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EXTENSION OF THE WOOL ACT

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HEARING

BEFORE THE

SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS

OF THE

COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS

FIRST SESSION

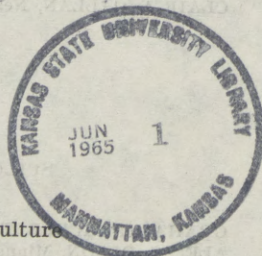
ON

H.R. 4006, H.R. 4011, H.R. 4245, H.R. 4415, H.R. 4469,
H.R. 4494, H.R. 4643, H.R. 4666, and H.R. 5557

MARCH 4, 1965

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EXTENSION OF THE WOOL ACT

MARCH 4, 1965

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 a.m., in room 1310, Longworth House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage (presiding), Purcell, Olson, Redlin, Bandstra, Greigg, Callan, Quie, Mrs. May, and Harvey.

Also present: Representatives Burton and Vigorito.

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

Mr. POAGE (presiding). The subcommittee will please come to order.

We are met this morning to consider a number of bills on the extension of the Wool Act. We hope to consider all of these bills in their various aspects. Most of them, I think, are basically merely extensions of the existing wool program, but to the extent that there are variations we will be glad to consider those variations.

I do not know just how we want to proceed this morning. It has always been the custom that the Members of the Congress who are here have an opportunity to make their presentation first. I have, however, always thought that it was much better to have the bill explained before we attempted to have the presentations of opinion on something that may or may not be apparent to those witnesses who are before us. I think, therefore, maybe it might be better to hear the authors of the bills, and to have them make their own statements briefly about their bills and then to hear from those who want to be heard on the other bills, to make their statements.

(H.R. 4011, introduced by Mr. Poage, follows:)

[H.R. 4011, 89th Cong., 1st sess.]

A BILL To extend the operation of the National Wool Act of 1954, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in section 703 of the National Wool Act of 1954, as amended (68 Stat. 910; 72 Stat. 994; 75 Stat. 306), the second sentence is amended to read as follows: "Such price support shall be limited to wool and mohair marketed during the period beginning April 1, 1955, and ending December 31, 1967."

SEC. 2. That in section 703 of the National Wool Act of 1954, as amended, the first sentence of the proviso is amended to read as follows: "Provided, That the support price for shorn wool shall not exceed 110 per centum of the parity price therefor nor shall be lower than 77 per centum of the parity price therefor."

SEC. 3. That in section 703 of the National Wool Act of 1954, as amended, the second sentence of the proviso is amended to read as follows: "If the support

price so determined does not exceed 90 per centum of the parity price for shorn wool, the support price for shorn wool shall be at such level, not in excess of 90 per centum nor less than 77 per centum of the parity price therefor, as the Secretary determines necessary in order to encourage an annual production of approximately three hundred and sixty million pounds of shorn wool."

Sec. 4. That in section 703 of the National Wool Act of 1954, as amended, the third sentence of the proviso is amended to read as follows: "The support prices for pulled wool and for mohair shall be established at such levels, in relationship to the support price for shorn wool, as the Secretary determines will maintain normal marketing practices for pulled wool, and as the Secretary shall determine is necessary to maintain the same percentage of parity for mohair as for shorn wool."

(H.R. 4469 introduced by Mr. Berry, and H.R. 4494 by Mr. Hagen, of California, are identical to H.R. 4006 introduced by Mrs. May, the text of which follows:)

[H.R. 4006, 89th Cong., 1st sess.]

A BILL To make permanent the operation of the National Wool Act of 1954, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in section 703 of the National Wool Act of 1954, as amended (68 Stat. 910; 72 Stat. 994; 75 Stat. 306), the second sentence is amended to read as follows: "Such price support shall be limited to wool and mohair marketed on or after April 1, 1955."

(H.R. 4245, introduced by Mr. Fisher is as follows:)

[H.R. 4245, 89th Cong., 1st sess.]

A BILL To extend the operation of the National Wool Act of 1954, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in section 703 of the National Wool Act of 1954, as amended (68 Stat. 910; 72 Stat. 994; 75 Stat. 306), the second sentence is amended to read as follows: "Such price support shall be limited to wool and mohair marketed during the period beginning April 1, 1955, and ending December 31, 1970."

(H.R. 4643, introduced by Mr. Morris, and H.R. 4666, introduced by Mr. Walker, of New Mexico, are identical to H.R. 4415, introduced by Mr. Roncalio, the text of which follows:)

[H.R. 4415, 89th Cong., 1st sess.]

A BILL To extend the operation of the National Wool Act of 1954, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in section 703 of the National Wool Act of 1954, as amended (68 Stat. 910; 72 Stat. 994; 75 Stat. 306), the second sentence is amended to read as follows: "Such price support shall be limited to wool and mohair marketed during the period beginning April 1, 1955, and ending December 31, 1972."

(H.R. 5557, introduced by Mr. Battin, follows:)

[H.R. 5557, 89th Cong., 1st sess.]

A BILL To make permanent the operation of the National Wool Act of 1954 and to increase the amount of payments available under such Act to an amount equal to the gross receipts from duties

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second sentence of section 703 of the National Wool Act of 1954, as amended (7 U.S.C. 1782), is amended to read as follows: "Such price support shall be limited to wool and mohair marketed on or after April 1, 1955."

Sec. 2. The proviso at the end of the first sentence of section 704 of such Act (7 U.S.C. 1783) is amended to read as follows: "Provided, That the total of all such payments made under this Act shall not at any time exceed an amount equal to the accumulated totals, as of the same date, of the gross receipts from

duties collected on and after January 1, 1953, on all articles subject to duty under schedule 11 of the Tariff Act of 1930, as amended."

