an organization composed of 37 affiliated State cattlemen and cattle feeder associations; more than 100 local, county and breed associations in addition to thousands of individual cattlemen and cattle feeders from throughout the Nation.

Cattlemen and cattle feeders have a direct interest in farm programs and proposals involving feed grains. There is a relationship between production and prices of feed grains and production and prices of beef cattle.

For this reason, we wish to express our position relative to H.R. 3874 dealing with a feed grain program for 1964 and thereafter. It is our opinion that consideration of feed grain legislation and specific recommendations thereto on the part of the House Agriculture Committee would be premature at this time.

We feel that the formal action by your committee on any feed grain program should be withheld until after the completion of the sign-up for participation in the 1963 feed grain program. This would provide a real sense of the intentions of feed grain producers from throughout the Nation for their participation in the voluntary feed grain program currently in effect and which is directly related to the proposals as outlined in H.R. 3874. In addition to this, it would provide more accurate guidelines for the House Agriculture Committee to consider legislation related to costs of a feed grain law and in this way include in any legislation more specifics and definite language related to such things as the factor of compensatory payments, which in H.R. 3874 would be left entirely to the discretion of the Secretary of Agriculture.

This latter point is highly important, inasmuch as Congress is charged with the responsibility of enacting legislation. We feel that the Congress has gone entirely too far in delegating authority to the executive branch of Government without the proper check and balance as provided for in the Constitution of the United States.

We feel it also important that no action be taken on feed grain legislation until after the conclusion of the wheat referendum which we understand will be held sometime late in May. Inasmuch as many wheat growers are also feed grain producers, the upcoming referendum will provide a yardstick on attitudes of wheat growers toward various control programs whether they be mandatory or voluntary in nature. The House Agriculture Committee then would have much more accurate information from which to work on any consideration involving feed grain legislation.

We respectfully request your serious consideration of these thoughts expressed by the American National Cattlemen's Association and that any formal action on new feed grain legislation be withheld at this time. We also respectfully request the inclusion of this letter in the record of proceedings during the hearings before the Livestock and Feed Grain Subcommittee of the House Committee on Agriculture on February 27 and 28, 1963.

Cordially,

C. W. McMILLAN.

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

(Whereupon, at 11:55 a.m., the committee was in recess, to reconvene at 10 a.m., Thursday, February 28, 1963.)

EXTEND THE FEED GRAIN PROGRAM

THURSDAY, FEBRUARY 28, 1963

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:10 a.m., in room 1310, Longworth House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Jones of Missouri, Matthews, Purcell, Duncan, Olson, Matsunaga, Quie, Short, Mrs. May, Latta, and Harvey of Indiana.

Also present: Representatives Grant, Johnson of Wisconsin, Hoeven, Findley, Dole, Beermann, and Hutchinson.

Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John Heimbarger, counsel; and Robert Bruce, assistant counsel.

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

The committee is pleased to have the representatives of several of the farm organizations with it this morning. Therefore we are going to start with Mr. James G. Patton, who is accompanied by Mr. Reuben Johnson, representing the National Farmers Union. Mr. Patton, we are delighted to have you with us and we will be happy to hear from you now.

STATEMENT OF JAMES G. PATTON, PRESIDENT, NATIONAL FARMERS UNION; ACCOMPANIED BY REUBEN JOHNSON, ASSOCIATE DIRECTOR, LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. PATTON. Thank you, Mr. Chairman and members of the committee.

For the record, my name is James G. Patton, president of the National Farmers Union.

It is an honor for me to have this opportunity to appear before the distinguished members of this subcommittee for the purpose of expressing the views of National Farmers Union on a long-range feed grains program.

The Committee on Agriculture in the House of Representatives plays a vital and essential role in maintaining the economic health of rural America. And, because the ways and means to provide farmers needed prices and income have always been controversial, the work of the House Agriculture Committee is not always easy. The members of both this subcommittee as well as the full committee deserve our sincere vote of thanks for the time and attention that you have given to farmers' programs over the years. I especially want to

commend Mr. Poage for his outstanding leadership in the development of the feed grains program.

In spite of the fact that there are continuing difficult decisions ahead in agriculture those members present here today have chosen to continue to devote their time and attention to agriculture. Having worked closely with farmers for most of my adult life, I share with you an awareness for the need of continually improving the economic position of the farmer and I admire the perseverance and courage of those of you who have chosen to remain in the service of agriculture in the Congress of the United States.

At the outset, Mr. Chairman, I want also to express the appreciation of the Farmers Union for the role of this committee in developing programs which have increased net farm income by almost \$2 billion over the past 2 years. In the fourth quarter of 1962 net farm income was \$13.5 billion—seasonally adjusted annual rate. For the year 1962, therefore, it appears that net farm income will be \$12.9 billion and the highest since 1953.

Since the fall of 1960 feed grain stocks have been reduced 28 percent. The 1961 feed grains program reduced corn stocks by 368 million bushels. The 1962 program has continued the reduction of corn stocks by 340 million bushels and preliminary reports and estimates indicate that feed grain stocks will be further cut through the 1963 feed grain program. The reductions of CCC stocks have cut the cost of storing and handling to the Federal Government. These indicators of progress are well known and understood by the American farmer, who also knows that without the increases in the price support on nearly all price-supported commodities many family owned and operated farms would be bankrupt today.

As you well know, much of additional farm income is the direct result of the feed grain program, so I again commend this subcommittee for the development of this worthwhile program.

But even though the programs of the past 2 years have added income that otherwise would not have been realized, the income gap between the farm and nonfarm sectors still remains deplorable. This concern was recently pointed out by the executive committee of the National Farmers Union. While they commended both the Congress and the administration for their valiant efforts to improve the agricultural economy, the committee stated that "farmers are still plagued by inadequate returns for their capital investment, management, and work."

"Farmers everywhere," the committee said, "should join forces this year to work with responsible farm organizations and farmers' friends in Congress and the administration to insure a prosperous and stable agricultural and national economy."

Undoubtedly the concern, as expressed in the words of our executive committee, is grounded in the fact that in spite of an increase in overall net returns to farmers, the parity ratio, which is a measure of farm income in relation to cost, has not increased.

Almost half of our farm families had incomes, from all sources, of less than \$2,500 in 1959, according to the Bureau of the Census. Nearly two-thirds of the individuals living alone on farms had incomes of less than \$1,000 a year.

A recent study made by Farmers Union from Department of Agriculture figures shows that in the period 1947-49 total investment

in a typical cash grain farm in the Corn Belt was \$58,230. By 1959-61 the total investment in such farms had increased to \$107,840, or an increase of \$46,610 per farm.

Over the same period the amount of cropland harvested increased from 186 to 200 acres per farm and net farm production increased by 33 percent.

Gross farm income in the 1947-49 period on such farms was \$13,732. By 1959-61 the gross farm income was up to \$15,653—an increase of nearly \$2,000. However, net cash income over this period dropped from \$7,976 to \$6,674—a reduction of \$1,300.

In 1961 returns per hour for operator and family labor on such farms was \$1.03, or below Federal minimum wage standards.

Prosperity in rural America will continue to have a great deal to do with the growth and prosperity of our national economy. I am firmly convinced, for example, that a substantial increase in farm prices and income would result in utilizing our industrial production capacity to a much greater extent than at the present time. This would mean a reduction in the present 5.8-percent level of unemployment.

Unless some way can be found to increase purchasing power of those people who are not sharing equitably in national growth and income, it will be necessary to put the unemployed to work and activate idle plants through a public works program. I recommended recently to the Joint Economic Committee that a \$50 billion investment be made in public works projects over the next 3 years. The Nation needs more schools, more roads, more pollution abatement plans, more public works such as dams to control floods and produce power as well as steam and atomic plants for this purpose. But, obviously, a substantial increase in farm income could play a vital and important role in alleviating unemployment and idle industrial production resources.

Increasing prices and income at a much more rapid pace would strengthen the family farm system of agriculture that has served this Nation so effectively. Not only has the family farm system of agriculture given this Nation the strongest, the most productive and the most efficient agriculture in the world, it is the bulwark of the social and cultural values that are essential to our national political and social welfare. For this reason Farmers Union continues to stress the need for economic conditions in agriculture which will make it possible for a farm family to earn a living comparable to other economic groups with similar investments, management, and work requirements.

This concern for the family farm was expressed recently in the report of the Family Farm Subcommittee to the National Advisory Committee on Rural Development. The subcommittee recommended:

Practical limitation of Federal price support, credit, conservation, crop insurance, and other assistance, both monetary and technical, to larger than family farms. There should be a cutoff point beyond which no subsidy will be paid. The cutoff might be at a specific income level, at a specified number of acres, or a specified number of bushels or pounds.

Therefore, in the feed grains program which we will present to the subcommittee today, we have made provision for a family farm cutoff. We urge that the subcommittee consider whether some practical means might be found to limit Federal assistance to larger than

family-type feed grains operations. Such a provision would have the effect of (1) protecting and strengthening the family farm structure of agriculture, and (2) cutting Government cost of needed farm programs.

The feed grains program to be presented and outlined here today was drafted by a committee of Farmers Union State presidents made up of Mr. Ben Radcliffe, president of the South Dakota Farmers Union; chairman, Mr. Elton Berck, president of the Nebraska Farmers Union; Mr. Kenneth Schuman, president of the Iowa Farmers Union; Mr. John Rees, president of the Illinois Farmers Union; and Mr. Alvah F. Troyer, president of the Indiana Farmers Union.

With your permission, I would like to call on Reuben Johnson, director of legislative services, to briefly summarize our recommendations.

Mr. POAGE. Thank you.

Mr. REUBEN JOHNSON. The provisions of the program are relatively simple. We have an outline in brief form, and with your permission I will just present the outline.

Mr. POAGE. You may do so.

Mr. REUBEN JOHNSON. The objectives of the program as desired by the National Farmers Union Drafting Committee are—

1. To increase farm income—100 percent of parity to cooperating producers.
2. To assure consumers of continued fair and stable prices for meat, poultry, dairy, and cereal products.
3. To afford producers the means of growing needed quantities of feed grains without risk of overproduction which depresses prices to farmers and increases storage costs to taxpayers.
4. To further reduce current feed grains stocks to the level of an adequate safety reserve.
5. To strengthen to historic and traditional national objective of a strong system of owner-operated family farms, as contracted to ownership by absentee landlords and recent rapid growth of vertical integration.

Major provisions:

1. Voluntary program covering corn, grain, sorghum, and barley to operate nationally, until such time as it may become ineffective in maintaining a reasonable balance between supply and demand and in returning 100 percent of parity to cooperating family-type producers.

2. Established 1959-60 feed grains base for individual farms will be extended.

3. The Secretary of Agriculture will determine for the year ahead national feed grain requirements—domestic consumption and export requirements, including commercial market, social market, and food-for-peace usage, plus the amount of feed grains needed for maintenance of an adequate safety reserve.

4. One hundred percent of parity will be provided for cooperating producers through the establishment of price-support floor set at 75 percent of parity and a direct payment to make up the difference between the support level or the market price, whichever is higher, and 100 percent of parity—\$1.61 per bushel for corn with grain sorghum, barley, oats, and rye supported on basis of feed-value-equivalent ratio to corn.

Producers cooperating in the percentage reduction of feed grains acres prescribed by the Secretary will be eligible for 100 percent of parity.

5. Producers who stay within their feed grains base acreage will be eligible for support price—75 percent of parity—which is \$1.20.

6. To encourage, promote, and preserve the family operated structure of U.S. agriculture, the maximum amount of direct payment per farm operator will not exceed \$10,000.

7. Contingency reserves will be established in order that bases will be available for new producers and in order that adjustments may be made by ASCS committees in hardship cases.

8. Examples of how the program will operate for—

(A) Producer making acreage reduction of 20 percent from 100-acre base:

Eighty acres times 70 bushels per acre equals 5,600 bushels times support price of \$1.20 plus \$0.41 direct payment (\$1.61) equals \$9,016 gross return.

(B) Producer planting within 100-acre base:

One hundred acres times 70 bushels per acre equals 7,000 bushels times support price of \$1.20 equals \$8,400 gross return.

Mr. POAGE. Is that all that you care to state now?

Mr. REUBEN JOHNSON. That concludes our statement, Mr. Chairman. I might add that we come before the committee to submit a program which has been developed by the National Farmers Union Feed Grains Committee. We do not have all of the details worked out. We have a rough draft of the legal language.

I would like to say that I would appreciate any help and comment that you have at this point, if, in your judgment, this program has any merit, and we can help this committee and the Congress.

Mr. POAGE. Thank you, Mr. Johnson, and thank you very much, Mr. Patton.

Mr. PATTON. Thank you.

Mr. POAGE. I think the direct answer to Mr. Johnson is that I would suggest this bill, and that you support this bill. I can see a good many opportunities in what you have suggested, but I think we have a good chance of passing the legislation now pending before this subcommittee.

Naturally we want to pass the bill without any delays, and hope that we can, Mr. Johnson. So I will not try to pass upon the legislation that you propose, although it is perfectly proper for you to suggest it. I am glad to have your suggestions.

Mr. REUBEN JOHNSON. We know that there are some of the basic principles in the bill which you have introduced which are very similar to the program which we are talking about here. I could sum it up in one sentence; the attitude of our feed grains subcommittee is that they want to keep continually pushing ahead, to try to raise the price and the income to the feed grain producers.

They feel very strongly that feed grains is one of the basic crops that has a great deal to do with the price of livestock, cattle, poultry, and dairy commodities, and they want to stress a program which, in their judgment, would substantially raise the income of the feed grains producers over the present level.

We are not at all unappreciative of the progress that has been made, as Mr. Patton has pointed out in his statement.

Mr. POAGE. I was going to say further that I seek the same objective that you are seeking there.

Mr. PATTON. Yes, sir.

Mr. POAGE. Even though this bill that I have introduced will be, in my opinion, very much more expensive. I think it will be more expensive than it needs to be or should be, but I think from my experience last year that we know that we cannot get a cheaper proposal.

I think we know that there are votes enough to prevent us from getting a more effective and cheaper program. I believe that we have got to have a program. Frankly, the only reason I introduced a high-priced program was that it seemed to be all we could hope to pass. A voluntary program is more expensive than any other program.

Mr. REUBEN JOHNSON. There is no doubt about it.

Mr. PATTON. That is right.

Mr. POAGE. There are many people in this country who do not believe in a direct payment program. We tried that out last year.

It seems to me that we have to recognize the fact that we cannot get the cheapest or most effective program. It seems to me that the thing to do is to take the next best one that we can get. I do not know whether we can or not get it. We are going to make a try. I do not blame you for asking for something more—I do not blame you for wanting to go further. But I think that we have to pass the bill and I have introduced one which I hope can pass.

Mr. REUBEN JOHNSON. We realize that our program would be costly because everybody accepts the fact that if you take a voluntary route in a program, it will cost more money than if you have a program with a referendum where the farmers could decide to control their production. There is no doubt in my mind about that.

As long as we stay with the voluntary programs, whether it is the kind of program we talk about here, or whether it is the kind of program that you have introduced in your legislation, I think that we are going to have to keep the Budget Bureau alerted to the fact that we are going to need more money and, if so, somehow or other we can join together as farmers with that objective in mind. Unless we do, I do not believe it will be possible to secure some additional increases in income for the feed grain producers and other farmers.

Mr. POAGE. I think that is a laudable objective of all of these programs, to give the farmers additional income. I think that by the balancing of supply and demand, that you can give the farmers an increased income.

I am always dismayed when I hear people talk about repealing the law of supply and demand. The Congress has never tried to repeal the law of supply and demand. It has only recognized the existence of the law of supply and demand.

We have tried to make it work for the farmers, instead of making it work against them. The law of supply and demand does not necessarily mean low prices as so many people have tried to suggest. The law of supply and demand, as I understand it, is that if the supply goes down and the demand remains stationary, prices will go up. And if the supply exceeds the demand, prices will go down.

I understand that the law of supply and demand works in both directions, not simply downward. We ought to let that law work

up and down. And once we balance the supply and demand, we will get a reasonably fair price, the producer will get a fair price for what he produces, and the consumer will buy the products at a fair price.

Mr. REUBEN JOHNSON. We are making progress.

Mr. POAGE. I do not see why we do not try to balance supply and demand.

Mr. REUBEN JOHNSON. We have made progress in that direction, sir.

Mr. POAGE. And that is all that this legislation attempts to do. Of course, how you do it, and how much you spend doing it, is the question.

Are there any other questions?

Mr. JONES of Missouri. Mr. Patton, I was interested in reading your statement, but when I get down to the end of it to the conclusion that you reached, I cannot go along with you.

Where do you get this 41-cent commercial direct payment; is that to bring it up to 100 percent of parity?

Mr. REUBEN JOHNSON. That brings it up to 100 percent of parity.

Mr. JONES of Missouri. Well, now, in other words, I think that is a fine goal to try to attain. I think that we have to be realistic about this thing, too. Money comes in there. I think that the example that you set out here showing the man who reduces 20 percent is actually going to get 7 percent more money than the man who does not produce, and by that, I think that you have defeated your very purpose, when you make that example.

That is just my opinion. It would seem to me that in reducing this 20 percent, he is going to be inclined to spend that extra money for more fertilizer. I think that he will actually produce as much on the 80 acres as this man will produce on the 100 acres. And I think that you are going to have a still further spread. I cannot go along with that.

Mr. REUBEN JOHNSON. Mr. Jones, I would like to point out that this is the major outline of a program. Of course, I think that we would continue to operate a program of the type that we have in mind here on the basis of the normal yield that we have in the present program which, I think, for corn on the national basis is about 54 bushels. It varies of course, depending upon the area. I do not see any reason why we could not operate a direct payment program with the same kind of an approach to the establishment of normal yields that we operate in the present program, with adjustments.

Mr. JONES of Missouri. The way this is presented here, I do not think that you could sell that to anywhere near the majority of the Members of Congress, to say that the man who plants 80 acres will get a guarantee of \$600 more, or a little over 7 percent more than the man who plants 100 acres.

I do not believe you can sell that program to anybody.

Mr. REUBEN JOHNSON. What we have tried to do in the voluntary program, such as this, is to give an incentive to the producer who will make a reduction.

Mr. JONES of Missouri. Do you think it has to be that great an incentive? That is what I want to know. That is what I wanted to point out to you.

Mr. REUBEN JOHNSON. We approach this not in terms of what incentive you need to get the reduction. I think we came to it from

the other end. We started to talk about income as the No. 1 objective and then get down to how can you achieve this income at the same time as you give the producer an incentive to make a reduction. Income is our No. 1 objective.

Mr. JONES of Missouri. You are proposing to pay too big a bonus to accomplish that. I think that you could accomplish it without paying that great a bonus. That is what I am trying to say.

Mr. REUBEN JOHNSON. Mr. Jones, I think that the program we have will figure out at a cost of about \$1,257 million, assuming 100 percent of parity.

Mr. JONES of Missouri. I understand that.

Mr. REUBEN JOHNSON. Last year the feed grain program cost something in the neighborhood of \$950 million. Our program would cost more than that, but it gets the income directly into the hands of the producer in a different manner, which we think is worthy of some consideration.

Mr. JONES of Missouri. I understand this. I am not just arguing; I am trying to point out this, trying to be helpful to you. I think if you get a more realistic approach, you will get more support and will come nearer having it passed than this program that you have offered here this morning.

Mr. REUBEN JOHNSON. Let me say that we recognize the problem of attempting to get the amount of money needed to put in effective programs, but as our people met and discussed it, they decided to put the No. 1 emphasis on the producer income and not to be concerned primarily with what it cost.

These decisions, we know, have had to be made in the past and will have to be made in the future by the Congress and the administration.

Mr. JONES of Missouri. Thank you.

Mr. POAGE. Are there any other questions?

Mr. SHORT. Just a couple of brief questions.

Mr. JOHNSON, in your outline of section 1, you seem to indicate that you would prefer a voluntary program, and you use the language, "Until such time as it may become ineffective in maintaining a reasonable balance between supply and demand and in returning 100 percent of parity to cooperating family-type producers".

On the basis of our experience with the somewhat voluntary feed grain programs, can you, in projecting your thinking into the future, visualize that this approach is not going to work? You seem to think in your statement that it has worked in the last 2 years. What reason would you have to believe that it might not work in the future?

Mr. REUBEN JOHNSON. Well, I think that all of us recognize that a voluntary program has to be attractive enough to get farmers to participate in it.

The reason why we have worded out No. 1 provision as we have is that the Farmers Union believes that we ought to have a program which enables us to balance supply with demand. And we wanted to put in here a protection in recommending a voluntary program, in the event that a voluntary program does not do the job, then we all will have to start to look at something that will. We have confidence that this program will attract producers, that they will make reductions in their production in order to qualify for higher support levels. The fact of the matter is that in visiting with a Member of

"Congress the other day, he said, "I do not know how you will keep all of the farmers out of this." But this is a question that maybe we need to consider as well.

We think that producers would participate in the program if they could be assured of the price and make a reduction in order to qualify and do it over a long time.

Mr. SHORT. Is not the key of the thing the amount of money that the Congress determines it wants to spend to bring about this reduction?

Mr. REUBEN JOHNSON. That is right.

Mr. SHORT. Through a voluntary program?

Mr. PATTON. That is right.

Mr. SHORT. Or a mandatory program?

Mr. REUBEN JOHNSON. That is right.

Mr. SHORT. In a mandatory program, they could make it possible, but it might or might not be true in a voluntary program.

Just one more question: Do I understand your objective rightly that you believe that the direct payment should be substituted entirely for any land retirement payment as a means of compensating the farmer for the difference between the support price and the return to the farmer that is desired.

Mr. REUBEN JOHNSON. Of course, the net effect of both of these approaches is very similar, but we do believe that we would prefer, in the Farmers Union, to have all of this made in the form of direct payments to the producers, rather than to have land diversion payments. Obviously we have gone to that kind of approach.

Mr. SHORT. Would the direct-payment approach conceivably be more simple and eliminate the kind of land retirement payment to the farmer which has seemed to result in a considerable complication in administration and in the individual farmer's satisfaction with the program—you find many farmers who think they are getting paid properly under the land retirement approach, and others who do not.

Mr. REUBEN JOHNSON. Well, it is conceivable that that might be the effect. I have not given a great deal of thought to the difference in the mechanics of operating it that way—in operating a land diversion program. I think those who agree that the land retirement approach is the best approach contend that this affords a somewhat better way, with a limited amount of money, to get the feed grains out of production.

But I believe the direct-payment program would be relatively simple to administer. The ASCS committees could operate a program like this. It is being done now. That would not be changed. I do not really know how to answer your question, except to say that the direct-payment program does have a fairly simple administrative procedure that we think is worthy of consideration.

Mr. SHORT. Thank you.