SEC. 3. The proviso at the end of the first sentence of section 705 of such Act (7 U.S.C. 1784) is amended to read as follows: "Provided, however, That such amounts appropriated for any fiscal year shall not exceed the gross receipts from duties collected during the period January 1 to December 31, both inclusive, preceding the beginning of each such fiscal year on all articles subject to duty under schedule 11 of the Tariff Act of 1930, as amended."

Mr. POAGE. Our first witness will be Mrs. May, who will talk about her bill.

STATEMENT OF HON. CATHERINE MAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mrs. MAY. Mr. Chairman, I will not take the time of the committee members or of our witnesses to go into detail, but my bill, which is H.R. 4006 asks not for certain years extension of the Wool Act, but for a permanent extension of the act, and it contains an amendment which reads as follows: "Such price support shall be limited to wool and mohair marketed on or after April 1, 1955." It calls for a permanent extension of the present Wool Act.

Thank you.

Mr. POAGE. Thank you, Mrs. May.

Mrs. May's bill is a simple extension of the present Wool Act.

The next author in order is the chairman of the subcommittee.

My bill, which is H.R. 4011, in addition to extending the Wool Act, puts a floor under the payments—a floor in terms of purchasing power. As you know, the total return has been fixed at 62 cents. The payment has been the amount required to bring the average total return up to 62 cents per pound.

It is my suggestion and proposal in H.R. 4011 that we extend the bill and provide that the support payment for wool shall not, along with the average price, exceed 110 percent of the parity price; therefore, that it shall not be lower than 77 percent of the parity price. The purpose of that is to freeze the support at the point where its buying power was at the time of the introduction of this bill.

You understand that under existing law the support price would remain at the difference between the average market price and 62 cents. It has been that for 11 years but it started at 106 percent of parity, and it has gradually worked down to where it was 77 percent the first of last month and I understand that within the last few days it is down to 75.5 percent.

What I foresee is that we are fast losing the purchasing power of the support of this program. While we retain the dollars and cents support, this does not pay for the shearing, it does not pay for the feed, it does not pay for transportation and it does not pay for these other things. It does not pay the same amount of money for producing that wool that it did a few years ago, and it is going to be less and less if we rely on a dollars and cents floor rather than on a percentage of parity floor.

So far as I am concerned I have no objection to some other measure if somebody has some better scheme than using "parity." I recognize that the Department may feel that they want to use a percentage of the cost of production. I do not know about the cost of production figures, what that comparison would be. I just don't know of any formula

which reflects "cost of production" any better than does the parity formula. But if somebody has something better in mind, we want to have that.

There are two other things that I placed in this bill in the hope that it might improve it. In section 3 it states:

That in section 703 of the National Wool Act of 1954, as amended, the second sentence of the proviso is amended to read as follows: "If the support price so determined does not exceed 90 per centum of the parity price for shorn wool, the support price for shorn wool shall be at such level not in excess of 90 per centum nor less than 77 per centum of the parity price therefor as the Secretary determines necessary in order to encourage an annual production of approximately 360 million pounds of shorn wool."

That is simply giving the Secretary the authority to go above the 77 percent if he feels that it is desirable to do so. We did not want to tie it down.

And section 4 would amend the same section, section 703 with a proviso as follows:

The support prices for pulled wool and for mohair shall be established at such levels in relationship to the support price for shorn wool as the Secretary determines will maintain normal marketing practices for pulled wool and as the Secretary shall determine is necessary to maintain the same percentage of parity for mohair as for shorn wool.

That is the same floor for mohair that will be applicable to the floor in wool, so that basically the only difference between this and Mrs. May's bill is that we attempt to put a floor under which the support price will not drop.

I do not want to burden the committee with a further discussion. So we will pass to the next bill.

Unfortunately, these numbers on this list are not in sequence—I do not know why—but I believe that Mr. Fisher's bill is the next one. Mr. Fisher is before us this morning. We will be glad to hear from you now.

STATEMENT OF HON. O. C. FISHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. FISHER. Mr. Chairman and members, I have a brief statement.

I appreciate this privilege of testifying in behalf of pending legislation to extend the National Wool Act. Some amendments have been proposed, and I feel sure the committee in its deliberations will give appropriate attention to any amendments that may be expected to improve the program and its operation.

There are some proposed changes which might prove to be harmful, at which I am sure the committee will want to take a close look.

For example, I understand the Department of Agriculture may propose that the Wool Act be amended by removing the 300-million-pound production goal, and to specify that the support price for wool shall be at such a level as to encourage wool production without depressing the price of lambs.

Our wool growers feel such a change is very unrealistic and unnecessary. Such amendments could create complications and a variety of administrative interpretations.

There would appear to be no need for removing the 300 million pound goal simply because conditions which are beyond the control of growers themselves have prevented the industry from a greater

increase in production in recent years. Moreover, it is felt that tying the incentive level to lamb prices would give rise to a variety of administrative interpretations. For example, if such an amendment were adopted, and if the price of lambs dropped within the next few months, would the incentive level on wool be discontinued next year to discourage production?

That is but one example of interpretation that might arise from such a change if it should be undertaken.

Therefore, Mr. Chairman, it seems to me it would be better to leave the goal provision alone.

I represent a district in Texas which produces a substantial amount of wool, and more than 80 percent of the angora mohair that is produced annually in this country. As of January 1, 1965, it was estimated there were 4,662,000 head of sheep in Texas, and in 1964 wool production in our State amounted to 42,652,000 pounds, and mohair production exceeds 28 million pounds annually.

I have been requested to testify in behalf of the Texas Sheep & Goat Raisers's Association, which speaks for most of our Texas growers. The Texas growers favor extending the Wool Act, and they recommend a 5-year extension.

Because of increases in cost of production, our growers feel that the longer period would lend itself to more flexibility in ranching plans, arranging finances, and promoting their industry in a more orderly manner.

In addition to the Texas association, I have been requested to inform the committee that the American Rambouillet Sheep Breeders Association, with headquarters in my hometown of San Angelo, Tex., strongly supports the extension of the Wool Act.

Mr. Chairman, I shall not ask the indulgence of the committee for the time that would be required to elaborate on the history of the act and the justification for its extension. Facts relating to that will be developed in detail by other witnesses who will be heard. I simply want to go on record in support of the extension.

Mr. POAGE. Thank you, Mr. Fisher. Let the Chair make this statement: We are going to hear from each of the authors of the various bills who are present. And any Member who introduced a bill and is not here will have permission to extend his remarks at this point in the record, but we think that in order to give those who are present an opportunity to be heard, that they should be heard now and later we will hear any Member of Congress, whether a member of this committee or not who has not introduced a bill who wants to make a statement on any of the pending bills. He may do so, and then we will hear from the Department.

Our next witness is Mr. Roncalio, of Wyoming.

We will be glad to hear from you now.

STATEMENT OF HON. TENO RONCALIO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WYOMING

Mr. RONCALIO. Mr. Chairman and members of the subcommittee, I would like first, if permissible, to introduce to all of those who are here and to the members of the committee the president of the Wyoming Wool Growers Association, a member of the Executive Committee of the National Wool Growers Association and a member of

the House of Representatives of the State of Wyoming, Mr. Joe Burke of Casper. Will you kindly stand.

While Wyoming has only one Congressman, it has a good many sheep—in fact, it is the second largest wool-producing State of the Nation with 2,092,000 stock sheep as of January 1 of this year.

Therefore, as the Congressman at Large from this great State, I am happy to have the privilege of appearing before you today in support of a program that is economically essential to our sheep production.

Since I come from a sheep-producing area of Wyoming, I know that for a number of years the industry has had to struggle to overcome serious problems threatening its very existence. One of these has been the growing influx of imported wool products from countries with low wage and production costs. This competition has caused the liquidation of our domestic mills and in turn has affected the economy of our wool growers since U.S. mills furnish the only outlet for U.S. wool production.

Other problems which have faced our growers have been drought, winter losses due to severe storms, increasing losses from predatory animals, disease losses, and production depressed markets for sheep and lambs through increased imports of dress lamb and mutton from Australia and New Zealand.

A problem that has beset the wool growers for a number of years has been competition from imported raw wool from countries with comparatively low-production costs. In fact, since the administration in 1954 announced that a Tariff Commission recommendation calling for an increase in the duties of raw wool could not be carried out, the Congress wisely passed the National Wool Act. There has been no increase in tariff duties and it is vital that the act be extended, especially in view of the economic problems of our sheep industry.

I know that the economy of Wyoming would be severely affected if this act were not extended because many growers in my State have told me that this act has meant the difference between their staying in business or liquidating their flocks.

My bill, H.R. 4415 would extend the act for 7 years. I respectfully urge the subcommittee to report on the extension of the act for as long a period as possible and strongly hope that Congress will extend the Wool Act at an early date so that growers can plan their 1966 operations and obtain the necessary loans to finance these operations.

Mr. POAGE. Thank you very much.

Our next witness located here is Mr. Morris, of New Mexico.

Mr. BRUCE. He is not present but wishes to submit a statement.

Mr. POAGE. That permission will be granted.

(The prepared statement of Hon. Thomas G. Morris, of New Mexico follows:)

STATEMENT OF HON. THOMAS G. MORRIS, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW MEXICO

Mr. Chairman, under the National Wool Act of 1954, as amended, which is currently in effect, wool is recognized as an essential and strategic commodity which is not produced in the quantities and grades in the United States necessary to meet our domestic needs. It was further recognized in 1954 that the desired domestic production of wool had been impaired by the depressing effects of

the wide fluctuation in the price of wool in world markets. In 1954, it was declared the policy of the Congress, as a measure of national security and in the promotion of the general welfare, to encourage an annual domestic production of approximately 300 million pounds of shorn wool. Production for 1954 was about 236 million pounds. Under the Wool Act the Secretary of Agriculture is directed to establish an incentive price for shorn wool which will encourage the larger production.

Mr. Chairman, some progress has been made in increasing shorn wool production since 1954. Production in that year was about 236 million pounds. It reached a total of nearly 266 million pounds in 1960. However, since 1960 there has been a continuous decrease in production. The estimate for 1964 is only 224 million pounds.

The number of sheep on farms increased from 31,356,000 in 1954 to 33,170,000 in 1960. Since 1960 the number has continued to decrease and as of January 1, 1965, estimates indicate that we have only 26,668,000, a decrease of nearly 20 percent. These data clearly indicate that a strong incentive to increase sheep production is still needed.

Mr. Chairman, we cannot permit this vital industry to continue to decline. We must take immediate steps to reverse this trend in the interests of national security and in the interests of the consumers of the Nation as well as the producers of sheep.

In 1959, the latest year for which official census data are available, sheep were raised on more than 346,000 farms in the United States. In 1963 cash receipts from farm marketings of sheep and lambs totaled \$319.3 million and receipts from the sale of wool amounted to nearly \$116 million.

Wool has always been an important commodity in our national security, especially in times of national emergency. Our tenuous international situation makes it extremely important to have a vigorous domestic wool industry. Also, sheep raising is a major enterprise which bolsters many of our local communities, particularly in the intermountain States of the West.

The Wool Act has the following outstanding features to commend it:

First, it is self-financing. Seventy percent of the wool duty revenues are used to pay the costs of supports to producers.

Second, it does not adversely affect our foreign trade. It does not require raising tariffs to protect domestic growers' prices against the lower prices of imported wools. This is particularly important at this time when we are trying to encourage foreign nations to remove or lower trade barriers to our agricultural products.