Mr. HOEVEN. Mr. Johnson, what was the position of the National Farmers Union on the Feed Grains Act for 1964?

Mr. REUBEN JOHNSON. 1964?

Mr. HOEVEN. Yes.

Mr. REUBEN JOHNSON. You mean 1963?

Mr. HOEVEN. Yes, which also covered the crop year 1964.

Mr. REUBEN JOHNSON. You mean the 1962 program?

Mr. HOEVEN. The act we passed last year relating to the crop year 1964.

Mr. REUBEN JOHNSON. Everybody on this committee heard us testify in favor of it.

Mr. HOEVEN. Well, you favored the legislation which was enacted by the Congress last year?

Mr. REUBEN JOHNSON. Yes, we did.

Mr. HOEVEN. And that act provided for the crop year 1964 including 50 percent of parity or 80-cent corn?

Mr. REUBEN JOHNSON. Mr. Hoeven, we had absolutely nothing to do with that part of the bill. The program as set forth in this period did do something that we were for, that is that we got rid of the 1958 provision under which the farmers would have been faced with a fairly low level of support.

Mr. HOEVEN. Well, I understand that the National Farmers Union fully approved the legislation which was enacted by the Congress last year which included the 50-percent price support for corn in 1964.

Mr. REUBEN JOHNSON. Obviously, Mr. Hoeven, we are not willing to go to that kind of program or we would not be here this morning with this program.

Mr. HOEVEN. That may well be, but you did support the legislation passed last year.

Mr. REUBEN JOHNSON. Well, we did support this legislation, provision by provision. When it came down to the time for us to make a determination, we decided that the repeal of the 1958 act offset the 50-percent parity. And we also understood from the contacts on the Hill that the Congress, the leadership up here, would not permit that kind of a program to go into effect. We looked forward to exactly the kind of hearings we are having here today.

Mr. HOEVEN. I recall receiving telegrams from members of your organization asking me to support the administration bill of last year.

Mr. REUBEN JOHNSON. You will recall that in this bill, that there were a number of other things that we did not support.

Mr. HOEVEN. The National Farmers Union has always been consistent, I would say, in advocating 100 percent of parity. Now, apparently the administration has completely abandoned even 90 percent of parity. There is not an agricultural commodity today that enjoys 90 percent of parity. The Secretary of Agriculture has the authority and the discretion to raise the support level by the stroke of a pen. How do you explain that?

Mr. PATTON. Mr. Chairman, I would like to comment on that, if I may.

Mr. POAGE. Go ahead.

Mr. PATTON. It seems to me, Congressman Hoeven, any administration which is trying to do something for agriculture is strictly up against a tremendous problem of having a very high budget for defense—and I am not critical of that, but everything else has to come within what is left, and to me the basic answer—and I happen to believe that Mr. Freeman would like something like that—I know that in many instances he would want to go much further in increasing the price-support levels than the Budget Bureau would permit him to do.

It seems to me that the basic problem that America faces is to get her economy in motion sufficiently to have full employment so that

we have a larger income. If we cannot do that—if we do not do that, we are going to be, not only in agriculture but in other nondefense segments of our economy, continuously up against a budgetary problem.

I would like to say also, Mr. Chairman, that the basic concept of the National Farmers Union in relation to supply and management is to put it on a bushel and pound and unit basis and not on an acreage basis, but that goes into some of the thinking that went into the proposal.

This proposal is only a proposal, Mr. Poage, and not a final matter. We recognize the problems that this committee faces in terms of getting the best that you can.

So far as our support of the last year is concerned, Mr. Hoeven, we think that we are realistic. And once a bill is on the floor, or coming to the floor, if there is more good in it than bad, we support the bill, because we recognize that all legislation is a matter of compromise, of getting the best that you can. It may not fit.

Mr. HOEVEN. You supported the bad with the good?

Mr. PATTON. Well, we found an intelligent position. If we wanted to have any support for agriculture we had to support what was available and not what we wanted.

Mr. HOEVEN. So you are in accord with the position taken by some of us last year—that the legislation as a whole was not for the best interests of the American farmer?

Mr. PATTON. It was not as much as we wanted, let me put it that way, but at the same time, Mr. Hoeven, I feel very sincerely that this great committee of which you are a distinguished member does the best it can, under the circumstances. There were obviously differences of opinion, and that is as it should be.

Mr. POAGE. Do you know one single member of this committee or one single Member of the House of Representatives or of the Congress of the United States who has not supported legislation that had in it details with which he did not agree?

Mr. PATTON. I feel that is the constant process that we have, Mr. Poage.

Mr. POAGE. Do you know anywhere in the world where every member has to be satisfied on every detail of every piece of legislation, and if so, how would we pass any legislation?

Mr. PATTON. Even the subcommittees that I appointed on the feed grains proposal that we have were not all in agreement on every point, but they finally reached, as the Congress does, a compromise of the best things that each of them could get in it.

Mr. POAGE. If there is more good than bad, we issue the report?

Mr. PATTON. Yes.

Mr. POAGE. This bill that I introduced, I am not repudiating, is a high-priced bill—I know it—it has things in it that I do not like, but I think that I understand what it takes to get some people's support. Even so, we may not get enough support now to pass it. We know that.

But we do not think that we could change it more nearly to comply with my views and hope to get it passed. I think it has more good in it than it has bad in it. I would like to see it pass. I think that every member of this committee is taking the same view. I think that every farm organization has to take the same view.

Mr. PATTON. I want to make it clear that we certainly are in no way critical of what you have done. We are great admirers of what you have done over the years. If this is the best that we can get, you will find us supporting it.

Mr. POAGE. I am not talking about that, Mr. Patton. Mr. Hoeven suggested that you supported a bill that contained a provision that you did not like.

Mr. PATTON. That is right.

Mr. POAGE. He suggested that you must, therefore, endorse that provision. I do not know of one single member who feels that he has to endorse every provision of every piece of legislation that he supports. I have never known of such a member. I do not believe that there is anybody else in that situation.

Are there any other questions?

Mr. Findley, you were the first one who asked recognition, and I recognize you.

Mr. FINDLEY. I appreciate it very much.

Mr. POAGE. We will be glad to have your statements.

Mr. FINDLEY. I would like to ask you this: Do you think there is a practical chance that the administration will support basic commodities at 100 percent of parity?

Mr. PATTON. Mr. Findley, as I said, until we get through with some of these basics in terms of the overall national income, and unless the cost of defense is lessened, I do not see much hope for many of the things that America needs, from my point of view, and I do not think at this point that they can get enough money out of the budget, out of the total pie that we have.

But that does not relieve us of this responsibility of representing the point of view of the majority of our members.

Mr. FINDLEY. And do you think—

Mr. PATTON. And I am sure that we would not get as much as we have gotten if we had not asked for more than we thought we would get.

I have never been guilty of asking for too little for the American farmer, and I do not intend to ever be guilty of asking for too little.

Mr. FINDLEY. Under the present law, I believe I am correct in making this statement: the Secretary does have the opportunity, if he so elects, to support prices for the basic commodities at 90 percent of parity.

Do you think there is a practical possibility that the Secretary, or the present administration, will support the basic commodities at 90 percent of parity?

Mr. PATTON. I think that question is in the field of opinion. I feel that we want to get supply in relative balance with what the effective demand is, including our foreign policy demand. There is a very good chance of 90 percent.

Mr. FINDLEY. Well, then, within what period of time would you anticipate that?

Mr. PATTON. I think, myself, within the next few years.

Mr. FINDLEY. Within the next 2 years?

Mr. PATTON. Yes.

Mr. FINDLEY. The present administration—

Mr. PATTON. If it begins to be effective, in the supply relationship, so that we come somewhere near in line with demand—in decreasing supply, I mean.

Mr. FINDLEY. You believe that will happen?

Mr. PATTON. I think that it will, if we implement the program outlines—I believe that we can.

Mr. FINDLEY. I recall that the Democratic platform of 1960 included this pledge, that loans on basic commodities would be made at not less than 90 percent of parity.

I have one other question:

I, too, believe in the family farm structure in agriculture, but I have had difficulty to get anybody to define the size of a family farm. I notice that you are taking a deep interest in this and, no doubt, in deciding on this \$10,000 maximum figure under your proposal, you have done enough research so that you know pretty well what a family-sized farm is. For example, in my part of Illinois, central Illinois, has a diversified farming operation and the family-size farm would be different in size from a grain-producing area as in Iowa.

Are you prepared today to give us some specific definition as to the size of the family-sized farm in today's conditions?

Mr. PATTON. First, Mr. Findley, the Family Farm Subcommittee of this committee had a very good definition in the report 2 years ago, I think. I can give you our definition. It does not relate to the number of acres. It is the size of a farm adequately capitalized that will fully employ the management and skills and labor of the adult members, the adult male members of the family, and return to them at fair prices an income comparable to that in other occupations. In other words, it might be in one part, as in my home State of Colorado, 4,000 acres dry land, as in eastern Colorado where it takes 50 acres to graze one cow, and up in the State of Washington it might be different.

Mr. FINDLEY. What would you suggest as to the size of a family-sized farm in Illinois?

Mr. PATTON. It again would depend upon where you were talking about in Illinois. Down in the hill country in southern Illinois it might require more land by quite a bit than up in the Black Belt of Illinois. I do not think you can define it in number of acres. And it will in the future, as it has in the past, become larger, particularly with the particular kind of agriculture being mechanized. This is particularly true of wheat farms in many places today, and they are still family-sized farms.

Mr. FINDLEY. I think I would be fair in assuming that the adult members of the family might be two adult members in number.

Mr. PATTON. That is shifting quite a bit, because they are working off the farm a lot.

Mr. FINDLEY. I have just learned, for example, of several farm operations in central Illinois each of which requires the full-time effort of only two men and involve 1,500 acres. Would this be a family-sized farm?

Mr. PATTON. If it returned an adequate income to that farmer and to the people who are working on it.

Mr. FINDLEY. Do you feel that most of these farms in Illinois today, for example, are large enough units to be defined as family-sized farms?

Mr. PATTON. I do not have the statistics on it. I suppose that some of them would be too small to be an adequate family farm. Not knowing the State too well, I cannot say otherwise. But in some parts of your district I would guess some would be too small, and there might be some, undoubtedly, that are adequate.

Mr. FINDLEY. Well, the University of Illinois a couple of years ago made a survey of the Illinois farms, and as a result of that survey they came to the conclusion that more than one-half of the farms in Illinois are too small to justify the full-time effort of one man, much less the farmer-son combination. It looks like we have to get the farm units bigger even to have a family-sized farm.

Mr. PATTON. That is why we have always supported the credit program, and we are going to pass this pamphlet around which gets into some of the things that you are talking about, Mr. Findley.

The capital requirement in agriculture has been increasing at a fantastic rate, because of mechanization in higher priced lands and such things as that, and we have supported a credit program that would permit the buying up of units as they came on the market and the resale on long-term credit basis to make the family type adequate units. There are some that are not adequate.

Mr. FINDLEY. Could you supply for the record an estimate of what you consider to be a family-sized farm for the State of Illinois in diversified grain and livestock as of today, and also the acreage required to have a family-sized farm in the grain area like in central Iowa, where no livestock is involved?

Mr. REUBEN JOHNSON. I understand what you mean. Under our definition, I cannot give you all of the statistical information as to acres and the like, from that standpoint.

Mr. POAGE. You can put in the record what your definition of the family-sized farm is. That is all of the answer that anybody can ask of you.

Mr. REUBEN JOHNSON. Yes; thank you.

Mr. PATTON. Certainly.

(The information follows:)

DEFINITION

A family farm is a family enterprise, a farm operated by and for a family. It is small enough to enable a family to provide most of the labor, except for peak labor periods, the management, and the control of the capital required. Yet, it is sufficiently productive and profitable to support a family. Hence, although the number of acres involved is a pertinent factor, size alone is not the measure of the family farm. Size varies according to the type of agriculture pursued. Family farming may be had on a 10-acre truck farm, on 160-acre dairy farm, a 300-acre grain-livestock farm, a 2,000-acre wheat farm, and a 10,000-acre ranch. More over, mechanization enables a farm family today to operate a much larger farm than was possible a generation ago.

Mr. FINDLEY. Mr. Chairman, I would have to conclude from this that the current family-sized farm is indefinite and lacking in specific definition. Thank you very much.

Mr. REUBEN JOHNSON. I would like to say that in the minds of the people who belong to the National Farmers Union, they understand at least what we are talking about when we talk about a family farm. The farmers understand it. This is the whole basis where we get it from out of the membership of the National Farmers Union. I think that the National Farmers Union members understand it.

Mr. POAGE. I think that most of them understand it.

Mr. Latta.

Mr. Latta. Thank you, Mr. Chairman.

Mr. Patton, I want to say for the record that in the past the National Farmers Union and I have differed quite radically. The National

Farmers Union has been for mandatory programs for agriculture and I have been for voluntary programs. I read something last fall in one of your newspapers to the effect that you were going to come around to the voluntary approach.

I also am aware of the fact that in your statement today that you are for a voluntary program. I commend you for the change. Now, coming to this matter that Mr. Hoeven was questioning you about, you were for the bill which contained the low corn prices for 1964? Is that a fair summary?

Mr. PATTON. Yes.

Mr. LATTA. Because there was more good than bad?

Mr. PATTON. Yes.

Mr. LATTA. From that can I assume that you thought the year 1963 was better than 1964, because it pertained to two crop years—one program for 1963 and one program for 1964; does that seem quite fair, that you ought to take the position that since 1963 was a good program or what you thought was a good program, that you should be for a bill when you were against the 1964's provision in the same bill? That does not seem quite practical to me. Would you care to explain that?

Mr. PATTON. Are you referring to Mr. Poage's bill?

Mr. LATTA. Yes, the one that is before us now.

Mr. PATTON. We support that.

Mr. LATTA. The 80-cent corn provision in the 1964 bill.

Mr. PATTON. We supported the bill last year.

Mr. LATTA. That is what I said, but you made the statement earlier in answer to Mr. Hoeven's question that you supported the bill because you thought there was more good in it than bad in it.

Mr. PATTON. That is right.

Mr. LATTA. I pinpointed the matter from the standpoint of the years, for 1963 you supported it even though you were against 1964—you supported that portion of the bill.

Mr. PATTON. The only thing that I can say is that we supported the bill.

Mr. LATTA. You take 2 separate years and say that we are for the bill because it is good for 1963.

Mr. PATTON. Well, frankly, we hoped to get some improvement. We hoped to get some improvement before 1964 came out.

Mr. LATTA. In your statement you have 3 years, for example, and it was good for 2 out of the 3 years.

Mr. PATTON. We hoped to get some improvements.

Mr. LATTA. Is this not it, that you were hoping, come this year, that with 80-cent corn for 1964 you would have a club over the Congress for some new program; is that not a fair statement?

Mr. PATTON. I would not use the word "club"—I think that is too drastic. But we do operate on pressure—I do not know of any outfit in this country that does not. We are a pressure organization.

Mr. LATTA. That is really a fair statement, is it not?

Mr. PATTON. I do not want the record to show that I have agreed with you that we are using a club on anybody, because we do not do that.

Mr. LATTA. You can use your own terms.

Mr. PATTON. Well, I refuse to go along with that.

Mr. LATTI. You supported the program in 1963 which covered 2 years, 1963 and 1964, because you hoped in 1963 that you would have 80-cent corn for 1964 hanging over the American farmer and that Congress would be forced to go along with a program more to your liking, is that not right?

Mr. PATTON. We were hoping to improve the program.

Mr. LATTI. That is a fair statement, is it not? In your objective that you outlined here, you say, No. 2, "To assure consumers of continued fair and stable prices for meat, poultry, dairy, and cereal products."

You were for this dumping, as I remember, by the Secretary of Agriculture, of the surplus corn on the market, using whatever terms you like, at around \$1 per bushel? How can you be for that and also be for guaranteeing prices for meat, in view of the price of cattle today?

Mr. PATTON. I think that the consumer has enjoyed fair prices.

Mr. LATTI. You support the present-day prices?

Mr. PATTON. I think that they are very fair prices. The consumer in this country gets more food for fewer hours of work and a smaller percentage of his income than in any country in the world. In Russia they pay more for their food. Our problem is that the farmer does not have the ability to maintain his price position so he has to depend upon Federal farm programs.

In other words, he cannot do anything about the price spread between himself and the consumer. And all you need to do is to look at the profit figures of the distributors and some of the processors to see where the consumer is getting stuck. It is not because the farmer is getting a higher price.

As a matter of fact, Mr. Latta, if it had not been that way, the consumer would be paying a higher price. So, in fact, the farmer has been subsidizing the consumer.

Mr. LATTI. Cattle prices are lower than a couple of years ago.

Mr. PATTON. I regret that.

Mr. LATTI. But the very program, the very policies that you agree with dumped corn on the market and reduced prices.

Mr. PATTON. I am here to admit that cheap feed means cheap livestock.

Mr. LATTI. I have always maintained that.

Mr. PATTON. I do, too.

Mr. LATTI. You supported this dumping but I am against it.

Mr. PATTON. I think that the Secretary of Agriculture, of necessity, had to move this stuff into the market.

Mr. LATTI. That is all. Thank you.

Mr. POAGE. Thank you.

Mr. HARVEY.

Mr. HARVEY of Indiana. Yes, I have some questions.

I am concerned over a statement in the middle of page 4 of your testimony in which you attempt to set forth the income of the farm and the farmers. You conclude in that paragraph and say:

However net cash income over this period dropped—

and I assume you mean 1959-61—

from \$7,976 to \$6,674—a reduction of \$1,300.

And then you go ahead in the next paragraph and you say:

In 1961, returns per hour for operator and family labor on such farms was \$1.03, or below Federal minimum wage standards.

And that is, of course, true. How many hours of work did you use in arriving at that figure—how many hours of work on this typical cash grain farm did you use?

Mr. REUBEN JOHNSON. We do not have those figures with us.

I think we can get them. We will be glad to include them in the record.

(The information follows:)

For the average family of three it took an average of about 40 hours of work a week to arrive at the \$1.03 per hour for cash grain farms. This does not include, of course, any set-aside for management or return on investment.

Mr. HARVEY of Indiana. Permit me to say that I think that they ought to be in the record, because in my study, in a survey in Indiana, I arrived at different figures.

I think what you mean in that figure is that it includes a return for interest on the investment as well as the labor income. And if you divide those figures, it would be different. You have put the interest figure in with the other income. If you divide them into a return for labor and for investment, it would be different. I think that you would present a much fairer picture of what is actually happening if you did that.

Here you say that the typical grain farmer has an income of \$6,674. It makes a lot of difference whether that figure includes interest on the investment as well as for labor.

I do not think that your statement should be misconstrued, but it probably will be, because the figures here will be quoted widely in the press, to the detriment of the farmer himself.

Mr. REUBEN JOHNSON. The \$1.03 is not very much for a farmer to earn, even a cash grain farmer who has a \$107,000 investment in his farm, but I agree with you that this figure should show some kind of interest on the investment in calculating the returns to the farmer.

Mr. HARVEY of Indiana. An alert press might even forget to include that as a part of it entirely and only highlight the \$6,674.

Mr. REUBEN JOHNSON. I think that when you see this bulletin here, you will see that. We point out here that the increase in the total investment has been \$49,610 per farm, and if it had been invested in some other kind of venture, it would quite possibly have returned to the investor nearly \$3,500 a year.

In other words, just the increase in his investment, if it had been invested somewhere else, would have brought him \$3,500 a year.

So the whole story is outlined here in this booklet.

Mr. HARVEY of Indiana. I am not quarreling with that at all. In fact, I am trying to say to you that in this statement here you have presented to us, you have left a misimpression which could be rather unfortunately interpreted in the press reports of your statement, and I am very hopeful that the press will not go out with such a statement, to hit the headlines and to say that the average midwestern grain farmer is making \$6,674 a year.

Mr. REUBEN JOHNSON. You have an excellent point, Mr. Harvey. We will try to go into that. We tried to keep our statement brief. We have these with us, and with the chairman's permission, I will be

very happy to check this and bring out exactly what you are trying to get and put it in the record.

Mr. HARVEY of Indiana. Thank you very much.

(The information follows:)

If net cash income had kept pace with investment, as is normal to expect in other business ventures, the average farmer could have expected a net cash income of approximately \$15,000 by 1961.

Mr. POAGE. Will you yield there?

Mr. HARVEY of Indiana. Yes.

Mr. POAGE. Let me point this out, on the investment question, that if you take the interest and figure it on the investment here, which was \$107,000, it would be quite a sizable amount.

Mr. REUBEN JOHNSON. That is right.

Mr. POAGE. And I do not think that anybody gets money for less than 5 percent—I am paying more—probably we are not as good a risk as somebody else. And that would be \$5,492 interest on the investment, and that only leaves \$1,182 for his pay, or with which to pay wages.

Mr. HARVEY of Indiana. That is exactly what I am driving at, Mr. Chairman. It is not quite fair just to say that the farmer gets \$6,674. It has to be clarified that part of the amount is for interest and part of it is for his labor.

Mr. POAGE. I know what you are saying. I think it is quite clear that he pays the interest on this investment, too. And 5 percent of \$5,492, that only leaves \$1,182 for all of the wages.

Mr. HARVEY of Indiana. That figure is not too far off on the average farm right now.

Mr. REUBEN JOHNSON. Yes.

Mr. HARVEY of Indiana. That is all.

Mr. POAGE. Mr. Dole?

Mr. DOLE. As to the cost of your program, would it exceed the cost of the present program?

Mr. REUBEN JOHNSON. Yes, it would by a small amount.

Mr. DOLE. How much?

Mr. REUBEN JOHNSON. We have the cost figures here. We figured the cost of this program had about 60 percent of the base acres which would be involved in the reduction program and we calculated on the basis of 100 percent of parity return, and it worked out to a cost of \$1,257 million.

Mr. DOLE. Compared to a cost of—

Mr. REUBEN JOHNSON. The cost of the program last year was approximately \$950 million and I think the cost of the program this year may be somewhat less.

Mr. DOLE. Do you think that with the deficit that we are facing that it is a responsible position to come here with a program asking for additional expenditures of \$350 million?

Mr. REUBEN JOHNSON. Yes. I think we are being responsible because I think as the colloquy between the chairman and Mr. Harvey showed, that a farm in the Corn Belt that had \$107,000 investment shows the problem we have of trying to get adequate return.

And because of that, I do not feel badly about coming before this committee and asking for a feed grain program that costs \$1,257 million.

I am kind of ashamed that we could not figure out a way to bring more to him, because I think that the farmers are entitled to more returns.

Mr. DOLE. You do not care what the deficit is so long as your members are satisfied?

Mr. REUBEN JOHNSON. I do not think—

Mr. DOLE. They are taxpayers, too, you know.