Third, it prevents the Federal Government from being in the wool merchandising business. When the incentive program began in 1955, stocks of wool acquired under the previous price-support loan programs totaled about 150 million pounds. These stocks were sold, mostly through competitive bid sales, over a 2-year period to prevent an undue effect on the domestic wool market. Under the incentive program, provided by the Wool Act, no wool is acquired by the Government because all domestic production is permitted to flow into consumption and payments are used to maintain producer returns.

Another commendable feature of the act is the self-help program for advertising, promotion, and related market development activities on wool and lamb which is authorized, if approved by producers, by section 708 of the National Wool Act of 1954. This self-help program is carried out by the American Sheep Producers Council, Inc., which was established for that purpose and is the representative of wool producers throughout the Nation. In three referendums, in 1955 for a period of 4 years, in 1959 for a period of 3 years, and in 1962 for a period of 4 years, producers approved deductions from their payments to provide funds for the program. Deductions of 1 cent per pound from shorn wool payments and 5 cents per 100 pounds of live weight from lamb payments are made. The council has separate promotion programs for lamb and wool. The extent to which these promotional programs increase returns to producers in the marketplace. Such programs tend to lessen the payment requirements under the wool program.

Mr. Chairman, H.R. 4643, which I have introduced, provides for extending the Wool Act through December 31, 1972, a period of 7 years. There are at least two basic reasons for a 7-year extension. First, 7 years is recognized as the average life of a breeding ewe. If the act is extended for that length of time, a farmer would have some incentive for going in to the sheep-raising business because he would be assured of a certain degree of economic stability through at least one cycle of sheep production. Sheep raising is a relatively long-term enterprise

and is quite different from crop production where a farmer can plant seed and obtain a crop the same year. Therefore, I wish to emphasize that a 7-year extension is important, particularly at this time when we are experiencing a rather sharp decline in sheep production.

Mr. Chairman, in view of the overall outstanding success of the Wool Act in maintaining wool and sheep and lamb production at a reasonably stable level and the urgent need to provide a continuous incentive to farmers and ranchers to reverse the current decline in the number of sheep and lambs on farms, I urge favorable consideration of this bill by the committee.

Mr. POAGE. Our next witness is Mr. Walker, who is not present.

We have a bill by Mr. Rhodes—we have a bill by Mr. Aspinall—I do not think that either of them are present.

We have a bill by Mr. Younger—I do not believe he is present.

We have a bill by Mr. Hansen who is present and we will be glad to hear from you now.

STATEMENT OF HON. GEORGE V. HANSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mr. HANSEN. Mr. Chairman and members of the subcommittee, I appreciate the opportunity to appear before your committee today in behalf of H.R. 4951 to extend the operation of the National Wool Act of 1954, a program which is important and beneficial to the sheep producers of Idaho and especially beneficial to those of my own district, where a majority of our sheep, lambs, and wool are produced.

Idaho ranks among the 10 top sheep-producing States of the Nation. While it is true that Idaho, because of its good feed resources, is noted as a State producing a large percentage of high quality fat lambs, we also regard our annual production of approximately 9 million pounds of shorn wool as an important part of our economy.

There are a number of sheep producers in Idaho who have for many years regarded the imposition of adequate tariff duties on imported wool as the proper vehicle to compensate for differences in production costs here and abroad. Since adequate tariff protection has not been attainable under our foreign trade policy our growers feel that the Wool Act program, relating payments under the act to existing tariff duties, is essential. Furthermore, the program has proven to be workable and successful.

I would respectfully urge an extension of this act for a 7-year period and would also urge that the committee act as promptly as possible so that this legislation may be extended by this coming summer. That will enable our growers to make their plans and obtain their financing for the 1966 marketing year.

Thank you.

Mr. POAGE. Thank you very much.

Now we will hear from Mr. Hagen, a member of the committee.

STATEMENT OF HON. HARLAN HAGEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. HAGEN. I have a letter addressed to the House Agriculture Committee, dated February 26, 1965, from several officers of the California Wool Growers Association. I request permission to insert this letter in the record at this point.

Mr. POAGE. That permission is granted.

(The letter referred to above follows:)

SAN FRANCISCO, CALIF., *February 26, 1965.*

HOUSE AGRICULTURAL COMMITTEE,
House Office Building,
Washington D.C.

DEAR SIRs: California ranks third in total number of sheep in the United States, with Texas first and Wyoming second. More lambs are slaughtered in California than any other State.

Wool and lamb production in California have been important to the State's welfare for over a century and a quarter. With two crops a year, lamb and wool, sheep have produced cash income for ranchers and farmers in every California county. Sheep raising is an important and major livestock enterprise in a number of California counties.

At the 104th annual convention, California Wool Growers Association, held August 6-7, 1964, the following resolution was unanimously adopted:

"(We) support recommendations of the National Wool Growers Association to extend the National Wool Act and continue section 708 of the act."

Similar resolutions have been adopted yearly by this statewide sheepmen's organization since the National Wool Act was enacted by Congress in 1954.

The program embodied in the National Wool Act has proven most successful. With this experience, we now request extension of the act.

This legislation has met the approval of all branches of the industry—producers including manufacturers.

The program was established in lieu of an increase of the tariff on wool. It is financed through 70 percent of the specific duties on wool and wool manufactures imported to the United States.

The President has urged continuation of the Wool Act.

We respectfully urge your support of this proposed legislation and that it be made permanent.

Sincerely,

CALIFORNIA WOOL GROWERS ASSOCIATION,

GERRY O. STEWART,

President (Fort Seward, Humboldt County),

OMAR LES SUTFIN,

Vice President (Corning, Tehama County),

W. P. WING,

Secretary (San Francisco),

BEN ELGORRIAGA,

Immediate Past Vice President (Madera County).

Mr. HAGEN. I am one of the authors of bills extending the Wool Act. I introduced such legislation in the sincere belief that this program has worked well for the benefit of the country and for the needed economic benefit of sheep raisers throughout the United States.

Mr. POAGE. Mr. Clausen is next but I notice that he is not present.

Next is Mr. King of Utah and Mr. Sisk, who are not present.

Mr. Baring is next but he is not present.

Mr. Battin is present, and we will be glad to hear from you now.

STATEMENT OF HON. JAMES F. BATTIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. BATTIN. Mr. Chairman and members of the Livestock and Feed Grains Subcommittee, I appreciate the opportunity of appearing here today in support of the extension of the National Wool Act.

Last Monday I introduced H.R. 5557, a bill to make permanent the National Wool Act and to increase the amount of money available for incentive payments. I realize there have been several bills introduced to extend the act for various periods of time ranging from 2 years to a permanent extension. As you know, the act, as originally passed

1954, has been extended twice since that time. In 1958 it was renewed for 3 years and in 1961 it was renewed for 4 years.

In my opinion the merits of this program have been well demonstrated and I believe the act should now be placed on a permanent basis. Actually, I see no reason for placing a time limit on the act because it now has a limitation factor incorporated in the act. That limitation is the support of wool prices through incentive payments until domestic production reaches a goal of 300 million pounds of shorn wool. Frankly, I believe this goal should be raised because of the increasing use of wool by a rapidly expanding human population. I realize the goal has not been reached during the years the act has been in operation, but I believe it could have been attained had the incentive level been increased periodically during that period at a rate commensurate with the continually increasing costs of production.

It is my understanding that the incentive level has not been increased during the past 10 years because of limited funds. For this reason my bill, H.R. 5557, would make the equivalent of total tariff receipts collected on imported wool available rather than the equivalent of 70 percent of collections as the act now provides.

The position I have taken by the introduction of this bill is essentially the position taken by the Montana Wool Growers Association at their annual convention last December when they requested the Congress to make permanent the National Wool Act and to make all wool tariff receipts available for incentive payments.

You may also have noted that the National Agricultural Advisory Commission in its annual report had the following to say about wool, and I quote:

The wool program unquestionably is making a major contribution to wool-growers' net income. The direct payments program is superior to the alternative of raising the wool tariff, especially since the textile manufacturing industry is experiencing difficulty from imports of woolen textiles. The one change in the current operation of the program that might be considered is to draw upon all of the funds available for the program from wool import duties to make payments to growers. The wool program has not faced an overproduction problem and is widely supported by growers.

That is the statement of the National Agricultural Advisory Commission as contained in their annual report.

In conclusion, Mr. Chairman and members of the committee let me say that the Wool Act has been the salvation of the sheep industry in Montana. I must admit, however, that the sheep population has decreased during the past 3 years but this cannot be blamed on the act. It was because of low lamb prices during 1962, 1963, and early 1964, most of which I attribute to a high rate of imported lamb, and other factors such as losses inflicted by predatory animals and rising costs of production. A higher incentive level could have forestalled this decrease.

It would be most beneficial to the woolgrowers in my State if this committee and the Congress would act on this bill as expeditiously as possible.

Thank you very much.

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

Mr. BATTIN. Thank you.

Mr. POAGE. Our next witness is Mr. Burton. We will be glad to hear from you now.

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

Mr. BURTON. Mr. Chairman, I appreciate this opportunity to make a statement for the record supporting the extension of the National Wool Act.

While wool is grown in every State of the Nation, the sheep industry and the production of wool lambs is an especially important segment of agriculture in Utah, where the production of shorn wool this past year totaled 11,340,000 pounds.

A large portion of Utah is arid desert land which would be waste if it were not for livestock to convert the sparse vegetation into food and fiber. Furthermore, a substantial portion of this desert land, due to the topography and type of forage, is suitable only for the grazing of one specie of livestock, namely sheep. A number of communities in Utah rely heavily on the sheep industry for taxes to help provide their roads and schools.

I think we should bear in mind that the Wool Act was passed in 1954 in lieu of the tariff increase on raw wool which was recommended by the Tariff Commission. Since the tariff has not been increased and chances of duty increases are probably more remote today than they were at the inception of the Wool Act in 1954, it is vital that this legislation be continued.

One thing I especially like about this program is that it takes the Federal Government out of the wool merchandising business. The Government wool stockpile with its costly storage charges is a thing of the past. In its place we have domestic wool selling freely on the open market.

I strongly recommend the extension of this proven beneficial program. Furthermore, since it has had 10 years of testing, I recommend that it be extended for as long a period as possible.

I would like to inform you and other members of the committee, too, that I just left a meeting of the Interior Committee, of which I am a member, and the gentleman from Colorado and chairman of the committee, Mr. Aspinall—and you made note of the fact that he has introduced a bill—asked me to inform you of his continuing interest in this program.

Mr. POAGE. Thank you very much.

Now we have a request for the insertion of a number of statements by various people.

One is from Hon. Thomas G. Morris from New Mexico. Permission to include his statement in the record has already been granted.

Then we have one from Congressman E. Y. Berry, which will be included.

Then we have one from Congressman Walter S. Baring, which will be made a part of the record.

And then we have a number of statements from interested parties who have asked that their statements, and, as well, wires and letters be included in the record. Without objection they will all be included and be made a part of the record at this point.

(The prepared statements, letters, and telegrams referred to above are as follows:)

STATEMENT OF HON. LEN B. JORDAN, A U.S. SENATOR FROM THE STATE OF IDAHO

Mr. Chairman and members of the Agriculture Committee, thank you for the opportunity and privilege of giving you my views on a bill to extend the National Wool Act. The present law will expire at the end of the 1965 marketing year. It is, therefore, necessary that Congress give early attention to an extension of the bill so sheep producers can plan their future operations for breeding flocks and for proper financing.