Mr. REUBEN JOHNSON. I do not think that the farmers are budget conscious, as a lot of people think they are. Particularly where their pocketbooks are concerned. And I am not sure that they should be, as citizens of the United States.

Mr. DOLE. Let me state that I think that they should be. They have still to bring up their grandchildren. I do not feel that if we advocate programs which will produce a deficit of many million dollars, we are properly representing the people.

Mr. REUBEN JOHNSON. I do not think this would be a deficit. I think that Mr. Patton's statement has tried to point out that one of the finest things you can do to stimulate the economic growth is to put some income into the pockets of the farmers. I think it would go back into circulation immediately and it would stimulate the economy to grow faster, to put more people to work.

Mr. DOLE. Are you proposing the substitution clause in your program?

Mr. REUBEN JOHNSON. Mr. Dole, you correct me if I am wrong on this, but it is our understanding that the wheat program as it was passed by the Congress last year does authorize land for feed wheat grain acres, if there is a program of some kind, for feed grains in 1964.

We are very much in favor of that. We sent Congress a number of communications last year pointing out that the mandatory program we supported would have provided a provision whereby this exchange, this flexibility, would be possible between wheat and feed grains on both sides.

Mr. DOLE. Is it proper to assume from your statement that you have abandoned the word "mandatory"—is it proper to assume that from your statement?

Mr. REUBEN JOHNSON. We have not abandoned it. We tried to get Congress to accept the mandatory program. However we live in a world in which you have to be practical, and you have to be a realist. And I think that we are trying to be a realist this morning.

Mr. DOLE. You say even though the 1958 law has been repealed you had information last year that there would be some new feed grain legislation this year—what about the wheat referendum, if it fails?

Mr. REUBEN JOHNSON. We do not expect that the wheat referendum will fail.

Mr. DOLE. Do you have a plan for feed grains?

Mr. REUBEN JOHNSON. We have a plan for feed grains.

Mr. DOLE. And for wheat?

Mr. REUBEN JOHNSON. For wheat if it fails?

Mr. DOLE. If it fails?

Mr. REUBEN JOHNSON. We do not have a plan at the moment, but we are not anticipating that we are going to lose it.

Mr. DOLE. I am not trying to determine if you had advance word on a wheat program, that is not the question. But would your organization be willing to submit a plan if it did fail?

Mr. REUBEN JOHNSON. Mr. Dole, I think that this is a policy question for our board to decide. I know that Mr. Patton would have an immediate meeting of our board and we would try to regroup and decide what to do. At this time we have no decision that we can report.

Mr. DOLE. As a matter of information, have the leaders of your organization ever opposed any program Mr. Freeman advocated?

Mr. PATTON. I have not always advocated what Mr. Freeman has said. I think that he is a very fine Secretary of Agriculture. I certainly intend to support him in anything I can, because I think he is doing a very fine job. I have expressed my disapproval of some of the things that he has come out with. I certainly expressed my disapproval of that leak from the Department of Agriculture when they talked about moving a lot of farmers off of the land. I did not assess that to Mr. Freeman. But later the same kind of thing came out from the CED report.

And as I say, I have not always agreed with everything that has come out from within the Department. I said so in a friendly word to Mr. Freeman. But I still want to make the record very clear that we think he is doing a very fine job and is a great Secretary of Agriculture.

Mr. REUBEN JOHNSON. Mr. Dole, I think that Mr. Patton made a statement here today that covers this, but if you want another example, we support the program for cotton, which I understand that a number of the members on this side of the aisle did not support either.

Mr. POAGE. Thank you, Mr. Dole.

If there are no further questions, we are very much obliged to you, Mr. Patton and Mr. Johnson. We appreciate your attendance.

Mr. PATTON. Thank you very much. And I want to express our appreciation to the members of this committee for the hard work you do, and the fairness with which you try to treat agriculture.

Mr. POAGE. Mr. Jones.

Mr. JONES of Missouri. I was going to request that if you could, to have Mr. Carpenter next. Mr. Carpenter is here representing Mr. Heinkel. He is trying to get a plane out of the city at 12 o'clock. His statement is very short. I would appreciate it if you could hear him at this time.

Mr. POAGE. Mr. Shuman, would you wait for him to present his statement?

Mr. SHUMAN. Yes.

Mr. POAGE. Mr. Shuman does not object, and we will be delighted to hear you now, Mr. Carpenter.

Mr. JONES of Missouri. I would like to say that Mr. Carpenter is representing Mr. Fred Heinkel, who is president of the Missouri Farmers Association. Mr. Heinkel is also Chairman of the first National Feed Grains Advisory Committee appointed by the Secretary of Agriculture. And of course he has been quite active. He is president of the Missouri Farmers Association which has some 160,000 members in Missouri. I think he is quite representative of the farmers.

Mr. Heinkel was unable to be here today and his statement will be given by Mr. Carpenter, of the Missouri Farmers Association. Mr. Carpenter is the former commissioner of agriculture in the State of Missouri. He is a former director of the Farmers Home Administra-

tion in Missouri, and for the past 30 years has been intimately and actively connected with farmer organizations and is a practical farmer himself.

I appreciate very much the opportunity of having him appear here. I appreciate the chairman having him appear at this time in order for him to catch a plane.

Mr. POAGE. We will be glad to hear from you now, Mr. Carpenter. Proceed, sir.

STATEMENT PRESENTED BY L. C. CARPENTER, DIRECTOR OF PUBLIC AFFAIRS, MISSOURI FARMERS ASSOCIATION, ON BEHALF OF FRED V. HEINKEL

Mr. CARPENTER (reading):

Mr. Chairman and members of the committee, my name is Fred Heinkel. I am president of the Missouri Farmers Association with headquarters at Columbia, Mo. It is always gratifying to me, Mr. Chairman, to be invited to appear before this important and distinguished committee to support constructive and worthwhile legislation designed to preserve and improve the income of farmers.

I appear here today in support of H.R. 3874, introduced by Congressman Poage. I take a particular pride in supporting this legislation, since I have had the pleasure and responsibility of serving as the Chairman of the National Feed Grains Advisory Committee since its inception. This Committee, Mr. Chairman, is composed of capable and practical persons whose farming experience qualifies them to make truly worthwhile recommendations on legislation to benefit farmers and the public.

We met in Washington in December 1962 and recommended to Secretary Freeman that, based on farmers' acceptance of the 1961 and 1962 feed grains program, coupled with the very desirable results being attained, legislation should be enacted to continue this program.

With your permission, may I reminisce just a bit? In early 1961 Secretary Freeman appointed the original Feed Grains Committee, of which I served as Chairman. We met only for a day and a half and by unanimous vote recommended to you the principles contained in the Emergency Feed Grains Act of 1961. Within 60 days you had enacted these recommendations into law. This program met with farmers' acceptance as evidenced by the fact that, although Missouri is commonly known as the "Show Me State," 82,698 feed grain farmers, nearly 60 percent of the total, signed up to participate.

Net results nationwide were similar and resulted, along with some increases in soybeans and dairy supports, in \$1 billion increase in net income to farmers. At the same time the surplus carryover of feed grains was reduced from 85 to 71 million tons. This likewise resulted in reduced costs to the Federal Government for storage and handling of these surplus commodities.

In 1962 our committee recommended the 1961 act be extended another year. Your committee and the National Congress accepted this recommendation. The results were almost identical in Missouri—82,772 signed their intentions to participate, a slight increase. Those participating maintained their income as in 1961, while at the same time the surplus feed grains carryover was further reduced. It should be down to approximately 57 million tons by October 1, 1963. Again there is the corresponding reduction in storage and handling costs to the Federal Government.

Gentlemen, the old adage that nothing succeeds like success is certainly true in this instance, as evidenced by the enviable record attained. The 1963 feed grains program, which was adopted in the waning hours of the 87th Congress, is similar in principle to the 1961 and 1962 programs, except for the inclusion of compensatory payments. The feed grains problem, which was a tremendous burden to farmers and the Federal Government only 3 short years ago, is probably on the verge of solution. This legislation now will enable us to maintain this position to the benefit of farmers, consumers, and the general public. This will reduce the tremendous waste of our resources, human and material, in producing these agricultural products. As I have pointed out to you before in previous testimony, it is virtually impossible for farmers acting alone and as individuals to accomplish this worthy objective.

These programs, as I have outlined above, have actually served to rescue thousands of farmers from financial chaos. If we fail to pass this legislation, which permits the continuation of these programs, we will revert back to an unworkable, unrealistic price-support program. This will mean unlimited production, mounting farm surpluses, disastrously low prices, and rapidly dwindling farm income. With the enactment into law of this bill, the provisions of H.R. 3974, coupled with an effective supply management program on wheat, can lead to a sound and prosperous agriculture.

Diverted acres from the wheat and feed grains programs will not be lost for useful purposes with the tremendous demand for recreational areas, soil conservation, and varied and sundry other useful constructive purposes.

In conclusion, the feed grains programs over the past 2 years, and probably for 1963 as well, have served to bring the supply more in line with actual needs, has improved farm income, has stabilized livestock and poultry prices, and reduced the cost to the Federal Government. It is unthinkable that such a worthy program should not be continued in the future. We sincerely urge the favorable action of this committee on this bill.

May I again express my appreciation to you for this opportunity of appearing here on behalf of over 160,000 Missouri farmers to present our views on this important subject.

Mr. POAGE. Thank you very much, Mr. Carpenter.

Go ahead and catch your plane.

Mr. CARPENTER. Thank you very much, Mr. Chairman.

Mr. POAGE. I would like to read into the record a letter that I have just received from the master of the National Grange, addressed to myself, which reads as follows:

FEBRUARY 28, 1963.

HON. W. R. POAGE,
Chairman, Subcommittee on Livestock and Feed Grains,
Committee on Agriculture,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The Grange has consistently urged and supported programs designed to bring about a better balance of supplies with demand and to obtain a reduction in Government stocks of feed grains. We supported the emergency feed grain programs for 1961 and 1962 as temporary measures to meet an acute problem. In the light of the progress which was made under these measures, we also supported the legislation covering the 1963 crop of feed grains, recognizing that it contained provisions and objectives substantially similar to those of the program which was developed by the National Grange Feed Grains Advisory Committee in 1958.

The present indications are that the 1963 program will show further progress toward achievement of the goals which we have all been seeking. In the light of this progress, we believe it is unthinkable that there should not be further legislation authorizing the continuation of efforts to solve the feed grains problem without depressing farm income.

We believe that H.R. 3874 is designed to accomplish this objective. However, we have some reservations as to whether the experience to date warrants the conclusion that the time has come to enact permanent feed grains legislation, and therefore recommend that this subcommittee consider whether it may not be more desirable to limit the program to the 1964 crop.

Respectfully yours,

HERSCHEL D. NEWSOM, *Master.*

Mr. POAGE. We will now be delighted to hear from Mr. Charles B. Shuman, president of the American Farm Bureau Federation. Mr. Shuman has with him, I believe, Mr. Randolph, Mr. Hamilton, and Mr. Lynn.

We are delighted to have all of you gentlemen here, and we will be glad to have Mr. Shuman present the statement and have any of you participate who desire to do so.

STATEMENT OF CHARLES B. SHUMAN, PRESIDENT, AMERICAN FARM BUREAU FEDERATION; ACCOMPANIED BY WALTER L. RANDOLPH, VICE PRESIDENT; W. E. HAMILTON, DIRECTOR OF RESEARCH; AND JOHN C. LYNN, LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. SHUMAN. Mr. Chairman and gentlemen of the committee, we appreciate the opportunity to discuss the operation and results of the 1961 and 1962 feed grain programs. We also would like to comment briefly on the 1963 feed grain program and its implications. Finally, we would like to discuss with this committee a course of action which we believe would be wise and best for farmers.

Before we get into a detailed discussion of the feed grain program, we would like to urge strongly that this committee delay any decision on the type of feed grain program to be in effect after 1963, until (1) the signup under the 1963 feed grain program has been completed and announced, and (2) the multiple-price wheat referendum has been held and the result is known.

Our reasons for asking this committee to delay any decision on a feed grain program are:

(1) Most feed grains are spring planted. There will be ample time, after wheat referendum, for action by Congress on a future program for feed grains.

(2) The signup for the 1963 feed grain program will continue until at least March 22 (or later if the time is extended). No one knows until then what feed grain producer reaction will be to the 1963 compensatory payment program.

(3) If the complicated, restrictive, multiple-price wheat program is approved in the upcoming referendum, one set of circumstances will prevail. On the other hand, if it is voted down, this will create substantially different conditions for wheat, feed grain, and livestock producers. If this happens, this committee and the Congress would then most certainly want to reanalyze the entire wheat, feed grain, and livestock problem in order to do justice to all producers. This committee should not tie its own hands by acting prematurely, without having all the facts necessary for sound judgment.

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 although many, of course, have a larger economic stake in other commodities. A large number produce wheat and feed grains. Our members strongly believe that feed grain and wheat legislation are closely related and that both affect livestock production and prices. We strongly believe that any future programs for feed grains and wheat should be considered together.

Results of 1961 and 1962 feed grain programs: The administration claims that the so-called emergency feed grain program has been a great success, since the buildup in supplies has been halted and some progress has been made in reducing carryover stocks. What are the facts?

Fact No. 1: A sizable majority of the eligible producers gave the program a "no confidence" vote by staying out, both in 1961 and 1962.

In 1961 only 42 percent of the farmers with corn and grain sorghum bases signed program contracts. In 1962 contracts were signed by 44 percent of the producers with corn and grain sorghum bases and 29 percent of those with barley bases.

Fact No. 2: The acreage that was diverted under the program did not result in a corresponding reduction in feed grain plantings.

In 1961 the Government contracted for approximately 4 acres for each 3 acres by which corn and grain sorghum plantings were reduced from the 1959-60 base. In 1962 it contracted for approximately 5 acres for each 3½ acres by which corn, grain sorghums, and barley were reduced from the 1959-60 base.

In 1959-60 the total acreage planted to the four principal feed grains averaged 151.3 million acres.

In 1961 farmers planted 129.3 million acres to feed grains and were paid for diverting 26.7 million acres. Thus, the total of 156 million acres planted to diverted in 1961 was 4.7 million acres greater than 1959-60 plantings.

In 1962 farmers planted 125.9 million acres to feed grains and were paid for diverting 32.7 million acres. Thus, the total planted plus the acreage diverted rose to 158.6 million acres, or 7.3 million acres more than the average acreage planted in 1959-60.

The increase in "feed grain acreage"—including diverted acreage—under the program reflects increased plantings by nonparticipating farmers and adjustments in the base acreage of participating producers.

Fact No. 3: The production of feed grains was reduced less than the reduction in acreage planted because yields increased.

Apologists for the program have attributed most of the 1961 increase in yields to "weather." But yields rose again in 1962. Per-acre corn yields averaged 53.8 bushels in 1959-60, and rose to 62 bushels in 1961 and 64.1 bushels in 1962.

In 1961, compared with the base period 1959-60, the acreage devoted to four feed grains was reduced 14.5 percent and the production of four feed grains—total tonnage basis—was reduced 7.9 percent.

In 1962, as compared with the 1959-60 base, the acreage devoted to four feed grains was reduced 16.8 percent and the production of four feed grains was reduced 6.2 percent.

Fact No. 4: The reduction in feed grain stocks has been due almost entirely to increased utilization and not to the Government program.

At the beginning of the 1961 marketing year feed grain stocks totaled a record 84.7 million tons.

By the beginning of the current marketing year stocks had been reduced to 71.8 million tons. Only a very small part of this reduction of 12.9 million tons can be attributed to the feed grain program.

The production of feed grains was reduced 15 million tons in 1961, but barley and oats—which were not included in the 1961 program—accounted for 3.1 million tons of this reduction.

One of the most significant factors in the feed grain situation is the increase in utilization which has been occurring. Domestic consumption and exports of feed grains increased 8.1 million tons in the marketing year 1961—as compared with 1960.

To summarize, under the 1961 program, stocks were reduced 12.9 million tons, but if there had been no increase in utilization and no reduction in the production of feed grains not covered by the 1961

program, the reduction in carryover would have been less than 2 million tons.

It now appears that stocks will be reduced 10.8 million tons—from 71.8 to 61 million—during the 1962 marketing year. This reduction is almost entirely accounted for by increased utilization and a reduction in the production of oats. As compared with 1961, total production of feed grains increased 2.5 million tons—from 140.6 million tons to 143.1 million tons—and exports are expected to decline by about 1.7 million tons this year.

By the fall of 1963, feed grain stocks will have been reduced by a total of approximately 23.7 million tons from the 1961 level. But if there had been no increase in utilization and no reduction in production of crops not under the program, the total reduction in stocks would be only a little over 2 million tons.

I am submitting herewith table 1, which gives the breakdown of those figures.

Mr. POAGE. That will be made a part of your statement at the conclusion of the statement.

Mr. SHUMAN. Thus 90 percent of the reduction in feed grain carryover was due to factors other than the effect of the emergency program.

Fact No. 5: The total direct cost—\$1.7 billion—of the 1961 and 1962 feed grain programs cannot be justified by what has actually been accomplished under these programs. And table 2 gives the breakdown of the costs.

Mr. POAGE. That will be made a part of your statement at the conclusion of the statement.

Mr. SHUMAN. Market prices depressed: Early in 1961, when this committee was discussing the 1961 feed grain program we spoke out against one of its most disturbing features. We called this "the obvious threat to use the Government's huge surplus stocks to beat down the market price of feed grains." We denounced this proposal as a "brandnew and fallacious concept." We continued to oppose the dumping of CCC feed grain stocks during the 1962 program. We have continually pointed out that this use of CCC stocks is bad for our market system for grain and that it severely penalizes producers who want to sell their feed grains on the market.

As we have already pointed out, considerably more than 50 percent of all feed grain producers stayed out of the feed grain program in 1961 and in 1962. Dumping CCC feed grains on the market held down their market price and, of course, lowered their incomes.

We also pointed out early in 1961 that dumping feed grain stocks onto the market would ultimately adversely affect poultry, dairy, and livestock production and prices for these commodities.

Let us review briefly what has happened in this regard.

Poultry and dairy production have continued above what they would have been if CCC stocks of feed grains had not been dumped. Prices of both these commodities have been depressed because of this unwise action.

Numbers of hogs coming to market and cattle on feed and being marketed are also up considerably. Hog prices are down, and top cattle prices have taken one of the sharpest drops in history—over \$7 per hundredweight since last fall. This, too, has been caused in part by the dumping of CCC stocks of feed grain.

We realize that some persons have supported the feed grain program on the ground that it has been an effective way of pouring free money from Washington into the feed grain areas. But what is happening currently to livestock, dairy, and poultry prices would indicate a loss in income to feed grain, poultry, dairy, hog, and cattle producers of several times the payments made to feed grain growers under the 1961 and 1962 programs.

We have attached as a last page, two graphs which give the price situation for cattle and hogs and what has happened in the last several months.

Mr. POAGE. That will be made a part of the record at the conclusion of your statement.

Mr. SHUMAN. 1963 feed grain program: As we stated previously, it is too early to determine the reaction of feed grain producers to the 1963 program and the results that can be anticipated from its operation. The sign-up period has several weeks to run.

The 1963 program has most of the bad features of the 1961 and 1962 programs and, in addition, contains a provision for Brannan-type compensatory payments. Since payments are to be made on the normal yield of planted acres, they encourage producers to participate on a minimum basis and to divert their poorest acres.

As members of this committee know, we are opposed to the compensatory payment concept. Our reasons for opposing payments are spelled out in our 1963 policies as adopted by the voting delegates of the member State Farm Bureau as follows:

Compensatory payments are proposed in a variety of forms. Regardless of the form in which presented, the payment approach is unsound and dangerous to our economic and political system. It would be fantastically expensive and would stimulate production, increase unit costs, depress market prices, lead to tight production controls, and make farmers dependent on congressional appropriations for a substantial part of their total income.

Limitations on payments to individuals would place a ceiling on opportunity and level farm incomes downward.

Payment programs would socialize the production and distribution of food and fiber by having consumers pay a part of the cost through taxes—rather than full value at the store. This is a trap for producers. Ultimately, the payment approach also would be a trap for consumers, since it would encourage inefficiency and thereby result in high real costs of food and fiber.

We vigorously oppose any system of compensatory payments for agriculture.

In summary, we strongly urge this committee to delay any further action on a feed grain program until after the multiple-price wheat referendum. If the wheat referendum carries, there still will be ample time to consider and adopt a feed grain program for 1964. If the wheat referendum does not carry—which we think more likely—then by all means this committee and the Congress should consider wheat and feed grains together.

Finally, we have pointed out why we believe the 1961, 1962, and 1963 feed grain programs have not, and will not, solve the basic problem in feed grain and livestock agriculture. There is urgent need for a more effective, less costly, and less disruptive program. We pledge our support in helping to develop such a program when the results of the wheat referendum are known.

(Table Nos. 1 and 2, and the two graphs, follow:)

TABLE I.—*Factors in the reduction of feed grain stocks*

[In million tons]

	1961	1962	Total
Reduction in production from 1960 of crops covered by program:			
Corn.....	7.9	7.4	15.3
Grain sorghum.....	4.0	3.1	7.1
Barley.....		0	0
Total.....	11.9	10.5	22.4
Reduction in production from 1960 of crops not covered by program:			
Barley.....	.8		.8
Oats.....	2.3	2.0	4.3
Total.....	3.1	2.0	5.1
Increase in utilization from 1960 marketing year.....	8.1	8.3	16.4
Net effect of reduction in production of crops not covered by program and increase in utilization on carryover.....	-11.2	-10.3	-21.5
Total reduction in carryover.....	12.9	10.8	23.7
Reduction in carryover due to feed grain program.....	1.7	.5	2.2

NOTE.—It may be argued that the carryover would have increased if there had been no feed grain program. The point, however, is that the program has done little except to stop the buildup. The reduction in accumulated stocks is almost entirely due to increased utilization and reduced production of feed crops not covered by the program.

The total direct costs of our 2-year experience with the feed grain program have exceeded \$1.7 billion.