This program has worked successfully since 1954. I am a cosponsor on a similar bill in the Senate because it permits wool to seek its price level on the open market, is financed on the basis of making available up to 70 percent of the receipts for duty collections of imports of wool and wool manufacturers to be paid to wool producers when the national average price is unusually low. This money is not collected directly from the taxpayers or the U.S. Treasury Department. Sheep and wool producers are doing all in their power through contributing their own funds to increase the sales of lamb and wool. This gives them increased revenues and reduces the payment from this incentive fund. The program encourages growers to market a quality product without reducing their incentive payments. With the difficulty woolgrowers are having in employing competent, trained men, with the cutback in sheep numbers permitted to graze on western public lands, and with increased costs of operations which cut into their profits, it is important that this incentive program be continued. I hope you, as members of this committee, will share my views and give favorable consideration to this bill.

STATEMENT OF HON. E. Y. BERRY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH DAKOTA

I am Representative E. Y. Berry of the Second District, South Dakota. I very much appreciate the opportunity to appear before your subcommittee in support of my bill, H.R. 4469, and similar legislation to extend the National Wool Act.

As one of the original sponsors of the Wool Act in 1954 and the extensions since that time, I am deeply interested in this legislation. As you will recall, the U.S. Tariff Commission had recommended an increase of 10 cents per pound in the tariff on imported wool in 1954. This recommendation was made to the administration following an investigation under section 22 of the Agriculture Adjustment Act. President Eisenhower, however, took the position that in order to protect our relations with friendly nations, such as Australia, who were shipping wool into this country, an increase in the tariff should not be made. The Wool Act was developed as a means of maintaining the domestic sheep industry without increasing tariff duties on imports.

Under the Wool Act, tariff receipts on imported wool are used for incentive payments to American producers to boost national wool production. Payments are limited to 70 percent of these duties. After 10 years of experience with the act, it has proven to be one of the most workable, successful agricultural programs we have had. It has been satisfactory to the entire wool industry from producer through manufacturer.

The program initially ran for 4 years to enable Congress to review it and make any changes. Two extensions have since been enacted without opposition. The present 1965 marketing year is the last for which authority for the act exists, and it seems, based on our very satisfactory past experience, that the time has come to make the act permanent.

The average life of a breeding ewe is 7 years, and for good management practices, an extension for at least that length of time would give producers the stability they need to plan properly.

One other feature, I believe, that should be noted is the "self-help" provision under which producers have authorized a deduction from their incentive payments to finance a sales promotion and advertising campaign.

I sincerely hope your subcommittee and the full committee will give early and favorable consideration to extension of this popular, successful program.

Thank you for your courtesy in permitting me to testify today.

STATEMENT OF HON. WALTER S. BARING, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEVADA

Mr. Chairman, I appreciate the opportunity to appear before the committee today, and I stand in support of legislation, which I have cointroduced myself; my own bill (H.R. 5360) proposing to extend the operation of the National Wool Act of 1954.

I have been urged by the Nevada Wool Growers Association to support this legislation due to the tremendous importance this legislation has on the State of Nevada's economy.

There is a great amount of forage in Nevada which is suitable only for sheep production, and certain areas of Nevada have depended solely on the income from sheepmen.

Sheep brings an annual income into the State of Nevada of \$3 to \$5 million, depending on the price of wool and lamb.

There has been a continuous increase in cost of production of wool and lamb, therefore, it might be well to consider an increase in incentive levels. The incentive payment has helped to stabilize the sheep industry in Nevada, and has encouraged a better wool production for greater quality, marketing, sacking, and care of wool, lamb, and sheep.

In 1964, 211 wool producers in Nevada sold 1,982,548 pounds of wool for 51 cents a pound average price; there is approximately 210,000 pounds of wool left in Nevada now of the 1964 production.

In 1963 there were 2,125,256 pounds of wool produced which is very comparable to 1964 production clip.

Income for 1964 from 171,973 lambs marketed or 10,724,035 pounds of lamb marketed was approximately \$2 million with an income of \$1,011,000 for wool sold.

Incentive payment should be approximately \$300,000 for lamb and wool, depending on national averages of a total State income of approximately \$3½ million.

The Wool Incentive Act has helped stabilize the sheep industry in Nevada as well as in the entire Nation and has provided the sheepmen protection against foreign wool.

I urge early consideration and action on this bill before the committee today.
Thank you.

STATEMENT OF THE COLORADO WOOL GROWERS ASSOCIATION

Members of the Colorado Wool Growers Association deeply appreciate the speedy action taken by the Subcommittee on Livestock and Feed Grains in holding hearings relative to the extension of the National Wool Act. We are aware of the great burden of legislation before the Congress and are happy that the extension of the National Wool Act has been considered of sufficient importance to merit this early action.

The feeling of the majority of the members of the Colorado Wool Growers Association is perhaps best expressed by a sheepman who said, "I don't think of this so much as incentive payments as I do survival payments."

That this statement is generally true is borne out by a study conducted during 1964 which covered approximately 5 percent of the men who run sheep in Colorado. Each of these individuals was asked whether the amount of his incentive payment was larger or smaller than the amount of his gross profit before taxes. More than 95 percent of the individuals questioned said that the incentive payment was larger. The other 5 percent said that it was about the same or a little smaller. In other words, were it not for the National Wool Act approximately 95 percent of the sheepmen in Colorado would appear to have lost money.

It should be pointed out that price improvements in late 1964 and thus far in 1965 would probably change the above situation somewhat, but the fact remains that, without the National Wool Act, liquidations of sheep operations would undoubtedly have been very high.

We feel very strongly that the National Wool Act has shown itself to be an effective tool in spite of the fluctuations in sheep numbers since its passage. There have been many factors, such as sharply increased cost of operation, extreme shortage of reliable labor, heavy imports of competitive products and

several years of unfavorable range conditions which are responsible for lower sheep numbers. Had some of these factors not entered the picture, we believe that sheep numbers would actually have increased to some degree.

The members of the Colorado Wool Growers Association have expressed themselves pointedly that little or no modification should be made in the Wool Act. In general, the act seems to have operated with less difficulty and confusion than any comparable piece of agricultural legislation. Changes in the act, if any, should be very minor because the act has stood the test of 10 years with a remarkably small amount of criticism. The criticisms that have been made of the National Wool Act are, in all probability, equally true of most agricultural legislation.

Section 708 of the act should be singled out for special mention. The promotion and advertising work conducted by the American Sheep Producers Council under the authority of section 708 is becoming an increasingly important factor in the sheep industry. Activities of the ASPC have been primarily responsible for the light of acceptance that is shining more strongly on the products of our sheep * * * lamb and wool. We believe that it would be a great error to curtail this work. We should be looking toward expansion.

Again, we appreciate the opportunity of submitting this statement for inclusion in the record and wish to offer the committee assurance that we will be happy to provide any specific information which might be of value to the committee, on request.

LUDLOW, MASS., *March 1, 1965.*

HOUSE AGRICULTURE COMMITTEE,
House Office Building,
Washington, D.C.

To Whom It May Concern:

I would like to state that this association would like to go on record as supporting the extension of the National Wool Act which will come up for hearing on the 4th and 5th of March. We would like our letter to go into the hearing record.

Thank you.
Sincerely,

NEW ENGLAND SHEEP & WOOL GROWERS
ASSOCIATION,
MRS. ERNEST FLEBOTTE, *Secretary.*

PENNSYLVANIA COOPERATIVE SHEEP & WOOL GROWERS,
Lafayette Hill, Pa., March 1, 1965.

HON. RICHARD SCHWEIKER,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. SCHWEIKER: It has been brought to my attention that the House Agriculture Committee has scheduled hearings for March 4 on bills to extend the National Wool Act. These will be held before the Livestock and Feed Grains Subcommittee of the House Agriculture Committee.

The Pennsylvania Cooperative Sheep & Wool Growers Association, numbering over 5,000 members, strongly recommend the continuation of the National Wool Act. This association has taken several active steps to reverse the trend of declining sheep population in this State, among which is a most successful marketing program for lamb and wool. The type of wool that we produce here in Pennsylvania is in great demand and is of national importance.

The National Wool Act is an essential part of our operation and is not contributing to any surplus commodity but in fact to a commodity that is in deficient production in this country.

The Pennsylvania Cooperative Sheep & Wool Growers respectfully request that if possible this letter be included in the hearing record referred to above.

Yours truly,

STAN GATES, *Secretary.*

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., March 3, 1965.

HON. W. R. POAGE,
Chairman, Subcommittee on Livestock and Feed Grains, House Committee on
Agriculture, Longworth Office Building, Washington, D.C.

DEAR CHAIRMAN POAGE: The Georgia Livestock Association, Inc., passed the attached resolution in connection with the National Wool Act on December 12, 1964, at their annual convention held at Pine Mountain, Ga.

Mr. Hansel P. Chastain, president of the Georgia Livestock Association, Inc., is from Thomasville, Ga., which is located in the Second Congressional District of Georgia, and it is my pleasure to represent this district in the Congress.

Mr. J. O. Robertson, Jr., of Maxeys, Ga., is the executive vice president of this fine association, and he has asked that I have the enclosed resolution made a part of the hearings to be conducted by the subcommittee on March 4, 1965. I, therefore, respectfully submit the resolution to your attention for this purpose.

Sincerely yours,

MASTON O'NEAL, *Member of Congress.*

Enclosure.

NO. 7. NATIONAL WOOL ACT EXTENSION

Whereas the National Wool Act will expire during 1965; and

Whereas incentive payments for wool production under the act are not paid from Federal funds but from duties levied on foreign wool importations; and

Whereas continued support of the national sheep industry is required due to lack of import quota controls on the importation of wool and lamb from low-cost production areas for the healthy operations of the national industry: Therefore be it

Resolved, That we support the extension of the National Wool Act and request our Washington congressional delegation to support the extension of the act.

ROSWELL, N. MEX., March 3, 1965.

HOUSE AGRICULTURAL COMMITTEE,
House Office Building, Washington, D.C.

GENTLEMEN: I earnestly endorse reenactment of National Wool Act. Vitally important for an expanding wool industry. Please enter into congressional record.

Sincerely,

S. P. JOHNSON III.

HUTCHINSON, KANS., March 2, 1965.

HOUSE AGRICULTURAL COMMITTEE,
House Office Building, Washington, D.C.:

In view of the sensible method of securing funds and continuing decline in wool production I strongly urge extension of National Wool Act. Request this wire be included in hearing record.

DOUG WILDIN.

NEW RICHLAND, MINN., March 2, 1965.

HOUSE AGRICULTURAL COMMITTEE,
House Office Building, Washington, D.C.:

Minnesota Wool Growers Association unanimously on record urging extension of National Wool Act at annual meeting of members February 20. Lancaster association represents 11,899 grower members. Favorable action by committee is humbly asked. Inclusion of this in hearing record will be appreciated.

MINNESOTA WOOL GROWERS ASSOCIATION,
HIRAM JOHNSON, *President.*

MILFORD, DEL., March 2, 1965.

HOUSE AGRICULTURAL COMMITTEE,
House Office Building, Washington, D.C.:

The Delaware Sheep and Wool Association of Dover, Del., supports the National Wool Act and asks for its continuation. Please include this wire in your hearing.

VERO E. RAMBO, *Secretary.*

ARTESIA, N. MEX., March 2, 1965.