TABLE II.—*Direct costs of the 1961 and 1962 feed grain programs*

[In millions]

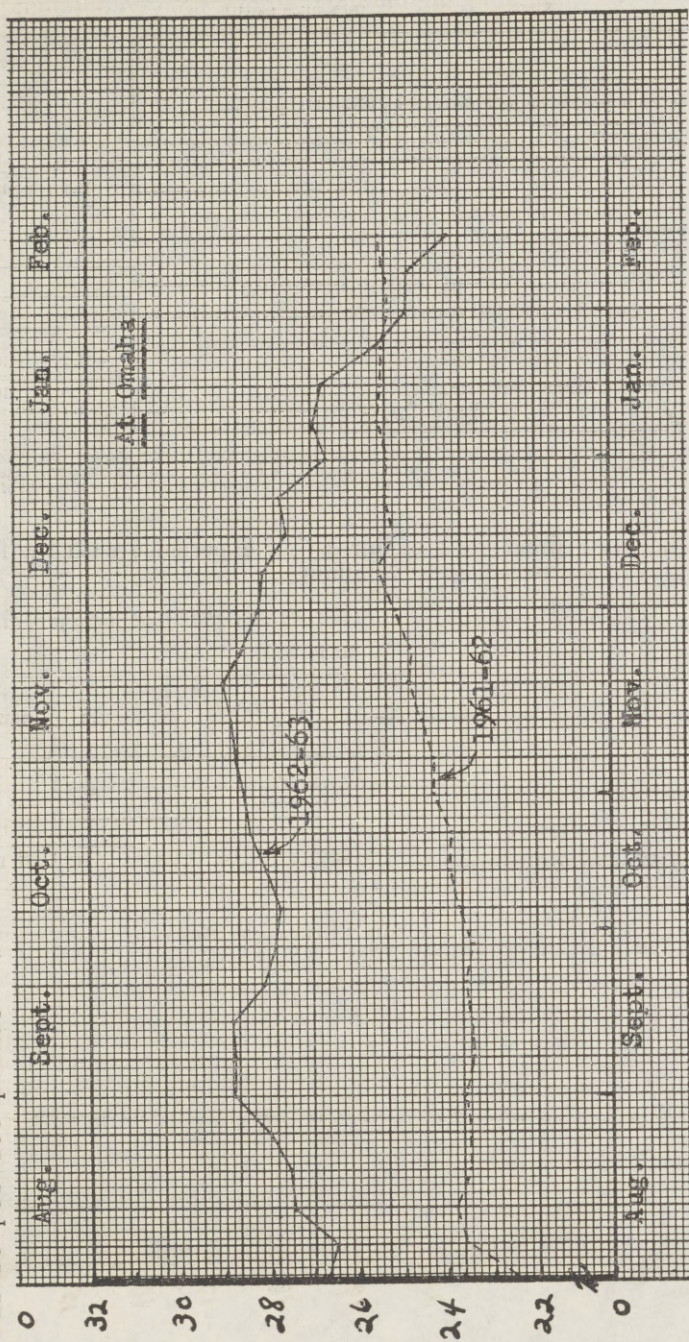
Payments to—	1961	1962	Total, 1961 and 1962
Corn producers.....	\$765	\$854	\$1,619
Sorghum producers.....			
Barley producers.....			
Administrative expenses.....	42	142	84
Total.....	807	938	1,745

¹ Assumed to be the same as for 1961.

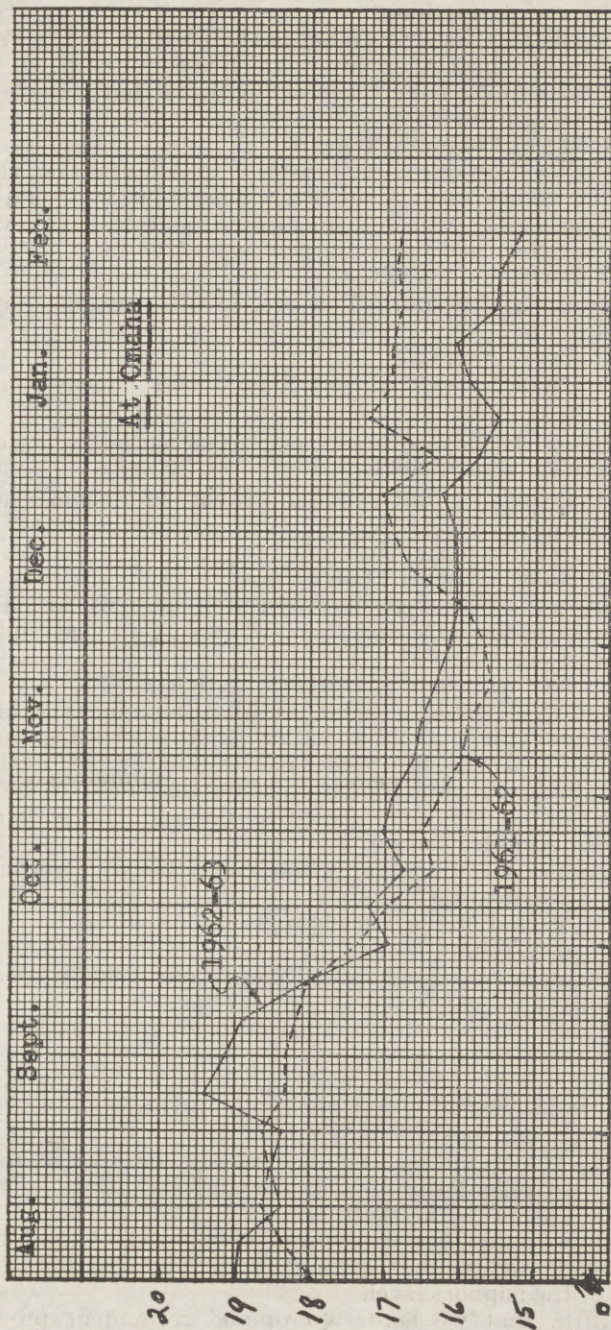
NOTE.—Indirect costs resulting from the policy of dumping Commodity Credit Corporation grain to enslave nonparticipants will add \$200,000,000 or more to the total cost of the 1961 and 1962 programs.

Average Price of Choice Steers Sold Out of First Hands for Slaughter (Week ending Thursday)

Dollars per 100 pounds



Average Cost of Barrows and Gilts (Week ending Saturday)
Dollars per 100 pounds



Mr. POAGE. Thank you very much, Mr. Shuman.

Are there any questions?

Mr. JONES of Missouri. What is the position of the Farm Bureau relative to the wheat referendum which is coming up?

Mr. SHUMAN. We have taken the position that the wheat farmers, when they learn the facts—

Mr. JONES of Missouri. What?

Mr. SHUMAN. In our annual meeting in Atlanta, Ga., the delegates there said that we should do everything that we could to get the information to the wheat farmers, and that when they learn the information they will have the privilege of voting "no." So we are against the wheat referendum.

Mr. JONES of Missouri. You are, in other words, hoping that it will be defeated?

Mr. SHUMAN. Yes, sir.

Mr. JONES of Missouri. I noticed on the last page of your statement you say:

As members of this committee know, we are opposed to the compensatory payment concept for agriculture.

Does that indicate that you might favor it for some other segments of the economy?

Mr. SHUMAN. No, sir.

Mr. JONES of Missouri. You do not?

Mr. SHUMAN. However, in the section here we are dealing with agricultural legislation at this time. It could very well apply to others.

Mr. JONES of Missouri. Thank you.

Mr. POAGE. Are there any other questions?

Mr. SHORT. I want to comment Mr. Shuman and the American Farm Bureau for putting together these interesting and valuable facts which deal with the results of the 1961-62 feed grain programs which I think are valuable information that need to be taken into consideration in whatever Congress does in the way of enacting future feed grain legislation.

Mr. OLSON. Mr. Shuman, what would be your recommendation for the wheat program?

Mr. SHUMAN. For the wheat program?

Mr. OLSON. Yes.

Mr. SHUMAN. We have spelled out in our policies specific recommendations. We say:

"First, beginning with the 1964 crop year, wheat allotments and marketing quotas be terminated."

"Second, the support price for wheat be set at the higher of the average world price of wheat during the preceding 3 marketing years or 50 percent of parity."

"Third, proper premiums and discounts be applied to the wheat loan rate to reflect supply and demand conditions of milling and baking quality in the marketplace."

And fourth, that the disposal of Commodity Credit Corporation stocks be limited so that they could not be sold for less than 115 percent of the support level.

And fifth, that we favor a cropland retirement program which would, in effect, take off many acres of cropland.

Mr. OLSON. You are presently advising farmers of what the program that they are voting on contains, and at the same time giving

them all of the facts and proposing your program as an alternative to that?

Mr. SHUMAN. Yes.

Mr. OLSON. Thank you.

Mr. POAGE. Mr. Findley.

Mr. FINDLEY. Mr. Shuman, I would like to know if your organization has made any estimates of the cost of the feed grain proposal that the chairman has introduced, and if so, could you give us a summary or supply it for the record?

Mr. SHUMAN. No, sir, we have not made an estimate of the cost of the proposed legislation.

However, it gives such great discretion to the Secretary that undoubtedly it would be higher than the direct cost of the 1961-62 feed grain programs which we have laid out on page 6, and that shows that the total direct cost in 1961 was over \$800 million and in 1963, well over \$900 million, and this does not include the \$200 million more which results from the dumping of feed grain stocks and the penalization of farmers or the losses involved there.

So we think it would be in excess of the cost of the 1962 program.

Mr. FINDLEY. Mr. Shuman, do you anticipate that it would be substantially in excess of the 1961-62 program?

Mr. SHUMAN. Well, of course, it would depend upon how it is administered, but I would say yes, that I think it would be substantially in excess of it.

Mr. FINDLEY. Would you care to put in a dollar estimate, or could you supply such a dollar estimate for the record?

Mr. SHUMAN. I do not think that we can anticipate how it would be administered. I think that we could supply an estimate but I do not know that it would be of great value.

Mr. FINDLEY. Mr. Shuman, I am interested in the analysis on page 4. Based on the analysis you presented on the 1961 feed grain program, I have estimated that had there had been no increase in utilization the carryover would have been less than 2 million tons.

That would mean that the cost of this program expressed on a bushelage basis, in terms of corn equivalent, would be over \$7 for each 1 bushel reduction in that carryover.

Is that a fair conclusion to draw from that?

Mr. SHUMAN. Well, I think so. In fact, our figures here—our analysis is very conservative, because we have not included in our figures, in our statement, the increase in production effect on soybeans of the feed grains program, and 85 percent of the increased production of soybeans in 1961 and 1962 went into livestock feed.

And if you would include the effect of the feed grain program on the livestock production and the feed grain equivalent, you would find that instead of it being whatever we have here—of whatever the reduction was in production of feed grains—which is only about 4 percent in 1961 and in 1962, the production of all feed grains, including the soybean equivalent, went up 2 percent of the 1961 production.

Mr. FINDLEY. I noticed at the top of the page, or nearly the top of the page, that you referred to 12.9 million tons reduction—let me see.

Mr. HAMILTON. In the middle of the page.

Mr. FINDLEY. The stocks had been reduced to 71.8 million tons and only a very small part of this reduction of 12.9 million tons can be attributed to the feed grain program.

Even if we assumed—and I think unsoundly—that all of the 12.9 million tons reduction was the result of the feed grain program, by my estimate that means that the entire market value of this grain, these 12.9 million tons of feed grain, was spent in achieving this reduction.

Mr. SHUMAN. That is correct.

Mr. FINDLEY. Thank you, Mr. Chairman.

Mr. SHUMAN. I think that is worth commenting, Mr. Chairman, if I may, that the effect of the feed grain program was almost insignificant on the production of feed grains, but the effect upon the livestock economy has been disastrous, and these charts show what happened to the prices of hogs and cattle in the last 6 months. The average price of cattle is down about \$5 a hundred and the average price of hogs is down about \$4 a hundred.

Some can say rightly that the feed grain program does not deserve all of the blame. And I would not say that it deserves all of the blame. But if the administration is going to take credit to the feed grain program for the reduction in the carryover as they have been doing, they must also admit that much of the blame for increased livestock, dairy, and poultry production is due to the feed grain program. And the feed grain program—that deserves the blame for much of the disastrous collapse in the livestock prices.

Mr. POAGE. How do you explain that?

Mr. SHUMAN. Very easily—it is very easily explained. Under the feed grain program the policy was to establish a higher price support for those who participated, and then the Secretary of Agriculture was authorized and did dump hundreds of millions of bushels of feed grains onto the market to depress the price for the purpose, of course, of penalizing the fellow who did not go along. And it did depress the price of feed grains.

Mr. POAGE. To what level?

Mr. SHUMAN. Well the price at country points in the Midwest was around \$1 to \$1.05 a bushel, and other feed grains comparably. And so the price was depressed by the feed grain program and the administration of it. And this encouraged excessive livestock feeding.

Mr. POAGE. Do I understand you to say that it depressed it so badly that the price of livestock did go down?

Mr. SHUMAN. The previous witness stated, and I would agree, that cheap feed always results in putting stress on the market and brings trouble to the livestock feeder.

Mr. POAGE. To make it plain, so that everybody can understand, "cheap feed makes cheap livestock."

Mr. SHUMAN. Eventually; yes, sir.

Mr. POAGE. I agree with that.

Mr. SHUMAN. That is one area in which we all agree.

Mr. POAGE. That is right.

Mr. SHUMAN. I think that most of us would agree that we have had unusually cheap feed as the result of the feed grain program.

Mr. POAGE. What was corn selling for in 1960, can you tell us?

Mr. SHUMAN. Somewhat higher. I know what I sold corn for in 1960. It was \$1.12 a bushel, and I know what I sold it for last year, which was \$1.05.

Mr. POAGE. I think we had testimony heretofore that it was 80 cents in the State of Iowa, is that not right, Mr. Hoeven?

Mr. HOEVEN. As I recall, some outside corn with high-moisture content sold for about 89 cents.

Mr. POAGE. 89 cents, then. Certainly I recall that this committee had testimony that corn was selling way below \$1 in 1960.

Mr. SHUMAN. At markettime I am sure that we can find examples of corn selling below \$1 in 1959, 1960, 1961, and 1962 in many places in the country. I will be glad to furnish a table showing prices received by farmers for corn for these years.

(The information referred to above follows:)

Corn—Monthly price received by farmers (per bushel)

	Calendar years				
	1959	1960	1961	1962	1963
January.....	\$1.02	\$0.979	\$0.963	\$0.951	\$1.03
February.....	1.04	.995	1.00	.956	1.06
March.....	1.06	.999	1.01	.968	-----
April.....	1.13	1.05	.965	.988	-----
May.....	1.15	1.07	1.02	1.03	-----
June.....	1.16	1.08	1.03	1.03	-----
July.....	1.13	1.09	1.05	1.04	-----
August.....	1.13	1.07	1.04	1.02	-----
September.....	1.09	1.06	1.04	1.04	-----
October.....	.990	.991	1.02	1.02	-----
November.....	.982	.866	.938	.938	-----
December.....	.959	.911	.947	1.00	-----
Simple average.....	1.07	1.01	1.00	.998	-----

Mr. POAGE. Had you finished?

Mr. SHUMAN. Yes.

Mr. POAGE. Are there any further questions?

Mr. HARVEY of Indiana. I want to ask you, Mr. Shuman—and I think it is very appropriate to bring it out at this point in your testimony—with regard to the disappearance due to export, do you have information as to what percent of that additional export or even the total export of feed grains was under Public Law 480 and what percent went for cash?

Mr. SHUMAN. I think that we can get this, but overall, approximately 60 percent of agriculture exports have been with some sort of export subsidy, Public Law 480 or other export assistance—approximately 60 percent.

Mr. HARVEY of Indiana. Would you supply that for the record?

Mr. SHUMAN. Yes, we will get the exact figures.

Mr. HARVEY of Indiana. Very well.

(The information requested follows:)

Feed grains: Exports under Government programs and otherwise, fiscal year 1961 and 1962

	Corn (thousand bushels)		Grain sorghums (thousand hundredweight)		Oats (thousand bushels)		Barley (thousand bushels)	
	1961	1962	1961	1962	1961	1962	1961	1962
Public Law 480:								
Title I.....	17,956	27,537	10,038	4,062			22,169	13,107
Title II.....	1,948	12,650	1,241	1,791			17,749	3,523
Title III:								
For donation.....	432	814						
Barter.....	25,053	43,185	8,164	18,620			9,204	3,548
Title IV.....								
Public Law 665, sec. 402.....	4,113	1,064	44		733	557	15,185	1,299
Total, Government programs.....	49,502	85,250	19,487	24,473	733	557	54,307	21,477
Outside Government programs.....	211,010	304,680	66,906	61,325	26,033	18,069	28,703	60,266
Grand total.....	260,512	389,930	86,393	85,798	26,766	18,626	83,010	81,743
Percent under Government programs.....	19	22	22	28	3	3	65	26
Percent not under Government programs.....	81	78	78	72	97	97	35	74

Mr. HARVEY of Indiana. I have one other question. I think this is very importantly tied to this. That is the price of soybeans. We think of soybeans as a cash crop and not as a livestock feed, yet I think that we all understand that the big source of the market for soybeans actually is soybean meal, which is a livestock feed—one of the central ingredients of our livestock ration.

What do you think about the price support level for soybeans? What price do you think it should be, with relation to these other commodities?

Mr. SHUMAN. The price support on soybeans, as the committee knows, was at \$1.85, I believe, prior to 1961, when it was increased to \$2.30. At the time the price support was increased the price on the market was considerably higher, under either the old or the new price support. So there was no justifiable need for the increase in price support at that time.

Last year the price support on soybeans was reduced by 5 cents, to \$2.25, in 1962. Now, the effect of this increase in price supports is to stimulate very strongly the production of soybeans, and that is reflected in the statistics, in the acreage as well as the production.

There was a slight decrease in the production last year, because it was due to the unfavorable season.

The rather startling thing that happened this year in the price of soybeans leads me to suggest that perhaps this committee ought to be interested as to the reason for this speculative increase, because it certainly has not been reflected to the farmers.

The increase came after the harvest season. I am very suspicious, myself, that there has been some kind of manipulation in the soybean market. I have no way of finding out. I have no power to determine whether or not information as to Public Law 480 sales and other things have leaked out, but it is a rather suspicious set of circumstances when the price skyrockets on the basis of Public Law 480 sales and goes across into Europe, after the farmers have sold their soybeans.

So the price support is too high. It is encouraging excessive production. It ought to be brought back to where it was before.

Mr. HARVEY of Indiana. I thank you very much, Mr. Shuman. I think you have presented some very significant factors. However, our time is running out. I will not go further into them, but I did believe that it posed an obligation on our committee to look into this development.

Thank you, Mr. Poage.

Mr. POAGE. I just want to ask about one or two matters. Maybe we can complete this this morning.

Mr. SHUMAN. Thank you.

Mr. POAGE. We will have to have another meeting this afternoon, in any event, because there are other witnesses, but I would like to enable Mr. Shuman to leave this morning, if we can.

Mr. SHUMAN. I have plenty of time.

Mr. POAGE. It seems to me that your figures about what this feed grain program has done do not show up the really important point.

I believe that if we take your figures as to the number of acres that were diverted and the average yield that we would have on those diverted acres, the figures of 1,255 million bushels of feed grain for 1961 and 2,096 million bushels in 1962, which seem to be the figures, that there would be 3,300 million bushels of feed grain produced that was not produced as a result of this program. Of course, I know that you said that there were a good many other things that went into it.

I am sure that is true, but certainly we can say that if you had had the average yield that we have had, that we would have produced a great deal more feed grains than we did, had those acres been planted and had they produced at the same rate. That is true; is it not?

Mr. SHUMAN. Well, no. The answer to that question is "Yes," and "No," because if you accept the idea that the production of the yield per acre would have been the same, the answer, of course, would be "Yes," but this, of course, is almost beyond anybody's ability to accept.

Mr. POAGE. I think that it is true, Mr. Shuman. I agree with that. But how much more do you think we grew on the acres that actually did produce than we would have grown on those acres that were out?

Mr. SHUMAN. That, of course, is in an area of speculation as to what might have been. If there had been no feed grain program, it is my firm conviction that the increase in production per acre would not have increased anywhere near as much.

Secondly, that the acreage devoted to corn or other feed grains would probably not have been much more than it was. And certainly there would not have been the selection of the best yielding acres to the extent that there was under the feed grain program.

I am very much convinced that the price of feed grains and the production of feed grains—I should say the production of feed grains and the price of feed grains would have meant production down and the price up over what it was on the average under the feed grain program.

Of course, this would have averted some of the tremendous losses that the livestock industry suffered. The livestock industry has suffered at least \$1 billion loss in the last 90 days, and a large part of that is due to this feed grain program.

Mr. POAGE. Let us see how that could have happened. Mr. Shuman. I am getting off of this subject. But let us follow this a

moment and see how the livestock industry could have been saved that great loss have we had no program. You say that with no feed grain program we would have grown less than with a program. I think that most people will disagree with you on that.

But that is your conclusion, that if we did not have one, we would have grown less without controls than we do with controls.

That is that controls increased rather than decreased production. Is that your conclusion?

Mr. SHUMAN. The conclusion is that when you increase the price support and apply controls, in the words of Clint Anderson, it is kind of like trying to suck and blow at the same time. You defeat yourself. Very likely the production will go up—at least it would not be expected to decline.

Mr. POAGE. Not per acre, of course. But if I understand correctly you are saying that we produced more feed grains on 129 million acres in 1961 and more on 125 million acres in 1962, than we would have done with unlimited production?

Mr. SHUMAN. Yes, sir. If the market price had been operating, I think we would probably have had less production, but again, this is all in the area of speculation. We do not know.

Mr. POAGE. Why do you say that we would have had less production if the market price had been operating?

Mr. SHUMAN. Because it would not have been known at the time of planting. Much of the cause of the increased production under a price support program is due not because the price support level is too high, but because it is known at the planting time; and therefore, is, in effect, an insurance policy.

Mr. POAGE. Of course, the farmer estimates what he thinks the price will be when he does not have any assurance. He always estimates a high price.

Mr. SHUMAN. No, not necessarily. I think there are about as many estimates on the low side as there are on the high side. And certainly when you come in with a price support known at planting time, they do not have to estimate.

Mr. POAGE. I realize that. I realize that they do not, but they do estimate when the price is not known—they do make an estimate of it in their own mind, and if I know farmers, they always estimate a high price and a good year.

Mr. SHUMAN. Yes, and I think that 50 percent would be on the low side and 50 percent would be on the high side.

Mr. POAGE. You think that it would be about 50-50?

Mr. SHUMAN. I think that the average would be.

Mr. POAGE. You think that the average guess would be just about correct?

Mr. SHUMAN. Yes.

Mr. POAGE. And then the average guess would be what you would actually get with an uncontrolled market and the results should be the same as if the price had been known.

Mr. SHUMAN. Well, it will vary from year to year, but in the last few years I think the average price received by feed grain producers on the market without the feed grain program would have been higher than it has been with it.

Mr. POAGE. You think the price would have been higher, and you think that the production would have been lower?

Mr. SHUMAN. Yes, sir.

Mr. POAGE. With unlimited production. Then why in the world would you suggest that we have any kind of a farm program at all?

Mr. SHUMAN. Our position is that we would move away from controls. We are not for acreage controls.

Mr. POAGE. I know that, but you want a support price with unlimited production.

Mr. SHUMAN. We want it at such a level that it will not result in the accumulation of surpluses.

Mr. POAGE. Why do you want anything, if the free market will give you a higher price—if the free market will give you a higher price, why do you want anything else? If you grow less and get a higher price and make more money without any support, why do you want supports of any kind?

Mr. SHUMAN. I can make a very good case for a price support which is protection against disastrous collapse, because we have had experiences in the past where due to a sudden change in the situation, either by such things as a war demand or an extra large crop, where we have had a tremendous increase or decrease in price, so we can justify a price support which would prevent collapse, rather than one which fixes prices.

Mr. POAGE. Am I right, if I quote you in the future as saying you agree that if farmers would plant less, they probably would get higher prices and make more money without any kind of farm program?

Mr. SHUMAN. No, sir; that is not what I said.

Mr. POAGE. All right. I want to get straight what you did say.

Mr. SHUMAN. I said that in my judgment the farmers who produce the feed grains would have planted and produced less and would have gotten a better price if there had been no feed grain program in the last few years.

Mr. POAGE. All right. Now, I think I understand that. You have confined feed grains to the last 3 years. In your opinion there would have been less feed grains planted and the price would have been higher and the farmers would have made more money?

Mr. SHUMAN. With no feed grain program.

Mr. POAGE. With no feed grain program of any kind?

Mr. SHUMAN. Yes, that is my opinion. I cannot prove it, but nobody can prove me wrong.

Mr. POAGE. It is not my opinion. I think had we had no controls, and had we had these acres planted that were diverted, and I think they would have been planted, it would have produced something over 3 billion more bushels than we actually did produce.

Now, then, I go back to the question of the farm prices of corn. Apparently there is a difference about what the prices were, but apparently the so-called official prices, what we were told were the prices by the Department, was \$1.04 in 1959, that there was a price of 99.7 cents in 1960, a price of \$1.08 in 1961, and a preliminary estimate was \$1.08 for 1962.

Mr. SHUMAN. Mr. Chairman, you know you can get prices from anywhere, from various sources.

Mr. POAGE. That is right.

Mr. SHUMAN. I have here the Feed Situation, I do not have at hand the annual price, but here are some figures which are a little bit different. The average price received by farmers, January 15, 1961,

was 96 cents; 1962, 95 cents. So they were not receiving, the farmers were not receiving any such price as that until this year. It now shows a little increase to \$1.03. This table is on page 17 of the Feed Situation.

Mr. POAGE. In other words, your figures show that the price has gone up a little bit this year?

Mr. SHUMAN. Mostly because there has not been dumping of feed grains by the Commodity Credit Corporation.

Mr. POAGE. Regardless of the reason, the price has gone up?

Mr. SHUMAN. Yes.

Mr. POAGE. The price definitely affects the livestock market, does it not?

Mr. SHUMAN. Yes, of course. The damage has been done, because of the dumping and the price depressing effect of the feed grain program was in the last 2 years, when normally we would have had adjustments in the production cycle of beef and hogs.

This—the effect of this feed grain program—was to delay the normal adjustments, which producers of livestock, cattle and hogs would have made.

Mr. POAGE. Then would you suggest that we should go and buy cattle?

Mr. SHUMAN. I would wait a few days.

Mr. POAGE. Only a few days?

Mr. SHUMAN. I am not going to guess as to where a price will be.

Mr. POAGE. Will the prices go up?

Mr. SHUMAN. I only know that in my own operation we sold cattle on the market about 3 weeks ago, and those same cattle, if we could have had them ready 2 months before, would have brought \$3 or maybe \$4 a hundred more.

Mr. POAGE. I know about that. I take it that last year it was not the feed grain program that brought about this depression in the cattle market. There was some effect on the cattle market, of course, but I think that actually the price of corn has not gone down under the present feed grain program, but on the contrary, it has been higher during the last 2 years than it was during the 2 years preceding.

And that is true whether you take it on the 15th day of January or whether you take it on the average of the year, that is true either way.

Mr. SHUMAN. Mr. Chairman, we will endeavor to find out what the average price of corn was the last 4 years and submit that to you. However, even if the price of corn has averaged higher in the last 2 years, I submit to you that the effect of the feed grain program—and it could not have been more than a few cents one way or another—the effect of feed grain program, because of the certainty of feeders being able to buy the corn at a reduced price, which they had that assurance from the Secretary, plus the fact that the feed grain program at the present time is a very big uncertain factor—the fact that this year they are holding off the sales of surplus stocks has been a very important part of the collapse of the livestock prices.

I would not say all—nobody can say all, but it has been a very important factor in the collapse of the livestock prices of this country, and a billion-dollar loss to the livestock producers in 90 days.

Mr. POAGE. I want to ask you about one other matter. In the very first statement of so-called statement of facts, you state that, "A sizable majority of the eligible producers gave the program a no-confidence vote by staying out, both in 1961 and 1962."

Is it not a fair proposition to say that certainly a great many of those who stayed out, stayed out because they felt that the program was going to carry anyway, and that their vote was not needed?

Mr. SHUMAN. No, this was not in the voting. This was in participation. We had not had a vote on the feed grain program, unfortunately. But we are saying that the no-confidence vote in effect was registered by the fact that only 42 percent participated, and it was by their refusing to participate that it indicates that they did not want it.

Mr. POAGE. Is that not merely an indication that they felt that they could make money on it?

Mr. SHUMAN. I am sure that is correct.

Mr. POAGE. And that they made money on it, is that not correct?

Mr. SHUMAN. That is true in some cases, the feed grain program suited their operation, and in others it did not. And, of course, this is one of the reasons why the feed grain program, one of the reasons that I would cite as to why I do not believe that the feed grain program has any material effect in reducing production or even the carry-over, because only those feed grain producers who were going to do about as was indicated anyway, went along with the program.

So it was not because any sizable change was had in their operations, where it called for that, that they did not go along with it.

Mr. POAGE. I think that is very true. In many cases, that was true. In many cases it was more profitable to stay out.

Mr. SHUMAN. That is correct. We cannot be against that.

Mr. POAGE. I think that there is just one final thing that we ought to get cleared up. You suggest that if we had not had any feed grain program during the last few years that the price of feed grain would have been higher, do you anticipate that would be true the next few years, and do you feel that the price would be higher in the future if we could plant an unlimited acreage of feed grain?

Mr. SHUMAN. Yes, I think that the market price of corn and feed grains will average better when the price is determined by the market than when it is determined by the Department of Agriculture, regardless of who the Administrator is.

Mr. POAGE. Then would you suggest that we have any kind of a program within the next few years?

Mr. SHUMAN. Yes. We favor—

Mr. POAGE. Why, if the price will be better in the next few years without any program, why should we have one?

Mr. SHUMAN. Well, we are not advocating no program, but if we do not have a feed grain program, that is what we were talking about here—

Mr. POAGE. Yes. A feed grain program; that is what I am talking about.

Mr. SHUMAN. If we do not have a feed grain program in the next few years, I anticipate that the price received by the farmers will be better in the next 2 years than it would be if there is a feed grain program. That does not mean to say that we are for no program at all, because we have recommendations for a program and it has been spelled out before this committee, and we will expect to present recommendations for wheat and feed grains after the wheat referendum.

Mr. POAGE. And do you contemplate that your feed grain program would result in prices higher than we had the last 2 years?

Mr. SHUMAN. Yes, sir.

Mr. POAGE. About how high would you say?

Mr. SHUMAN. Well, of course; this is impossible to state.

Mr. POAGE. I know, but if you had the power to fix the price, how high would you suggest?

Mr. SHUMAN. If I had the power to fix the price I would immediately resign and relinquish that power, because I do not believe any human being is capable of determining a price that is right.

Mr. POAGE. Just how high do you want the price of corn to go? You do not want \$2 do you?

Mr. SHUMAN. If I am producing only corn, I am in favor of as high a price as the market will justify. That could be \$2 in one year and it could be \$1 the next year.

Mr. POAGE. It could be 25 cents, too.

Mr. SHUMAN. No; I do not think there is any such possibility in relation to other prices.

Mr. POAGE. You know when they were that low, the market did not justify even that much.

Mr. SHUMAN. And we paid 25 cents an hour labor less.

Mr. POAGE. But the market did not justify 25 cents for corn.

Mr. SHUMAN. That is right.

Mr. POAGE. That is what I say. The market did not justify more than 25 cents.

Mr. SHUMAN. That is true.

Mr. POAGE. So putting a dollar floor there——

Mr. SHUMAN. No, not with the present valuation of the dollar, you do not have to go all the way down, because the purchasing power of the dollar today is not over 50 percent of what it was at one time. So anybody who is talking about a 25-cent price level of the thirties, in 1929 and the 1930 period is talking in terms of today's dollar, of 50 cents or more.

Mr. POAGE. I think that is true. How about \$2 with the present buying level?

Mr. SHUMAN. \$2 corn is the same as dollar corn in the old days.

Mr. POAGE. Dollar corn back in the thirties, yes, but the market at that time would not justify more than 25 cents, would it?

Mr. SHUMAN. Well, the market will change, of course. It depends upon a lot of factors.

Mr. POAGE. Well, I had only hoped that you would give an expression as to what you think the price should be.

Mr. SHUMAN. I do not think so.

Mr. POAGE. You suggest that the prices as they exist, I guess in 1959, which was \$1.04—you objected to that, so that it would be well if we got something more than \$1.08 last year. How much higher do you think we should go?

Mr. SHUMAN. I do not think any human being is capable of answering that and should not attempt to do so. So all I say is that we would have had a better price. We will have a better price if we do not have this kind of a program in effect. And where it will be would depend upon the market.

Mr. POAGE. Thank you.

Mr. SHUMAN. Thank you.

Mr. POAGE. We will have to meet this afternoon. Let us put it this way: We will meet here at 2 o'clock, unless Mr. Cooley is still

speaking, in which event we will meet immediately after the finish of his speech. If that is agreeable, the committee will stand in recess until 2 o'clock this afternoon, gentlemen.

(Whereupon, at 12:25 p.m., the subcommittee recessed, to reconvene at 2 p.m., the same day.)

AFTERNOON SESSION

Mr. POAGE (presiding). The subcommittee will please come to order.

I believe our next witness is Mr. Glen L. Bayne, president of the National Association of Wheat Growers.

We will be glad to hear from you now.

STATEMENT OF GLEN L. BAYNE, PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS

Mr. BAYNE. Mr. Chairman and members of the committee, my name is Glen L. Bayne. I am a wheat producer and president of the National Association of Wheat Growers.

Mr. Chairman, I appreciate the opportunity to present a brief statement for the National Association of Wheat Growers in support of H.R. 3974, the Feed Grain Act of 1963.

This will extend the successful voluntary feed grain programs of 1963 into the coming years.

Our national convention, meeting last December in Denver, passed the following resolution:

Since most wheat producers are also feed grain producers, we believe an effective land retirement feed grain program will supplement, strengthen, and make the 1964 wheat program more effective for both wheat and feed grains.

We recommend that in any such feed grain control program, either mandatory or voluntary, the legislative language be such that the Secretary shall be directed to establish a feed grain base, on request, on those wheat farms with a feed grain history which, because of soil conservation, climatic conditions, economic conditions, or farm practices, found it necessary under the old wheat program to plant crops other than barley, corn, or grain sorghum or to follow other soil-conserving practices.

We believe this bill meets the requirement of this resolution and we therefore support this legislation.

This will, we believe, fulfill the request of the President of the United States in his farm message of January 31, 1963:

Feed grain legislation should provide for necessary adaptations to meet changes in weather, new international crises, sudden opportunities or strictures in the European Common Market, and other areas of trade and developments in the economy of the United States as a whole. It would enable farmers to make full use of the permanent wheat program by permitting wheatgrowers to produce wheat in lieu of feed grains on feed grain bases. The continued and successful operation of voluntary feed grain programs, in conjunction with the new wheat program, should resolve two of our most difficult commodity programs.

We also believe that the terms of this bill fulfill the suggestion of Secretary Freeman as given in his address January 10, 1963, in Omaha, Nebr.:

Wheat production on feed grain acreage will be authorized—if there is a feed program in effect for 1964. This provision not only will allow wheat to move more freely in the market, but also will provide more flexibility for the farmer in the management of his farm. It will be a major step toward these two goals which all of us share.

We hope that prompt consideration to this bill will be made in Congress as this legislation complements and completes the wheat program on which we vote in referendum late this spring.

Thank you.

Mr. POAGE. Thank you, Mr. Bayne.

Mrs. May.

Mrs. MAY. Mr. Chairman, I do want to ask one or two questions. I would like to direct you to page 6 of Mr. Poage's bill, Mr. Bayne, to line 11. I have been particularly pleased to note, representing both my own wheat area and I am sure that there will be the same pleased reaction from other wheat areas in the Nation, the wording, "the term 'feed grains' means corn, grain sorghums, barley, and, if designated by the Secretary, oats and rye."

I wonder if you might for the record comment on the importance of this flexibility given the Secretary here, and also to comment on one other thing: Would it be better if this was developed on an area basis, and should this be something that the committee should be considering in its work on the bill?

I would like for you to comment on those two areas for the record.

Mr. BAYNE. Yes. We, too, Mrs. May, were very pleased to see this clause included in the bill, as I am sure that the chairman understands, as the rest of you do who are from farm areas, that in using 1959 and 1960 years as the bases for establishing the feed grain base acres, that there have been occasions when many farmers planted either oats or rye, instead of barley, and because of this action would, under the strict interpretation, be denied feed grain base history, whereas actually they were raising feed grains.

This clause, as Mr. Poage has included in his legislative language, would allow the Secretary to determine that these products were raised on feed grain acres, and to determine that they should be feed base acres.

Rye is of particular value in dryland areas, such as my own, because the stubble residue from rye will remain on the land and protect against wind erosion over the summer fallow period, whereas barley will not. And for this reason in the Pacific Northwest and in some areas of the Midwest, rye was used as an alternate crop instead of barley.

I think your suggestion that this be on an area basis is perhaps a good one, because there may be some areas where the other producers would prefer not to be considered within the feed grain program and probably should be given this opportunity.

However, I believe that in the areas where the problem is such as I just described, that the growers would like to make this request of the Secretary and that he should be given this authority.

Mrs. MAY. Mr. Bayne, there is another area of this bill that I direct to your attention, page 7, starting in line 12, and on through there. We have already had discussion about this wording.

Mr. BAYNE. Yes.

Mrs. MAY. I believe it was when the Department witnesses were up here. It does refer to inequities which you have just been talking about, and I wish you would comment here on some of the real needs for this type of wording, as a representative of the wheat feed grain area.

Mr. BAYNE. I think that the discussion with the Department was merely requesting that this language be the same as in the wheat bill, in order to avoid two interpretations.

However, the intent, I think, in both clauses is the same, and that is to give the Department of Agriculture, through the Secretary and his spokesmen, the right to adjust for inequities that would develop because of unusual situations as crop rotations or economic situations developing which caused people to handle their land diverted under the old program in such a way that they would be denied feed grain bases when logically and justly they should be given these feed grain bases.

And this is the reason for the inclusion of this clause, I think.

Mrs. MAY. Would you comment on what I asked of the Department yesterday, whether to provide some kind of guidelines or criteria of what they would have in mind in making the particular exceptions or adjustments?

I think that we might get otherwise to an area where there might be too much flexibility.

Mr. BAYNE. Yes; I think that is a very reasonable request.

Mrs. MAY. One more question, Mr. Chairman.

This, at first, might appear not to be germane to the bill, but I would like to ask it of Mr. Bayne because he does know our part of the country and the special problems it has because of its topography and temperature as a summer fallow region. I should like to ask him to comment on something that has been of great concern to these wheat growers of the Pacific Northwest, and I understand to many other areas. This has to do with the soil bank program which is, of course, very important and will be a very important part of the entire wheat feed grains picture.

As I understand, Mr. Chairman, 6 million acres will come out of the soil bank this year. In our summer fallow areas we have experienced great difficulty, that is, the producers have, in any type of planning, because the announcements on the soil bank program have just not been timed well, according to our planting and planning cycles, by the U.S. Department of Agriculture.

It would seem to me that as we plan ahead for any overall farm program, with planting cycles of wheat and grains, that the committee should consider a change in the language of the soil bank retirement program, and I would like Mr. Bayne to respond to that.

I do now know whether you really agree with it or not, but I gather that you, being a wheat grower yourself, out in our area, should have some valuable comments on this.

Mr. BAYNE. We are personally having this problem right at the moment. We have a spoil bank contract expiring this year. The summer fallow operation for the 1964 crop began the day before I left home last week.

Of course, obviously, it is almost impossible to make plans, real sensible plans for 1964's crop in February of 1963, when you do not know whether your soil bank will be open for extension or not.

The same is true of the referendum. It is the hope that the date of the referendum be changed. It is the hope of the National Association of Wheat Growers and particularly of those of us who come from areas, as Mrs. May has described, that we could perhaps even move the referendum date up to as early a date as March 1, so that we could

then really sensibly plan our summer fallow operations for our coming crop year.

I am sure that if the growers in our area, for instance, and in many other summer fallow areas of the country, knew as of tomorrow whether the referendum was carrying or not, there would be much more participation in the voluntary section of the referendum, because they could leave that land lie idle and not have the investment in the preparation of that land which would make it most difficult for them to leave it idle than when the referendum is finally decided in late May or June, as is indicated at the present time.

So both of these, I think, are real problems in our future legislation.

In the case of the extension of the soil bank, as well as the referendum date.

Mrs. MAY. Thank you. Mr. Chairman, I should like to ask unanimous consent to include in this hearing record some charts showing estimates of barley, oats, and rye production on land diverted from wheat.

Estimates of barley, oats, and rye grown on land diverted from wheat—State of Washington's major wheat-producing counties

[In acres]

	Barley	Oats	Rye		Barley	Oats	Rye
1 Adams.....	84,084	1,982	28,510	22 Lincoln.....	124,244	4,074	10,712
2 Asotin.....	6,936	125	0	23 Mason.....			
3 Benton.....	5,892	172	21,836	24 Okanogan.....	1,738	426	206
4 Chelan.....				25 Pacific.....			
5 Clallam.....				26 Pend Oreille.....			
6 Clark.....				27 Pierce.....			
7 Columbia.....	23,894	75	150	28 San Juan.....			
8 Cowlitz.....				29 Skagit.....			
9 Douglas.....	40,385	13,587	13,134	30 Skamania.....			
10 Ferry.....				31 Snohomish.....			
11 Franklin.....	24,569	450	10,900	32 Spokane.....	45,997	7,162	1,762
12 Garfield.....	22,299	822	4	33 Stevens.....	5,426	2,285	204
13 Grant.....	27,609	5,065	16,393	34 Thurston.....			
14 Grays Harbor.....				35 Wahkiakum.....			
15 Island.....				36 Walla Walla.....	68,607	0	3,715
16 Jefferson.....				37 Whatcom.....			
17 King.....				38 Whitman.....	144,800	3,500	1,500
18 Kitsap.....				39 Yakima.....	8,127	100	350
19 Kittitas.....	1,060	400	600	Total.....	655,217	41,025	110,726
20 Klickitat.....	19,500	800	750				
21 Lewis.....							

	Total acres, barley, oats, and rye	Total acres, oats and rye	Percent rye and oats of total		Total acres, barley, oats, and rye	Total acres, oats and rye	Percent rye and oats of total
Adams.....	114,576	30,492	27.6	Grant.....	49,067	21,458	43.7
Asotin.....	7,061	125	1.8	Kittitas.....	2,060	1,000	48.5
Benton.....	27,900	22,008	79.0	Klickitat.....	21,100	1,550	7.3
Columbia.....	24,119	225	1.0	Walla Walla.....	72,322	3,715	5.1
Franklin.....	35,919	11,350	31.5	Yakima.....	8,577	450	5.2
Garfield.....	23,025	826	3.5				

Mrs. MAY. That is all, Mr. Chairman.

Mr. POAGE. Thank you, Mrs. May.

Mr. JONES of Missouri. I am sorry that I did not get here early enough to hear your statement. I have been reading it. You mentioned in the last part here that you hoped that prompt consideration of this bill will be made in the Congress, as this legislation com-

plements and completes the wheat program on which we vote in referendum late this spring.

Mr. BAYNE. Yes.

Mr. JONES of Missouri. You have indicated that you would like to see that referendum earlier?

Mr. BAYNE. Yes.

Mr. JONES of Missouri. Now, as I understand it, you are in hopes that the referendum will carry and will be available?

Mr. BAYNE. This is my personal wish; yes, sir.

Mr. JONES of Missouri. And I guess that is the position of the National Association of Wheat Growers?

Mr. BAYNE. The National Association of Wheat Growers has stated that they are in support of the 1964 certificate plan. And, as far as the referendum is concerned, that they intend to work diligently in the dissemination of factual information on the basis that the growers then will be able to make a proper vote.

Mr. JONES of Missouri. Well, now, as I understand it, you are asking for prompt consideration of this bill, which indicates that you would like to see this bill passed, even if it comes before the wheat referendum?

Mr. BAYNE. Yes, sir.

Mr. JONES of Missouri. I just wanted to get that clear, because from Mr. Shuman's testimony this morning he indicated just the opposite—he wanted to hold up this legislation until the wheat referendum was decided. His organization, as I gathered from him, was advocating a disapproval of the referendum.

Mr. BAYNE. I think this is correct.

Mr. POAGE. Will you yield?

Mr. JONES of Missouri. Yes.

Mr. POAGE. Does it not boil down to this: That everybody who is in favor of the wheat referendum is in favor of acting on this bill soon?

Mr. BAYNE. I think that is right.

Mr. POAGE. And everybody who is opposed to the wheat referendum is opposed to taking any action on this, and would rather see this go down the drain along with the wheat referendum?

Mr. BAYNE. If there were a feed grain program in effect at the date of the referendum, it would make for a much clearer cut decision for the wheat producer. He would know much better where he stood when he made his vote on the referendum. This is true, sir.

Mr. POAGE. Mr. Bayne, you have not the slightest idea that this Congress is going to pass anything in the way of wheat legislation if the wheat referendum fails, do you?

Mr. BAYNE. I would be very surprised to see any additional wheat legislation.

Mr. POAGE. I would, too. We talk about the Congress doing something if the wheat referendum fails. It seems to me that such talk is so far from reality, considering what takes place up here, that those who talk that way sound as if they had never walked into the Capitol Building.

I think we all know that if the wheat referendum fails, or even if it passed, there is not going to be any farm legislation after that time. That whatever farm legislation we will get is going to be passed between now and May and not after May.

Mr. BAYNE. I certainly hope, Mr. Chairman, that if this feed grain bill that you have introduced, which we approve of, is not passed by the referendum time, that it will be passed after the referendum time, because we need it.

Mr. POAGE. It will not be and you know that it will not be. I hope it will be passed before the referendum. If it is not, it will not pass.

Mr. QUIE. Will you yield?

Mr. POAGE. Yes.

Mr. QUIE. I have heard that every year when a farm bill comes up that, unless we pass this particular bill, there is not going to be any legislation. I heard that when I first came in here in 1958, and it always turns out that we pass legislation before Congress adjourns.

I doubt that there is anybody here at this table who would vote against legislation which would be better for wheat farmers than the 1964 wheat program. I have listened to this for a number of years, and the Congress always votes farm legislation before it goes home.

Mr. POAGE. I do not think there is anybody on this committee that would vote against legislation that he considered better than the 1964 program either, but there is a lot of difference as to what you consider is better.

Mr. SHORT. I would like to inject this: Some of us think that we could have better wheat legislation than the certificate wheat program. That is why many of us voted against it last year.

Mr. POAGE. Please understand my feeling. I consider there are plans which are better than what we have. I do not think that we can get them passed. I think there are things that are better, but this looks to me to be about the best we can hope to get.

Mr. SHORT. To get back to the simple premise of what we will be faced with in the case of the referendum failure, that all of the dire consequences will develop that the proponents of the 1964 wheat program implied are going to develop if the referendum fails, I cannot conceive of an administration that professes to be so imbued with their responsibility to do something for the farmer that it would not do something in the way of recommending legislation to Congress.

It would seem to me that simple. I know that you have a valid argument that if the referendum fails that there will be a lot of people in some of the nonfarm areas who will say: "This is what the farmer wanted."

Mr. OLSON. I say that it is just as fair for me as a member of this committee to say I do not feel any compassion for wheat legislation if the wheat referendum fails, as it is for those people who are not members of this committee to go around and prejudge the actions of this committee by saying that there will be wheat legislation if it does fails.

I think that it is proper, for this side to make this kind of statement, in fact, more proper than it is for the other side, because of influencing the vote by disseminating such information.

I happen to quite agree with you.

Mr. POAGE. There never has been but one referendum fail, as I recall it. Is that not right?

Mr. HEIMBURGER. The one in 1939 on Flue-cured tobacco was the only major one. The Maryland tobacco people voted down quotas several times and some of the Pennsylvania types have never accepted quotas.

MR. POAGE. And in 1939 they came back with a bill to bail them out after they voted quotas down, and this committee turned that bill down.

Back in the thirties when the tobacco people turned down the referendum, the Congress did absolutely nothing for them when they turned them down. Many of them went broke. They took another referendum next year. The result was different then. They maintained those controls every year since 1939, right up to the present time. And it is the only crop in the United States that has done so.

They have maintained controls every year since that year they voted them down. I do not see any reason to assume that anything is going to be different here from what it has been in the past. In the only experience we have had in the past where a referendum has been turned down, there has not been any legislation.

We have had the experience on tobacco, I will grant you.

MR. QUIE. What about corn?

MR. POAGE. Corn has never had a referendum on allotments. They have never had allotments. Wheatgrowers do have allotment programs and you have control programs, but they have never voted them down in a referendum.

I am just saying that I do not see why anybody assumes that we will change the history of the Congress, to do something different, or why the wheat people are so much better than the tobacco people. I think the wheat people are well represented here, but I do not think that their representation is any better than that of the tobacco people. I think you can judge only by the past, and in judging that way, we know well we will not have any further wheat legislation if the referendum is defeated.

MR. QUIE. I think all that is propaganda.

MRS. MAY. May I ask Mr. Bayne one more question?

MR. POAGE. Yes.

MRS. MAY. Mr. Bayne knows very well that I did not vote for the wheat certificate plan. However, this referendum choice is now up to the wheatgrowers.

May I ask you this: If it should happen that the wheat referendum should fail, would not the gentleman's organization help those of us on this committee and in the Congress, who want to make that alternative easier for the wheatgrowers to live with, to do something about it before the Congress adjourns?

MR. BAYNE. That is a very difficult question for me to answer, because the resolutions at our Denver meeting do not cover this.

However, our stated purpose is to work for the good of the wheat producer, and we certainly will do this wherever we can.

MRS. MAY. You are dealing in the land of "ifs" right now, is that not correct?

MR. BAYNE. That is right.

MRS. MAY. We might just as well first know what the wheatgrowers might be faced with in these alternatives, and not take the attitude that Congress will not take any action before it has adjourned sine die.

MR. BAYNE. I think that I would like to make one further statement, if I may, relative to this referendum. I think it is something that perhaps is being somewhat misunderstood in some areas—that is, that the choice that the wheatgrower is going to make in May is a

choice between two programs. It is not a choice between one program and nothing.

Mr. PURCELL. Mr. Bayne, Mrs. May stated that you represented only wheatgrowers. Am I correct in understanding that you only represent the wheatgrowers?

Mr. BAYNE. You are correct.

Mr. PURCELL. You and I, I believe, are trying to be as objective as we can. In relating the effects of the wheat referendum to the feed grain program—and I am not trying to put words in your mouth by leading you—but you, do you see any unfair advantage, propaganda-wise, politically wise, or any other “wise,” of the farmers who will be voting and having feed grain legislation enacted and passed before the wheat referendum is given consideration by the farmers?

Mr. BAYNE. No, sir; I do not. I think that if the feed grain legislation, similar to this, were passed, as I stated in the closing paragraphs of my prepared statement, it would complement and complete the program that is initiated in the wheat program.

If the wheat referendum fails and the feed grain legislation has passed, and it looks like inequities would be caused because of the lack of the wheat referendum having received an affirmative vote, then I believe that corrective measures would have to be taken in Congress, and I think that they would be.

Mr. PURCELL. Thank you.

Mr. POAGE. Are there any further questions?

Mr. SHORT. With reference to the wheat referendum, I think possibly we are getting off the subject of feed grains, but there is certainly a relationship. I think in the context of analyzing whether or not we should pass a feed grain bill before the referendum, we should also keep in the back of our minds the fact that there is a possibility of the referendum failing. After all, it failed in the gentleman's own home State last year.

What will be the effect of feed grain legislation, such as we are considering here now, being in effect, in the event that the wheat referendum failed?

Mr. BAYNE. This, of course, will take some study, I think. I would suspect, first, if the referendum fails, allotments are still in effect. And if the growers exceed their allotments, they are subject to certain penalties, the loss of their wheat history, the loss of soil bank payments, these two primarily.

How much participation there would be in the program with the support price at 50 percent of parity, I am not sure. I expect there would be considerable overplanting. However, the overplanting would be on acres that are now currently producing feed grains. I doubt if the total tonnage of the planters going into feed channels would be much greater than it would be if the referendum carried, but this is, as I say, something that would require some study.

This is why I say that if the referendum fails and this or similar legislation, feed grain legislation, has become law, and there are corrective measures necessary, then I think they should and would be taken. That is, by Congress.

Mr. SHORT. One more question: We were talking about the extension or the possible extension of the conservation reserve program a few moments ago.

Would you care to make any observation as to your opinion in regard to the method of maintaining the conservation reserve contract, extending them, the ones that are going to expire this year, as a vehicle for reducing our whole agricultural productive plant?

Many people think that this is a desirable approach. The cost of land retirement has been considerably less than the cost has been under the feed grain program or the wheat program in terms of cost per acre of land retired.

Would you have any thoughts on the merits of extending the expiring conservation reserve contracts? I am not talking about expanding the program; I am talking about just extending it beyond present contract termination dates.

Mr. BAYNE. Unless this is done, certainly the land coming out of the soil bank contracts and going back into production is going to further complicate the problem of the total production.

On that basis it would seem reasonable to extend the contracts.

Mr. SHORT. There is something that has never been brought to my attention or brought to anyone's attention here, that it might be somewhat revealing on this basic subject as to what was the cost last year. We provided \$15 million last year, I think, for the extension of the contracts that expired last year. What was the cost of retiring the acreage as those contracts were extended? That is, just for 1 year?

Mr. BAYNE. I do not have any information on that. If I understand—if I remember correctly—the amount of acres in the soil bank contracts that were completed last year were quite small in comparison to what is now expiring.

Mr. SHORT. Six million plus, this year.

Mr. BAYNE. I think that is true. I think the cost compared to last year would be considerably more. It is just a matter of more acres. If this six million acres comes back into production, it is compounding the problem.

Mr. SHORT. It seems that most of the communities to some degree at least have made their adjustments.

Mr. BAYNE. I think this is true.

Mr. SHORT. Thank you.

Mr. QUIE. If I understood one part of your answer to Mr. Short, you said that in the event that the referendum were turned down and the farmer planted outside of his allotment, that he would suffer a loss of his wheat history?

Mr. BAYNE. Yes, sir.

Mr. QUIE. When did this come about?

I have heard people refer to this, but I cannot pin it down that actually it would be the case. I do not understand that to be the case.

Mr. BAYNE. I am not an attorney, but it is my understanding that the Anfuso amendment states that if you exceed your allotment in any given year, then in figuring your wheat history for succeeding years, that your allotment becomes your base for that year. And we have been informed by the ASC committees that this amounts to about 8 percent per year for every year that you exceed your allotment.

Mr. QUIE. Do you have this section, Mr. Heimburger?

Mr. HEIMBURGER. I am looking for it now. I will get it.

Mr. QUIE. Go ahead and I will go to another question.

As far as this bill is concerned, Mr. Bayne, the benefits would be the same whether it was passed before or after the referendum to the wheat farmers, would it not?

Mr. BAYNE. This is true, that in many areas the substitution clause is very important to the producers, particularly in the summer fallow rotation areas which should actually be a one crop economy, which should be a wheat crop economy. And if these farmers knew that the feed grain bill, or one similar to this—knew that it was a law, they would then be in a better position to make their computations and decisions on how to vote in the wheat referendum.

Otherwise they are voting, as Mrs. May indicated a minute ago, on "ifs".

Mr. QUIE. The purpose of it would be to secure a vote in favor of the referendum—that is your purpose?

Mr. BAYNE. This, of course, is a matter of conjecture. After they have made their computations, then they would have to make their own decision. I do not know whether more would vote yes or more would vote no, but I know that it would make it possible for them to make a more accurate decision on the economy of this.

Mr. QUIE. If we did pass the feed grain legislation now, and the referendum would be turned down, something which I think Mr. Short asked you about, you said that you had no opinion of what your organization would do or what you would expect to do or to ask for some legislation of some kind.

Mr. BAYNE. That is right, except as I answered Mrs. May, we are dedicated to doing what we consider the very best for the wheat producers of America, and we would try to evaluate this situation as it developed at that time.

Mr. QUIE. My own observation would be that if the wheat farmers would be more in favor of holding up the feed grain legislation until they had their wheat legislation to go along with it, that is, in case the referendum should be turned down, they would have a better chance for wheat legislation in 1963.

Mr. Heimbürger, do you have that information now?

Mr. HEIMBURGER. It appears in section 334(1), of the 1938 act, as amended, on page 51 of the compilation, where it says:

The allotment to the county shall be apportioned by the Secretary, through the local committees among the farms within the county on the basis of past acreage of wheat—

et cetera, and then in item (iii) it states:

The past acreage of wheat for 1959 and any subsequent year shall be the wheat acreage on the farm which is not in excess of the farm wheat acreage allotment, plus, in the case of any farm which is in compliance with its farm wheat acreage allotment, the acreage diverted under such wheat allotment programs.

That means, Mr. Chairman, that in the case of a wheat farm which has a history of several years of growing wheat, it has what is called a wheat base, which means history which may be considerably higher than the current allotment.

If a farmer plants within his acreage allotment in any year, his history is recorded as the base. If he plants in excess of his allotment in any year, his history is recorded only as that year's allotment; in other words, he not only does not receive credit for additional acreage he plants in excess of his allotment, he is penalized in that

year for future history purposes by the amount of acreage that is the difference between his allotment and the farm base.

Mr. SHORT. Is there any qualifying clause in that piece of legislation that refers to any year in which quotas are in effect?

Mr. HEIMBURGER. No. This is presumed that quotas will be in effect.

Mr. SHORT. We are dealing here with a situation—

Mr. HEIMBURGER. Wheat allotments can be in effect, whether there are quotas or not.

Mr. SHORT. It makes a lot of difference whether quotas are in effect. You vote quotas in or out by the referendum.

Mr. HEIMBURGER. That is correct. But that has nothing to do with the size of the allotment.

Mr. SHORT. I realize that. What I am trying to clarify is whether this provision of the law would prevail and apply to the year when the quotas were not in effect.

Mr. HEIMBURGER. Yes, it would in the case of a wheat allotment. Quotas and allotments are determined separately by the Secretary. Allotments will be in effect whether quotas are ruled in or out.

Mr. BAYNE. I know instances where this law has been implemented.

Mr. HEIMBURGER. That is correct, is it not?

Mr. BAYNE. Yes.

Mr. SHORT. In what instance, because we have never had an instance, when quotas were not in effect since this law was passed.

Mr. BAYNE. It will work when there are quotas or not, as Mr. Heimburger indicates. Quotas and allotments stand separately. You vote your quotas in or out, but allotments are set by the Secretary on his determination of excess supplies.

Mr. HEIMBURGER. In the case of wheat, and I think this is true of all commodities except tobacco, the quotas and allotments are figured separately, under separate provisions of law. There can be allotments without quotas. Obviously there cannot be quotas without allotments, but there can be allotments without quotas in wheat. And one case where there can be, is where the quotas are voted down.

Mr. SHORT. We are dealing here with bases, not allotments. This is for history purposes, where you are talking about the farm base, from which the allotment is determined—you are talking about the preservation of the wheat base on the farm and not the allotment, per se.

Mr. HEIMBURGER. That is correct.

Mr. QUIE. It says that for 1959 the farm allotment shall be the wheat acreage on the farm.

Mr. BAYNE. If you are interested, I think I could give you a little background history of that.

If I remember correctly, that was introduced by Congressman Anfuso, and the idea was that it should prevent the buildup of history by overseeding.

Mr. SHORT. This is exactly it.

Mr. BAYNE. But actually it went a little further than the Congress intended, I think, because what this does is not only prevent the buildup of history by overseeding, but penalizes for overseeding.

Mr. QUIE. I do not understand how you come to that conclusion.

Mr. HEIMBURGER. I have just checked with Mr. Murray. He agrees that this is the provision. This says:

The allotment to the county shall be apportioned by the Secretary, through the local committees, among the farms within the county on the basis of past acreage of wheat, tillable acres, crop rotation practices, type of soil, and topography.

And down here it says in (iii):

The past acreage of wheat for 1959 and any subsequent year shall be the wheat acreage on the farm which is not in excess of the farm acreage allotment.

Now, this means that if you are in compliance, the history you get for this year is the acreage allotment plus all of the acres of your base you are not allowed to plant because the wheat allotment has been cut. If you are not in compliance, then your history for this year is the wheat acreage allotment, period.

Mr. QUIE. How about acres diverted?

Mr. HEIMBURGER. That means under previous allotment programs, not diverted acres under the feed grain and wheat temporary programs.

Mr. BAYNE. You get into definitions here in this kind of thing.

Mr. HEIMBURGER. As Mr. Bayne pointed out a while ago, this provision has been modified by two or three other provisions elsewhere in the law that I am sure I cannot put my finger on right at the moment, but they have to do with other acres in Government programs—

Mr. BAYNE. That is right.

Mr. HEIMBURGER (continuing). Such as fallow wheat, summer fallow areas, and that sort of thing, but this is the basic law. This has been modified slightly for some particular reasons.

Mr. BAYNE. That is the net result.

Mr. SHORT. There is one other phraseology in there that I think is important. I think it refers to whether he is in compliance. Does the law construe that in a year in which quotas are not in effect that the person that does not abide by his allotment is out of compliance?

Mr. HEIMBURGER. That is correct.

Mr. BAYNE. Yes, sir. He would not get any support.

Mr. SHORT. He is not doing anything contrary to the law.

Mr. HEIMBURGER. But he is not eligible for price support. The law indicates wheat—

Mr. SHORT. The law says that he has to comply with his allotment in order to be eligible for price support. That is the same phraseology as the other.

Mr. HEIMBURGER. That is correct.

Mr. POAGE. Are there any other questions of Mr. Bayne? If not, we are very much obliged to you, Mr. Bayne. Thank you.

Mr. BAYNE. I thank you. I appreciate the opportunity of appearing here.

Mr. POAGE. The committee will now be glad to hear from Mr. Garver, representing the U.S. Chamber of Commerce.

STATEMENT OF WALTER B. GARVER, REPRESENTING THE CHAMBER OF COMMERCE OF THE UNITED STATES

Mr. GARVER. Mr. Chairman and members of the subcommittee, I am Walter B. Garver, manager of the Agricultural Research Department of the Chamber of Commerce of the United States.

On behalf of the national chamber's members, we appreciate this opportunity to express our opposition to H.R. 3874, entitled the "Feed Grain Act of 1963."

This bill's provisions are an extension and a loose and sweeping expansion of recent and existing legislation of feed grains. But since it provides no terminal date for its provisions, it would be permanent feed grain legislation.

Our objections and opposition are based on two important aspects.

The first is that it would continue a very costly program which has achieved results not in keeping with its great cost to the taxpayer.

The second reason for our opposition is that as permanent legislation it makes broad delegations of authority to the Secretary of Agriculture which we believe are not in the best interests of farmers or the public. Some of the delegations appear to us so sweeping as to constitute an abdication of congressional authority and responsibility if they were to be approved and passed by the Congress.

The diversion of feed grain acreages, which this bill would extend, is, of course, aimed at reducing feed grain production and shrinking existing stocks, especially those stocks in Government hands involving costs for storage and handling.

On the basis of 2 crop years of operation, 1961 and 1962, the net reduction in the output for 1962 from 1960 for corn, barley, and grain sorghums was 379 million bushels. The cost of the diversion program for 1961 and 1962 has been \$1,695 million. Measured in this way, it could be said that each bushel of feed grain reduction cost \$4.48.

But taking into consideration the reduction of 347 million bushels of the three grains in Commodity Credit Corporation stocks and loans between January 1, 1961, and January 1, 1963, a total reduction of production and Government stocks for the 2-year period totals 726 million bushels. Measured against the cost of the programs for the 2 years, the cost per bushel of total reduction of both is \$2.33. This is, in our judgment, an inordinately high cost operation.

Moreover, the costs of the program equaled more than 34 percent of the total cash receipts from the sale of the three grains by farmers in 1961. In 1962, the figure was more than 36 percent.

Assuming a ratio of 22 to 23 percent for net operator income to the value of cash sales of the three grains, the direct diversion payments to participating producers equaled for the 2 years \$1.50 for each \$1 of such net cash income.

The magnitude of income effects of the diversion payments is shown by the fact that in 1960 Government payments were 9 percent of net operator cash income from farming. For 1961 this rose to 18 percent, and for 1962, Government payments constituted 25 percent.

We oppose the sweeping delegation of power and authority to the Secretary of Agriculture specified or implicit in the bill, H.R. 3874.

Under it a Secretary would have the power to set on a broad scale the size and scope of feed production in the Nation. He would be empowered to decide when the supply of feed grains would be likely to be excessive, and based on that decision formulate and carry out an acreage diversion program. No guidelines for the definition of an "excessive" supply are given in the bill, other than the Secretary's "determination." He is empowered to establish an acreage reduction goal. Thus, it is left to the Secretary whether or not there is to be an acreage diversion program.

The Secretary is further delegated the power to prescribe the extent to which a producer must participate in any diversion program in order to be eligible for any price supports. The bill provides little or no guidance to the Secretary. It simply provides that he shall determine the terms and conditions that he thinks are fair and reasonable under which diversion payments shall be made. The bill provides a ceiling on the rate of payments but gives no indication of guidelines for minimum rates.

Similarly, there are no limits on what the Secretary may do with respect to the proportion of price-support benefits he may pay directly to participants as payments. The bill does supply a formula for determining the acreage and bushelage basis for payments in kind, but the Secretary would be free under the bill to bestow all the price-support benefits as payments, or none at all, should he so decide.

There might appear to be an upper limit to the total extent to which he could make payments in kind—the limit being the amount of commodities under Government control. But since the bill requires the Commodity Credit Corporation to assist the participant in marketing the certificates in accordance with rules which the Secretary is to prescribe, and since the bill would authorize the Secretary by his own terms and conditions to make conservation payments in addition to the payments in kind for participation in the diversion program, there is no limit on the proportion of the program he could carry out by payments.

The bill would authorize the Secretary to set the price support anywhere between 60 and 90 percent of parity under an acreage diversion program. Again, there are no guidelines other than whatever level he thinks necessary to achieve the reduction goal which he is empowered to establish. Moreover, under the payments-in-kind provisions he would also have the power to make the support price the ceiling price. He would have the power to manipulate the payments-in-kind program on sufficiently broad scale so that redemptions of certificates would keep feed grain prices no higher than the support level—plus reasonable carrying charges if there were any such.

We object strenuously to sweeping delegations of this kind. They place into the hands of a Secretary of Agriculture power to devastate and eventually destroy free independent farmers and marketing agencies.

Given the power to define excess supply and thereupon establish an acreage reduction goal, to set the price-support levels and the ceiling price for feed grains, a Secretary of Agriculture could then establish the production and marketing of such commodities as a completely Government-run monopoly.

This would be government by men, not by law.

In the faith that this committee and Congress will not countenance such dangers, we petition and urge this committee to reject H.R. 3874.

Mr. POAGE. Mr. Garver, you heard Mr. Shuman's testimony this morning, did you not?

Mr. GARVER. Yes, sir.

Mr. POAGE. I say, did you hear Mr. Shuman's testimony this morning?

Mr. GARVER. Yes, sir.

Mr. POAGE. You heard Mr. Shuman, then, say that he believed that cheap corn made for cheap livestock. Do you agree with that?

Mr. GARVER. In part.

Mr. POAGE. What part do you not agree with?

Mr. GARVER. Cheap corn makes cheap livestock when feed is cheap, relative to other costs.

Mr. POAGE. What?

Mr. GARVER. Cheap relative to other costs.

Mr. POAGE. Well, relative to other costs—just what do you mean by "relative to other costs"?

Mr. GARVER. Well, cheap—cheap feed makes cheap livestock in the sense that it encourages the wasteful production of livestock, so all costs are not recovered, so it is cheap livestock from cheap feed on a marginal basis and livestock production is overextended.

Mr. POAGE. Just talk language that some of us producers can understand. Do you mean that if corn went down to 50 cents and remained there for a period of time, that you would expect cattle to go down to 12 or 15 cents?

Mr. GARVER. I am not arguing with your figures.

Mr. POAGE. Use any figures that you want. You agree that is a basic relationship, or do you not?

Mr. GARVER. No.

Mr. POAGE. I am trying to get you to say, but you will not say what you believe, so I have to put words in your mouth and ask whether that is correct or not.

Mr. GARVER. You will do that anyway, but go ahead; I am trying to understand what your question is.

Mr. POAGE. You use your language and tell us what the relationship is.

Mr. GARVER. Well, I think there is always, or has been, in history, whenever there has been an abundance of feed, it has been used up. It is a pretty firm axiom in the livestock industry that you have as much livestock as there is feed for it. And, of course, if you have a lot of feed, you will have a lot of livestock, because feed is there and the price is low relative to other costs, and it will be utilized and turned into livestock and livestock products.

Mr. POAGE. And what about the effects on livestock prices then?

Mr. GARVER. It has the same effect as any other supply-and-demand relationship. If you are going to equate the two, the price has—

Mr. POAGE. You are going to do what?

Mr. GARVER. If you are going to equate supply and demand, it has to be done through prices, which means that prices have to go down.

Mr. POAGE. I think that is a correct statement.

You also heard Mr. Shuman say that, in his opinion, that had we had no feed grain program of any kind, either control or support in 1961 and 1962, there would have been less feed grain grown than we did grow—you heard him say that, did you not?

Mr. GARVER. Yes.

Mr. POAGE. Do you agree with that?

Mr. GARVER. I do not have any basis for knowing what we would have done. This is a hypothetical question. I think the program had some effect in reducing that.

Mr. POAGE. You think the program had some effect in reducing it?

Mr. GARVER. Yes.

Mr. POAGE. That would be contrary to Mr. Shuman's belief. What is your opinion? Did the reduction of production have any effect on the price of feed grains?

Mr. GARVER. I think it would be pretty hard to tell, but it is my guess or my judgment that to a modest extent, it operated, that is, to the extent that it operated, it had some slightly bullish effect in supporting the price.

Mr. POAGE. I think so, too. You suggest on page 2 of your statement that there was a net reduction in crops in 1961 and 1962 as compared with 1960 of 379 million bushels. That was actually roughly 30 percent, was it not, in the acres?

Mr. GARVER. I do not recall. I think it was 23 percent.

Mr. POAGE. How much?

Mr. GARVER. I think 23 percent.

Mr. POAGE. Let us take 23 percent that has been suggested by somebody, and if the 23 percent had produced at the same rate as the other acres produced, that would have been more than 3 billion bushels of grain grown on those acres, would it not?

We all agree that it would not have produced that quantity, because those acres which went out were undoubtedly less productive, but can you conceive of those acres only producing one-tenth as much per acre as the other acres?

Mr. GARVER. Yes.

Mr. POAGE. You can?

Mr. GARVER. Yes.

Mr. POAGE. Do you think that the land that was laid out would produce only one-tenth as much as the land that the farmers kept?

Mr. GARVER. I think that the difference in the land would be a part of it. There is a difference in the intensity with which they cropped the other land as well.

Mr. POAGE. Yes. About how much increase do you think you can get by the most intense farming that will pay off? Some people do it for show purposes and grow 300 bushels of corn per acre, but nobody ever made a profit on a field of 300-bushel corn.

Mr. GARVER. No farmer ever made any money out of it.

Mr. POAGE. You never knew of anybody that made a profit on a crop of 300 bushels of corn per acre, because costs would get out of all proportion to the value. Is that not right?

Mr. GARVER. Yes. It would depend on what they got for the corn. If they just grew it for show, they would grow it as a stunt, usually.

Mr. POAGE. But you never saw anybody make enough money to make 300 bushels of corn profitable, did you?

Mr. GARVER. No, I have not.

Mr. POAGE. It has only been produced once or twice in the United States. Incidentally, it was done in the State of Mississippi.

About how much corn can you grow? Let us assume that we can grow 300 bushels to the acre. However, you know that you cannot grow it profitably. How much can you grow profitably?

Mr. GARVER. I would not be able to answer that on any plot unless I looked at the plot. It would vary all over the Corn Belt, all over the feed grain area.

Mr. POAGE. All right. Give us some idea. You are supposed to be the agricultural expert in the U.S. Chamber of Commerce.

Mr. GARVER. Well, I made a study 2 years ago of a number of Middle Western cash grain farms in which they grew corn profitably at 82 cents a bushel.

Mr. POAGE. I did not ask you about that. I am asking you about how many bushels. What is the maximum of how many bushels that anybody can grow profitably per acre?

Mr. GARVER. Well, I do not remember, but some went up to 204 bushels, I remember in one case.

Mr. POAGE. You think that was a profitable operation?

Mr. GARVER. It was according to his books.

Mr. POAGE. It was?

Mr. GARVER. Yes.

Mr. POAGE. All right, 204 bushels. That is probably about the maximum that anybody can grow and grow profitably, is it not?

Mr. GARVER. I will take your word for it.

Mr. POAGE. No, I am not asking you to take my word. I am asking you, you are the expert—you are the man who knows these things, and the business end of them—yes, you are employed by the biggest business organization in the United States as the manager to advise them on agriculture. You must know something about the relationship between profits and operations.

Do you think that a man can profitably grow more than 204 bushels of corn per acre?

Mr. GARVER. I think that he can, yes. It is possible. I do not know until I look at the situation. You asked me as an expert. I am not supposed to carry everybody's farm accounts in my head. There are some farmers that are coming out pretty well on 200-plus bushels per acre.

Mr. POAGE. Do you have any idea about what the average man in the Corn Belt does—what the maximum yield is that he can profitably produce?

Mr. GARVER. It depends on the price.

Mr. POAGE. All right. At the present prices, at \$1.08, which we were told was the price.

Mr. GARVER. If you put it in terms of an average man, I do not know any average man.

Mr. POAGE. All right, but you give us a lot of adjectives and a lot of figures, but you do not know anything about that?

Mr. GARVER. I am not an average man. There is not any average producer.

Mr. POAGE. There is no way of determining—no way of getting any idea about what is profitable and unprofitable?

Mr. GARVER. You can get an average cost and an average basing cost, but nobody has ever pulled them all together.

Mr. POAGE. Let us assume that 204 bushels per acre is all that you can grow profitably—let us assume that these people could grow

300 bushels and that is the highest that has ever been grown in the United States.

Mrs. MAY. Per what?

Mr. HOEVEN. Where has that been done?

Mr. POAGE. That was done in Mississippi. In Mississippi they grew 300 bushels per acre, and nobody made a profit out of it, of course.

Mr. HOEVEN. Was that not a demonstration plot?

Mr. POAGE. Certainly, that is what it was. That is exactly what I am getting to. It is not profitable to grow—although you can grow corn up to 300 bushels per acre, there is no profit in that. A man makes a mistake growing that much if he is growing it to make a living.

All right. Let us assume that everybody in the United States grows 53 bushels per acre. That is, I believe, the actual average and you figured that these acres that were retired would produce only one-tenth as much?

Mr. GARVER. I have seen some of them that would only produce that.

Mr. POAGE. All right. You remember these are averages for every farm in the United States in the program. It is not land out in the Big Bend region of Texas—it is not land out in Arizona—it is land in Iowa; it is land in Illinois; it is land in Ohio. You say that that kind of land is only growing one-tenth as much as the 53-bushel-per-acre U.S. average.

Now, your figures for the other land is that it could grow but 5 bushels per acre—5.3 bushels per acre; that is all you figure could be grown on this land that was retired. Do you really mean to tell this committee that you think that this land that was retired could only average 5.3 bushels per acre?

Mr. GARVER. If you allow for the shrink that was mentioned this morning, the retirement was greater than the reduction in acreage, and for the practices applied on the land, and the return to the producers, I think that this would be about 5 bushels, which would be about right.

Mr. POAGE. You think that 5 bushels would be about right?

Mr. GARVER. Yes.

Mr. POAGE. And most of that corn, or that land was in the Corn Belt. Well, I will not argue that. There is no reason for discussing the matter with you further.

Does anybody else have any questions?

Mr. JONES of Missouri. In the last paragraph on your first page, Mr. Garver, you say that—

The diversion of feed grain acreages which this bill would extend is, of course, aimed at reducing the grain production and shrinking existing stocks, especially those stocks in Government hands involving costs for storage and handling.

Would you say that that would be a good goal to aim at, or would you endorse trying to achieve this aim that you have set out here?

Mr. GARVER. It is the chamber's policy and position on crop and agricultural production, generally. We have long ago come to the conclusion that any program which sought permanently to fence in production by curtailing it was foredoomed to failure because of the technology that is available to get around it.

As to reducing stocks, we have always gone along with the program that would reasonably and systematically reduce existing stocks as being too large, as being a drag on the market, and being something of a burden on the price structure.

So I would have to say that the aim is split as between the two, so far as the chamber's policy is concerned.

Mr. JONES of Missouri. In other words, you only said that you think that the chamber would endorse; that is, the only thing that they would endorse would be to reduce the existing stocks, and those stocks in Government hands involving costs—you would agree to do that?

Mr. GARVER. Yes, we have supported that.

Mr. JONES of Missouri. How do you suggest that we set it, then, if we do not bring about a reduction in production?

Mr. GARVER. Well, we have, after a study of the operation under Public Law 480 and similar programs, felt that this is a program that could be phased out under those arrangements, provided you quit adding to the stocks, which means find some other bases for your program than piling them back into the cupboard.

Mr. JONES of Missouri. What would you do with stocks if you do not store the stocks? You say that you do not believe in reducing the production. What are you going to do with the production which apparently is more than we have been able to sell and give away, and then we have accumulated these stocks, even with controls.

And now you say, take off the controls and have more production, and yet you want to shrink the stocks. I would like to get your philosophy on how you intend to accomplish both of those things.

Mr. GARVER. We say "shrinkage of existing stocks," which is the language in the statement.

Mr. JONES of Missouri. Yes.

Mr. GARVER. We would say that there has never been produced more than could be sold, so long as the Government stood by ready to buy it at some price that keeps it coming in.

Mr. JONES of Missouri. In other words, you feel that if the Government did not have the support program and did not offer to buy the production from those who participated in the program, that the production would naturally go down, and in that way the surplus would disappear, naturally; is that your theory?

Mr. GARVER. Yes. In time the price would go to a level that on the marginal basis somebody would have to cut back their production and resort to intensive measures or quit producing entirely.

Mr. JONES of Missouri. Let me ask you what will happen to those people that you say are going to have to reduce their production in order to keep these crops from accumulating—what happens to those people, the farmers who have been producing? How are you going to take care of them?

Mr. GARVER. I do not think that we have to take care of them. They take care of themselves, the way 3 million have in the last 10, 12 years—the way 3 million families have already.

Mr. JONES of Missouri. Wait a minute. You say "the way 3 million families have already"; are not most of those 3 million families drawing unemployment benefits or something in its place, which the farmer could not draw?

Mr. GARVER. Not in my experience.

Mr. JONES of Missouri. You are perfectly familiar with the unemployment, I know that.

Mr. GARVER. I know about that, but Mr. Jones, you said are not most of them drawing it. I said not in my experience, they are not drawing it.

Mr. JONES of Missouri. Where do you think that these unemployed come from today?

Mr. GARVER. They are coming largely from the unskilled younger people who have been coming into our population and from the overage people, over 45 years of age, that nobody seems to want to hire. I have checked into this in many different parts of the country. I have checked with people who have left the farms for the last 10 years and find them doing all of the things you can think of, from practicing law to teaching school, running filling stations, clerking in stores, running television service shops.

Mr. JONES of Missouri. You are talking about farmers now?

Mr. GARVER. I am talking about farmers that have left the farms in the last 10 years.

Mr. JONES of Missouri. I did not know that farmers had those skills to operate television repair shops.

Mr. GARVER. Most of them have acquired it.

Mr. JONES of Missouri. What is that?

Mr. GARVER. They have acquired these skills.

Mr. LATTA. As to this question that you raised about the reduction, let us take a hypothetical case of a person having 100 acres of corn and he puts 10 percent of it into the soil bank, leaving 90 in corn.

Is it not entirely conceivable that the man with so many bushels to the acre, which on 100 acres gives him 9,000 bushels, would lay aside the poorest land of the 100 acres and increase the use of fertilizer and would come up with better seed to get 100 bushels per acre from the remaining 90 acres, and that he would yield 9,000 bushels anyway?

Mr. GARVER. Yes, sir; it is not only conceivable, but I have talked to a number of them who have done that and better.

Mr. LATTA. I want the record to show that has happened a good many times in my State. These advance payments that they have received have permitted them to buy additional fertilizer to do that.

I want to say that it is entirely feasible and it is being done.

Mr. POAGE. I was talking about what the gentleman from the chamber of commerce talked about, and what he testified to, to the effect that he felt that these retired acres would produce only one-tenth as much per acre as the acres that were left in production. And since the acres in production produced—we know what they produced—they produced 53 bushels per acre over the United States, that meant that the retired acres could not have produced but 5.3 bushels per acre, and he testified and he thought that was reasonable, that they probably did not produce but 5.3 bushels per acre; is that right?

Mr. GARVER. This is the program.

Mr. POAGE. As a matter of fact, the difference between saying a man can raise his production by 10 percent—

Mr. GARVER. Well they just transported 50 bushels per acre off of the retired land over to the acreage they had left.

Mr. POAGE. Under Mr. Latta's proposal, he only had to raise his production on those acres by so much per acre and he had the same

production, but you have suggested that there would only be a production of 5.3 bushels per acre, and most of that came from the Corn Belt of the United States.

And my point was that I just do not believe that the retired acres in Iowa and Illinois and Ohio could be so poor in quality that they would only produce 5.3 bushels of corn per acre. I do not believe that there are many acres in that area on which you grow corn that only produce 5.3 bushels per acre. Nobody does that even in my area. And we do not produce anywhere near their production.

Mr. LATTA. I agree with you 100 percent. I do not believe that is what he is trying to get at, however.

Mr. GARVER. You are quite right.

Mr. POAGE. He agreed with me just now.

Mr. GARVER. I would not pretend that the acreage diverted was 30 million—or whatever figure you had—had 5-acre corn on it. The effect of this program from the standpoint of reducing the production was that might as well be 5-acre corn land, because they transferred 40, 50 bushels from it to the acreage they still had left.

Mr. POAGE. You have to transfer 10 times as much. That is what you say this land would produce. You have to transfer just 10 times as much; and you have just pointed out that you thought that the highest corn production in the United States which would be feasible and profitable would be only a little less than 4 times as much as the average production. You assume that a man would transfer $2\frac{1}{2}$ times of what you thought the maximum was—that is what you are assuming. So he would have to transfer 10 times as much under this.

Mr. GARVER. There is, in our feed grain economy, the capacity to produce a lot of tonnage of feed grains, as you know. This will be produced on whatever acreage you leave him to produce it on. And you will get relatively a small reduction by acreage reduction, because there are offsets that they have within their power to make, and they have made them.

Mr. POAGE. Now, then, excuse me, Mr. Latta.

Mr. LATTA. I yield.

Mr. OLSON of Minnesota. I have several questions.

I would like to make a comment first. We have been arguing about the law of supply and demand. What you have been pursuing, Mr. Chairman, in your discussion is the point of diminishing returns.

We get into the argument about incentive, because the witness constantly maintains in his discussion that any program that the Government might have relating to price support of any kind is such an incentive to produce that the farmers are going to break all reasonable bounds, and they are going to add to our surplus stocks.

I would like to say that a reduced price, in my estimation, is just as much of an incentive to produce as the price support or the increased price.

A man will work harder if he is still on the farm going broke. He will work harder to maintain what he has as it is the only way of life he knows.

I think he might sneak off and go fishing once in a while, if the price from his farm was so good that he has time to do these other things.

Further, I believe that if you are going to depress agriculture, you are going to destroy the opportunity for the American farmer to improve his profits and his technology. These are what enable him

to produce efficiently and gives the consumer the favorable food costs they enjoy.

You say that you are for reducing taxes, and you come in with a theoretical argument about how much we have not reduced this tax. And so did Mr. Shuman this morning. In fact, the programs that you supported, both of you, would never decrease farm program costs. I cannot quite see why I should be willing to accept the theory that you have incorporated in your testimony, as a fact, for being opposed to the farm bill that we are discussing. Actually we have a much better example in the program that was in effect not so long ago and almost bankrupted all of us.

Mr. GARVER. Well, I would like to say for the record and Mr. Olson that we never supported the price support program under that administration either, so that we are not defending one administration and attacking another.

We are talking about the fundamental principles. And the various things that you mentioned about motivation and incentive, I quite agree with you that in the short run, when the belt is tight, a man will do what he can to squeeze the last drop out of the turnip before it drops out of his hand.

This goes on every day in agriculture and has ever since I was old enough to milk a cow. I have seen it.

Mr. OLSON of Minnesota. I would like to correct myself, insofar as I indicated that you supported a specific farm program. I quite understand that you did not support a specific farm program. What I do mean is that you did support and you will always support a lower economic yield for agriculture, and thereby, I believe, there will be more incentive to produce. I did not hear loud opposition to a program like the soil bank program.

Mr. GARVER. I think this calls for an answer, Mr. Chairman.

Mr. POAGE. I think so, too.

Mr. GARVER. For the record, we did not support the soil bank. In fact we spent a good deal of time with the other committee on the other side pointing out that this was a short run program that would have longrun consequences to the opposite of what they expected and wanted; that it was important and it is important to separate conservation in the public interest from the question of trying to divert resources in the face of the capacity that there is to produce in this country.

I would like also to say in answer to your comments that I hope that I did not say that we do not support any program at all. I said we did not support the price support levels which dropped production in Government's hands.

Mr. OLSON of Minnesota. What programs do you support?

Mr. GARVER. We support a disaster floor to take any undue share of the burden of the general price decline from the farmer. We support as an additional measure in the current situation the use of whether it be diversion programs, like involved in the feed grains or a soil bank or compensatory payments or gradually lowering price supports; any device which is an aid to farmers, to give them time to adjust, to make arrangements in their own enterprises and operations, and to make up their own minds whether this is the competitive base they should have to stay in or out.

We support a gradual but systematic and transitional program coming more nearly to grips with market demands. That is the only real guidance test of value of what any part of the economy produces.

Mr. OLSON of Minnesota. You would support 50 percent of parity?

Mr. GARVER. Yes, or some percentage of market average, if it prevented the market from dropping out.

Mr. OLSON of Minnesota. Let us pursue this a bit further.

How much profit does a farmer have?

Mr. GARVER. Now you are talking in generalities about a farmer again.

Mr. OLSON of Minnesota. Well, any kind. I will not badger you what you say.

Mr. GARVER. How much profit does a farmer have?

Mr. OLSON of Minnesota. Yes.

Mr. GARVER. I have seen farmers operating rather large-sized family units, making as much as \$28,000 or \$30,000 a year.

I have seen farmers making almost or operating almost as big an operation going broke.

Mr. OLSON of Minnesota. I mean in relationship to the dollar.

How much profit does he have on a dollar?

Mr. GARVER. Now, you mean the margin between costs and receipts?

Mr. OLSON of Minnesota. Right.

Mr. GARVER. Well, the figure I used is 22 or 23 percent is the margin for all U.S. agriculture in recent years.

In other words, about 78 percent is his production costs.

Mr. OLSON of Minnesota. About 78 percent in his production costs?

Mr. GARVER. That is right.

Mr. OLSON of Minnesota. And you would support legislation that would support parity or farm income much below this figure and you say you are going to adjust it.

Pray tell me, how long can a man be adjusted when he is losing that kind of money and of his operation?

Mr. GARVER. Well, my dear sir, it is not the business of the Congress to keep everybody from going broke.

We all have to sell our goods and services and win or lose sooner or later, and this is as true of the farmer as anybody else.

Mr. OLSON of Minnesota. We are involved in a discussion here about what this Congress will do in establishing price levels in agriculture. If not, prices will be disastrously low.

I say that agriculture, and the farmers in my district, have not had a farm program for many years. As far as I am concerned the only ones who have been getting assurances of not going broke are you people and the people that the chamber of commerce might represent.

If you support agriculture at 70 percent of parity, the farmer is going to go broke at that, and then I would rather see no farm program, because it only supports everyone but the farmer.

Every time the budget is read, it is always the farmer who is getting the credit for spending all of the money but his income is not supported. It is his costs that are supported and this does not do him any good.

Mr. GARVER. I could not agree with you more.

I made this study in connection with an appearance before this full committee at one time 2 or 3 years ago and which I got from the Census Bureau some data on 660,000 top commercial farmers in this country.

They produced 60 percent of all that was sold and from 1949 through 1958, a 10-year period, their production expenditures rose by almost exactly the amount of money they had derived from Government programs.

Mr. POAGE. Are there other questions?

Mr. OLSON of Minnesota. No.

Mr. POAGE. You referred to Mr. Jones about this unemployment. How many unemployed workers are there in the United States today?

Mr. GARVER. Oh, I have forgotten offhand. Seventy—

Mr. POAGE. 6 or 7 million?

Mr. GARVER. 6 or 7 million or something else.

Mr. POAGE. Something on that order? So long as we have those people unemployed when one man comes in off of the farm to the town, as you suggest he should do, must he not do one or two things?

Must he not either be unemployed himself and, therefore, receive the aid that Mr. Jones mentioned or must he not take a job which otherwise would have gone to one of these people who are presently unemployed in town?

Mr. GARVER. Well, Mr. Poage, I would like to back up.

You said I said he should go to town. I said no such thing. I said if they left the town they would do just like the 3 million families did preceding them, which was that they did go to town.

I do not say that they should do anything. That is up to them to decide.

Now, as to displacement—

Mr. POAGE. You offer no solution, though. You do expect him to go to town, do you not?

When they do go to town what I want to know is how they can be supported without either having Government help themselves or creating a lack of a job for someone else who gets Government help?

Mr. GARVER. Well, to turn your argument around, that is the best reason in the world for having no more babies.

Mr. POAGE. Well, I do not know, I do not quite follow your logic there.

Mr. GARVER. Well, you are saying one more person added to the labor market just raises hell.

I am saying that every time a baby is born it just raises hell.

Mr. POAGE. That is perfectly true. The greater our population increases the more pressure it puts upon the unemployed. Of course it does.

Mr. GARVER. That is what I am trying to say.

Mr. POAGE. But that is one of the things that we have got to face. Here is the population increase.

It is not near as great in the United States as it is in many other parts of the world.

Frankly, that is one of the things that worries me even more than farm programs or defense or anything else, and that is the population explosion.

These nations where the populations are increasing far faster than the increase in productivity is what is worrying me.

Fortunately, that is not true in the United States yet.

But I still come back to the proposition that each one of these farmers who goes to town either becomes a public charge or causes someone else to become a public charge.

Mr. GARVER. Well, I think this requires you to regard the maximum total jobs available in this country as an impenetrable ceiling, which we do not believe is true at all.

Mr. POAGE. Well, you think that they can go to town, find jobs, and become self-supporting when they get to town?

Mr. GARVER. Yes, sir.

Mr. POAGE. And it costs the Government nothing?

Mr. GARVER. Well now, I did not say that. There are some of them that do get on relief.

Mr. POAGE. Well, do you think that any appreciable number that go to town find jobs without displacing someone else who otherwise would have taken that job, who is now out of work and drawing Government help?

Mr. GARVER. No, we have had expanding employment. They fit it into that.

We have what? Twelve or thirteen million more jobs than we had 15 years ago being filled. We have more people working.

Mr. POAGE. That is right, but we still have 6 or 7 million unemployed.

As long as we have those unemployed, I do not see how you can keep shoving these people from the farm into town without creating a public burden which is greater than that which we face by giving them help to stay on the farm.

It seems to me it is cheaper to keep them on the farm than move them into town.

Mr. GARVER. I do not want to move them into town. I want to go on the way we have been, each man taking care of himself.

Mr. POAGE. I know, and that is a fine theory. That is a fine theory.

But, you know, if they cannot make a living income on the farm, they will move to town.

You just told Mr. Jones that the answer for them was to do just what these other farmers had done before them, go to town.

Mr. GARVER. He asked me what happened to them and I said they will do what the others have done, go to town and get jobs.

Mr. POAGE. And, of course, that is all they can do.

You have just told us indirectly that the average farmer would stay on the farm as long as he could, and he would work as hard out there to try to stay there as he could, but you have just told us that ultimately he will lose out and that is right, and I agree with you.

Mr. GARVER. No, I did not say the average farmer.

I said there are farmers under the kind of incentive that he is talking about when they are going broke, who will hang on as long as they can.

That is not the average farmer.

Mr. POAGE. All right. It is more than the majority, is it not?

Mr. GARVER. No, I do not think so.

Mr. POAGE. It is more than half of them. Well, we had all of these figures thrown at us, that 87 percent of the farmers in America produce only about 40 percent of our food and that 13 percent produced about 60 percent of all production in the United States.

Your organization has given us those figures, and I do not question them. You believe that a small percentage of the farmers are producing most of the farm products, do you not?

Mr. GARVER. This is true of all economic activity.

Mr. POAGE. All right. And it is equally true that there is a large percentage of those farmers who are not making enough to enable them to stay on the farm with their families with a reasonable income.

Is that not true?

Mr. GARVER. There is a smaller mortality among farm businesses, if you want to call it that, than there is among town commercial businesses.

The Department of Commerce a couple or 3 years ago published in the Survey of Current Business a study of several thousand establishments in business in 1948, and by 1957 82 percent of them had disappeared.

Mr. POAGE. The names had disappeared. There had been a change in the ownership.

That is what you meant, is it not?

Mr. GARVER. Well, there is a change in the ownership of farms, too.

Mr. POAGE. That is right, but each change in the ownership of farms does not necessarily mean that the man has gone to town.

Mr. GARVER. Well, may I go back to what I am trying to say, and that is this: So far as going broke and going under, mortality is less on farms than it is in commercial establishments in towns.

Mr. POAGE. Possibly so. Well now, let's follow that on—

Mr. LATTI. Before you go on, may I clear up one point?

Mr. POAGE. Yes, sir.

Mr. LATTI. And this is about the unemployment compensation for these people.

Mr. POAGE. I did not say a word about "unemployment compensation."

Mrs. MAY. Mr. Jones did.

Mr. POAGE. I know he did, but I did not.

Mr. LATTI. I would like to have this cleared up.

Mr. POAGE. Mr. Jones was saying that after they got to town—

Mr. LATTI. They went on unemployment compensation.

Mr. POAGE. He said either unemployment or some other government compensation, and I think that is clear that they will.

Mr. LATTI. Well, I think the record ought to show, just as a matter of correction, that farmers are not entitled to unemployment compensation when they leave the farm.

Mr. POAGE. I think that is correct. But I do not think that you will deny that these farmers that came from South Carolina, that are now living out here in Washington, D.C., are drawing some kind of Government support, do you?

Mr. LATTI. No, I would not deny that, and—

Mr. POAGE. It averages about \$200 a month. But now, let's follow this one moment here, this argument.

You have just told us, and I agree with you, and I agree with Mr. Olson, that a farmer will stay on the farm and try to work as hard as he can to try to stay there.

Most of them will ultimately lose out in that way, or at least they have in the last few years because they have been moving to town at a rate now close to a quarter of a million a year.

So there are a lot of them losing out.

Now, I took it from your statement that that would reduce production, and Mr. Olson did not challenge it—so I want to challenge it—I think that we must point out that when a man moves to town

and goes broke that the land is still there and that you have not done a thing in the world toward balancing supply and demand except probably make the situation worse because then somebody from Washington, D.C., or Waco, Tex.—some doctor or some lawyer, and I used to practice law, and I am not saying that anybody else is any worse than I am, but somebody who has been sitting under an electric fan or in an air-conditioned building buys that farm. It may be the Metropolitan Life Insurance Co. or the Bankers Life.

Unity Central got a lot down in my country. But somebody gets that farm and owns it, and he has got the money to do a good deal more than "old Tom" had who went broke on it.

He has got the money to put that fertilizer on and he has got the money to buy that tractor. He has got the money to put good stock out there, and he increases rather than decreases the productivity of that land.

And you do not, you simply do not achieve a balance between supply and demand by starving these farmers off the farm.

I think that is the fundamental error of the solution that you offer.

You assume that you can starve the farmers off the farm and thereby bring about a balance between production and demand.

You simply do not decrease production by driving those fellows to town.

Mr. GARVER. Mr. Poage, we have never said that you decrease production that way. We are not in favor of the Government balancing supply and demand. We think this is a function of the market and for the man that buys that farm and runs it like a business. This is the kind of production we want in this country—

Mr. POAGE. The man who buys that farm probably buys it with no idea of making a direct profit—much less a living off of it. I heard it said just today—one of my colleagues was talking to a gentleman about buying a farm, and it was said, "Yes, you get a nice tax deduction."

Sure, I know what he got and you know what he got. Sitting here in an air-conditioned building and he bought a "tax deduction."

Now, it wasn't a tax deduction in the hands of that man who was making a living on it, because he did not get any tax deduction on it.

Mr. GARVER. Mr. Poage, I think the USDA figures still show that farm tenancy, which would have to be in this class, is at about the lowest point in its history.

Mr. POAGE. I agree, but this does not involve farm tenancy, not down in my country, at least.

I can remember when 75 percent of the farms in my part of the country were worked by tenants and today it is 30 percent of them.

No, what has happened is a man in the city has bought those farms. He does not have a tenant out there. He hires somebody by the month and he pays them wages to run that farm for him.

And if the farm takes a loss, that is fine, he has got a fine tax deduction.

But the man who is dependent upon that farm for a livelihood is not making enough income to ever pay an income tax, much less to bother about a tax deduction.

You know it is true and I know it.

Mr. GARVER. I do not agree.

Mr. POAGE. Now, let us see, Mr. Garver, did your organization support pro ratio of crude oil?

Mr. GARVER. I cannot answer at the moment. I just do not know. Now this was before I had a responsibility for natural resources. If I remember rightly, we supported the legislation, permitting the Interstate Compact.

Mr. POAGE. Certainly, you supported it. The Connally Hot Act makes it a criminal offense to move oil in interstate commerce that was produced in violation of a State pro ratio law, does it not?

Mr. GARVER. That is my understanding.

Mr. POAGE. And you supported it, did you not?

Mr. GARVER. I think we did.

Mr. POAGE. I think you did, too.

Now, that means that you are on record as supporting—not the right of the industry to make a decision—but the right of government without any referendum whatsoever to tell the man who owns an oil well that he cannot produce any more oil than his share of the effective market demand, and that is the wording of the statute “effective market demand.”

You find that is perfectly proper in the oil business to limit production to a share of the effective market demand without any referendum on the part of the producers.

But you find it wicked to allow producers to use for themselves the same tools in regard to agricultural products, do you not?

Mr. GARVER. Mr. Poage, we have never used the word “wicked” nor—

Mr. POAGE. All right. You use whatever word you want to. They all come out to the same thing.

You find it “immoral.” You find it “improper.” You find it “inadvisable.”

You find it undesirable. You find it whatever you want to say. You put the word in it, but you are opposed to letting the farmer do the thing that you imposed upon the oilman without any expression of his views, do you not?

Mr. GARVER. Well, I think the support for oil is on the basis that this is an exhaustible natural resource and not replaced.

Mr. POAGE. If that were true, if that were in fact true, would you not then limit that production to that amount which would not impair the productivity of the field, but the limitation actually, and according to the statute is to the owners' share of the “effective market demand”?

And that is what you supported, the effective market demand. That is the wording of the statute.

I voted for it as a member of the Senate of Texas nearly 30 years ago.

I think that the proration laws are good.

I am not opposed to them. I am for them, but I never believed that oilmen were entitled to one kind of treatment from their Government and that farmers were some kind of second-class citizen, not entitled to any similar consideration.

How do you distinguish between the oilmen and the farmer?

Mr. GARVER. I do not, sir.

Mr. POAGE. Would you apply the same rules to both?

Mr. GARVER. If I were making the rules I would; yes.

Mr. POAGE. Then which, if you were making the rules, would you do?

Would you repeal the proration laws or would you extend the principle to farmers?

Mr. GARVER. I would repeal the proration laws.

Mr. POAGE. You would repeal the proration laws?

Mr. GARVER. Yes, sir.

Mr. POAGE. Now I sure want the oil people in Texas to understand that, because they will appreciate that attitude on the part of the chamber of commerce, I am quite sure.

Mr. MATTHEWS. Mr. Chairman—

Mr. POAGE. Mr. Matthews.

Mr. MATTHEWS. Mr. Chairman, concerning the movement of the farmer off the farm and into other areas of employment: I think it should be emphasized again and again that you have the problem of the age of the farmer and his skills, and although I have not participated in any research I would still believe that any research would show that farmers who would have to be moved would be, to a large extent, older farmers and, in our section of the country, farmers without the skills that they would need to find other employment.

You remember, Mr. Chairman, last year we discussed the recommendations of the Committee for Economic Development concerning the movement of the farmer from the farm, and we emphasized the tragedy that would befall rural areas, if this should happen.

All of the rural areas in my district, let me say, have been greatly aided by the feed grain program, for example.

Farmers have been able better to pay their mortgages. They have bought more clothes. They have been able to buy more machinery.

They have been able better to stay in the smaller communities of American and contribute to the growth of these communities.

One thing that has caused me great concern in the economy of America lately has been the fact that spending for defense goes to the larger city areas. We find that more and more of the smaller rural areas find great difficulty in achieving prosperity.

All the great defense contracts, billions and billions and billions of dollars, are awarded by Government largess. I suppose that somebody must have this authority, like the Secretary of Agriculture has authority, and these benefits usually go to the big city areas.

So I think we must, as we talk of this program, never forget that the rural areas of our country, the small towns, the towns of 1,000, 1,500, and 2,000 have a right to grow.

I want to testify to the fact that I know, from observations of my own congressional district, that these farm programs have made some growth possible.

In fact, I understand farmers of America received \$1 billion more last year and I think that the farmers in my district got their share. This helped the business community.

I am not making any particular argument, Mr. Garver, but I did want to get that on the record, as I see it.

Thank you, Mr. Chairman.

Mr. POAGE. Thank you.

Are there any other questions?

Mr. MATSUNAGA. Mr. Chairman, I just wanted to have clarified this statement made by Mr. Garver, whether his position of removing all price support from oil was his personal view or that of the chamber of commerce.

Mr. GARVER. Well, I thank you. I tried to get the Chair's attention when we were in the depths of this.

He asked me personally which I would do, and I asked personally.

I could not speak for the chamber of commerce offhand like this without reviewing the work of the Natural Resources Committee and the testimony that they have given.

So this was a personal opinion, and I thank you for underscoring it for me.

Mr. MATSUNAGA. In other words, you are wearing two hats when you testify before this committee?

Mr. GARVER. I am not wearing two hats. I am not testifying on natural resources today.

If, as, and when I testify on natural resources I shall have to do my homework.

Mr. MATSUNAGA. Well, are you not being a little inconsistent, Mr. Garver. If you do represent the chamber of commerce and, as I understand it, you are one of the officers of the chamber—

Mr. GARVER. I am a staff member, not an officer. Officers are elected.

I am appointed.

Mr. MATSUNAGA. So that when you represent your views here, are you not supposed to be representing the views only of the chamber, rather than what you personally think?

Mr. GARVER. Well, it was my understanding that the Chair asked me for a personal opinion, if I were pressed to make a choice of which would I do.

Insofar as the chamber did, and has, supported the interstate oil compact that is the position of the chamber.

If this is inconsistent with our position on agriculture, make the most of it.

Mr. MATSUNAGA. Mr. Chairman, may I proceed to other questions?

Mr. POAGE. Certainly, but may I ask right there if Mr. Garver would be in a position to invite the Natural Resources Committee or any spokesman therefor to appear before this committee at our next meeting?

We would like to invite them down here. I do not want to send them a subpoena, but we would like to invite them if they would care to come.

Would you see that the invitation is conveyed and that we have an answer as to whether they can come or not?

Mr. GARVER. I will carry the message back.

Mr. POAGE. Thank you.

Proceed.

Mr. MATSUNAGA. Mr. Garver, in answer to questions put to you by our chairman, you stated that you did agree that the Federal grain program did reduce production, and yet you stated that you agreed with Mr. Shuman's statement that without a Federal grain program production perhaps would have been made less by the law of supply and demand. Is that not inconsistent?

Mr. GARVER. I think the record will show I did not agree with Mr. Shuman on that point.

I said that I did not think you could answer a speculative question of that kind without some assumptions I was not ready to make.

Mr. MATSUNAGA. Oh, you did not agree with him?

Mr. GARVER. I did not agree with that statement.

Mr. MATSUNAGA. Well, you said in your own statement here that the diversion of Federal grain acreages, which this bill would extend, is aimed at reducing Federal grain reduction and shrinking existing stocks. And in reply to our chairman's questions you indicated that this was being accomplished. Now, if what the law was intended to do is being accomplished I cannot see your consistency in opposing an extension of this program.

Mr. GARVER. The opposition was based on two points, that it is expensive out of proportion to the results and, therefore, not warranted on that score and, secondly, that it conveys too much authority to the executive arm of the Government.

Mr. MATSUNAGA. Supposing now that because of the lack of support programs such as this all the farmers were to move to town—of course, there might be a saving grace in that millionaires who sit in their offices will take over the farms—but supposing the farmers go to town and our production is cut down to a point where the demand is not even being met, would that not create a situation where only the very rich could afford ham and eggs?

Mr. GARVER. Mr. Matsunaga, I think that you will find that the minute you start moving in this direction that farming would become an even more attractive business than it is now to farm people and family farmers.

I do not think your supposition is realistic.

Mr. MATSUNAGA. Well, we have testimony here from farmers that unless the program is extended they will have to quit farming.

And I have had farmers from the various States drop in at my office and tell me this, that unless this program of support is extended they would have to go out of the farming business.

Now, whom are we to believe, the farmers who actually do the work and have been doing the work for generations or one who bases his supposition on pure theory, that the law of supply and demand will take care of it?

Mr. GARVER. The law of supply and demand is the most abused term I know of, among lay people and even among economists.

All that law says, and it is only a description of what goes on, is that if you want to get supply and demand equal you have to do it through price.

Now, it goes out of balance, you say, because you monkey with price, and you have got more than you find demand for or, if you have it the other way, you have the price so low that there is more supply.

Mr. MATTHEWS. Will you yield there?

Mr. MATSUNAGA. Yes, I yield to the gentleman from Florida.

Mr. MATTHEWS. In the field of Government contracts, do you think that the law of supply and demand works?

Today in America I would say a tremendous amount of our economy is based on defense contracts.

Do you think that the law of supply and demand has anything to do with that?

Mr. GARVER. Yes, I do.

Mr. MATTHEWS. How would it?

Mr. GARVER. I do not think you would do very much contracting unless the price offered for the contract was sufficient to get the job done.

Mr. MATTHEWS. Yes, but you talk about the price, you say the price is the important thing.

It is my understanding that about one-third of all our Government contracts are negotiated and that there is no competition of price.

And I am not criticizing. I am not making any point or criticism particularly but I just want to say that one thing that worries me is it seems like we want the so-called law of supply and demand to apply to the farmer when it does not apply to others.

Mr. GARVER. But negotiations is the operation of the law of supply and demand.

Mr. MATTHEWS. But would you not agree that is what we are doing in these farm programs? The Secretary of Agriculture is negotiating to give the farmer a stake in the law of supply and demand?

Mr. GARVER. Well, is it your contention that our whole economic life ought to be negotiated by the Government?

Mr. MATTHEWS. Well, my contention is that a lot of our economic life is not subjected to the law of supply and demand. I think there is another problem that you have to take into consideration, and I know you are familiar with it. The farmer, as he says, constantly buys in a seller's market and he sells in a buyer's market. He is subjected, because of the very nature of his operation, more to caprice than the manufacturer of an automobile, let's say, who, because of the bigness of his operation and other available factors can have a much better opportunity without certain Government programs to adjust his supply and demand.

Mr. GARVER. Well, he is probably in a better bargaining position than the farmer is.

But I would like to go back to your statement about the law of supply and demand, that there is not any part of our economy that is not run by the law of supply and demand—

Mr. MATTHEWS. In the field of labor do you think the cost of labor, and again I am not taking any particular point of view, but do you think that is subjected to the law of supply and demand or is it a product of collective bargaining?

Mr. GARVER. The law of supply and demand is working all the time on our labor and negotiations. And I might say it is because of the attempt to upset the balance between the two that we have so much unemployment and so much automation, because you put the price higher than the demand will take.

Mr. MATTHEWS. Well, according to your argument, if the law of supply and demand applied to labor, it looks like we would get labor for almost nothing, because we certainly have an excess of labor.

I would think again in the field of labor it is collective bargaining that sets the price of the labor and again I am not arguing against the right of labor for free collective bargaining.

The point I am concerned about is that in the field of agriculture it seems unfair to expect a farmer to operate without a benevolent attitude, at least on the part of the Government when other segments of the economy are aided by the Government. For example, the Federal Government builds canals and the owner of the barges has received a subsidy.

In the early days of the railroads the granting to them of Government lands represented a subsidy.

We have more subsidies, either direct or indirect for other industries.

So it would seem to me that these price-support programs, if some of them are ineffective, ought to be improved, but it looks to me like it is a basic tool that the farmer ought to have in order to get a fair share of the benefits of the economy.

It is a small business administration for the farmer, and I think the thing that disturbs me is I just do not believe your great organization is interested at all in this kind of a program for the farmer. Basically, that is the problem, as I see it, with your testimony.

Mr. GARVER. Well I would have to deny lack of interest that you just stated.

Now going back to what you said about the bargaining position, we recognize that every business is different in its bargaining position. I think that farming is the most highly competitive business in this country and because of that the bargaining position is relatively poor, relative to other kinds of operations. But price supports or Government assistance programs of any kind do very little about this because of that very competitive nature in agriculture, that as soon as there are benefits from a program, a Federal program in agriculture, they get put into the competitive stream again.

I made reference earlier to this 10-year period. When they plowed into the cost the benefits they got out of the program, and they did not improve their competitive position in the process. It did not give them income.

It gave them more costs, and it is the terms of these programs.

Now the history of government—the subsidy is the history of government. The word “subsidy” does not frighten us. A subsidy is for government to use to achieve what, in the public interest, the public wants and cannot be otherwise achieved.

Now whether it is barges or railroads or if they want to build up the West or not, this was the decision that the Congress made, the use of subsidies.

So we are not arguing over subsidies.

We are not arguing about the farm program because it is a subsidy. We are talking about the consequences of it in improving farm income which we maintain it does not do.

Mr. MATTHEWS. Mr. Garver, did your organization testify concerning the sugar program last year?

Mr. GARVER. No, sir.

Mr. MATTHEWS. You didn't testify?

Mr. GARVER. No, sir.

Mr. MATTHEWS. This may not have any bearing on this testimony today, but I notice with interest that you are opposed to this feed grains bill because you say it gives the Secretary of Agriculture so much authority.

You will be interested to know that many people last year, were for the sugar program and now are opposed to the proposed feed grains program on account of the fact they say, that the Secretary is given so much power, yet they have gladly accepted the Secretary's power over the sugar program.

Do you know, the sugar program in America gives the Secretary of Agriculture the power actually to set the wages for the people who work in the sugar fields? We gave him the power to set the price of sugar.

Now you are not the guilty one here, let me emphasize, but here is a problem we have with some of our agricultural programs.

Some of the folks who have testified here, are opposed to the Secretary getting so much power from one program, but they do not mind it for another program.

Thank you, Mr. Chairman.

Mr. POAGE. Thank you.

Are there other questions?

If there are not any further questions, we are very much obliged to you, Mr. Garver.

Mr. GARVER. Thank you.

Mr. POAGE. And we appreciate your attendance.

Is there anyone else here who cares to be heard?

(The following communication was also submitted:)

AMERICAN SEED TRADE ASSOCIATION, INC.
Washington, D.C., March 20, 1963.

Congressman W. R. POAGE,
Chairman, Livestock and Feed Grain Subcommittee, House Agricultural Committee,
House Office Building, Washington, D.C.

DEAR CONGRESSMAN POAGE: We understand that H.R. 3874, a bill to make the present feed grain legislature permanent, will be cleared for full committee action on March 26.

As the previous record on the feed grain hearings will indicated, the American Seed Trade Association has been and continues to be interested in the conservation features of this legislation.

We would like to have this letter made a part of the record when the bill is presented to the full committee.

Prior to last year, we had numerous complaints of idle acres that were allowed to grow up to weeds and become infested with rodents and insects. In other instances, the proper precaution was not taken and erosion resulted from summer fallow in areas where this practice had never been used before. These abuses raised many doubts on the legislation in the past, but because these practices were checked more closely during the past year, the complaints have been materially minimized.

It is our belief that the success of the legislation has been the results of the manner in which it has been administered.

It is also our belief that the U.S. Department of Agriculture now has the organization that can successfully continue to check on these practices which should result in greater conservation of the acreage diverted under the program. We believe it is the intent of Congress that sound conservation practices be maintained. It is our hope that the compliance features of the present legislation will be retained and wherever possible strengthened.

Very truly yours,

WILLIAM HECKENDORN,
Executive Secretary.

Mr. POAGE. If not, the committee will stand recessed, subject to a call of the Chair, and I would like to talk to the members of the committee just a moment.

We stand adjourned.

(Whereupon, at 4:10 p.m., the committee adjourned, subject to the call of the Chair.)