HOUSE AGRICULTURAL COMMITTEE,
House Office Building, Washington, D.C.:

As an organization of some 125 active sheep and wool producers, we respectfully ask that we be put on record as favoring extension of the National Wool Act now up for your consideration. Domestic wool production is still far short of the original annual production goal of 300 million pounds and increased operating costs coupled with curtailment of production brought about by drought and adverse conditions in many sections of the West make it essential that this support program be continued if further serious industrywide economic losses are to be avoided. We urge favorable report on proposal for extension of the act for a 7-year period with other features compatible with pertinent provisions of Senate bill, S. 99, section 4.

GEORGE M. CASABONNE,
Secretary, Artesia Wool Cooperative, Inc.

HAMPTON, IOWA, March 2, 1965.

HOUSE AGRICULTURAL COMMISSION,
House Office Building,
Washington, D.C.

Iowa Sheep and Wool Growers Corp., representing 7,198 grower-members at their annual membership meeting, February 27, Storm Lake, Iowa, unanimously passed resolution verifying Congress to extend the National Wool Act. We solicit your sincere consideration. Please include request in hearing record.

IOWA SHEEP AND WOOL GROWERS,
A. J. MARKEN, *President.*

ELY, NEV., March 1, 1965.

HOUSE AGRICULTURE COMMITTEE,
House Office Building,
Washington, D.C.

We strongly urge the extension of the National Wool Act, S. 994, without major amendments. Sheep play a major role in agriculture income in Nevada. Please read this into the testimony representing Nevada. We urge passage of this bill.

JOHN CARPENTER,
President, Nevada Wool Growers Association.

LOUISVILLE, KY., March 2, 1965.

Senator THRUSTON B. MORTON,
Senate Office Building,
Washington, D.C.

SIR: Southern States Cooperative, Louisville, Ky., promotes and operates the wool-marketing pool for Kentucky farmers. Presently there are bills before the Livestock and Feed Grain Committee of the House Agriculture Committee to extend the National Wool Act. We would like to, on behalf of woolgrower patrons of the Kentucky wool-marketing pool, pledge our support for continuance of the National Wool Act. We would further ask that our message of support be included in the hearing record.

Thank you.

R. L. BOTKIN,
Wool Marketing Manager.

LEBANON, CONN., *March 1, 1965.*

LIVESTOCK AND FEED GRAIN SUBCOMMITTEE,
House Agriculture Committee,
House Office Building, Washington, D.C.

We will not have a witness at the hearing. Our support for the extension of the National Wool Act should be noted for the record. The Connecticut Sheep Breeders Association believes the extension of this incentive program is essential to the continuation of the sheep industry in the Northeast.

ROBERT F. BROWN,
President, Connecticut Sheep Breeders Association.

JARA, COLO., *March 1, 1965.*

CONGRESSMAN ROBERT POAGE,
Livestock and Feed Grains Subcommittee, House Agriculture Committee, House
Office Building, Washington, D.C.

The members of the Conejos County Wool Growers Association strongly urge extension of National Wool Act in its present form and ask that this wire be included in the hearing's record.

CONEJOS COUNTY WOOL GROWERS ASSOCIATION,
EARNEST VALDEZ, Jr., *President.*

FAULKTON, S. DAK., *March 3, 1965.*

HOUSE AGRICULTURE COMMITTEE,
House Office Building,
Washington, D.C.

National Wool Act is important to agricultural economy in South Dakota. South Dakota Wool Growers Association strongly urges act be extended. Our association has 6,900 grower-members in State. We would be grateful for committee's recommendation. Respectfully request this telegram be made part of hearing record.

SOUTH DAKOTA WOOL GROWERS ASSOCIATION,
FRED H. HOLSCHER, *President.*

ROSWELL, N. MEX., *March 1, 1965.*

HOUSE COMMITTEE ON AGRICULTURE,
Subcommittee on Livestock and Feed Grains,
House Office Building, Washington, D.C.

GENTLEMEN: As a commercial sheep rancher in southern New Mexico, please let me urge you to favorably consider extension of the National Wool Act. Wool, being a strategic commodity, and sheep raising being one of the major industries of the American West, it seems vital to help the sheep industry help itself. The Wool Act in the past has played the major role in giving the sheepman the impetus to stay in business. The good this legislation has done is tremendous, and it appears that this stimulation will again be necessary to continue the drive to get American wool production up to the desired level of 300 million pounds per year.

Will you please include this letter in the official records of your committee. Thank you very much.

Respectfully yours,

PHELPS WHITE.

NEW MEXICO WOOL GROWERS, INC.,
Roswell, N. Mex., March 1, 1965.

HOUSE AGRICULTURE COMMITTEE,
House Office Building,
Washington, D.C.

GENTLEMEN: The sheep growers of New Mexico, and I am sure of the rest of the Nation, are faced with such rising costs of production that they find it very difficult to stay in the sheep business. Offsetting increases in returns are precluded by many factors. Prominent among these are imports of wool, lamb, and mutton, against which we have minimal tariff protection.

There was extensive discussion of these matters at our annual convention. It was brought out that a number of New Mexico sheepmen have been forced out of business. The consensus of opinion was that, without the National Wool Act, many more, perhaps a majority, would be unable to continue raising sheep. The enclosed resolution was considered the most important action of the convention.

Under the National Wool Act our wool moves in regular trade channels, without disrupting the normal marketing system and without increased cost to the consumer. The act has been well administered in an equitable manner, using funds derived from tariffs on imported wool. It is true that it has not achieved the goal of increasing annual domestic production to 300 million pounds. However, without the help afforded by the act, our domestic production would be far lower than it is.

Because of the strategic importance of wool and because of the economic importance to our country's wool producers, both large and small, the National Wool Act has proven of worthwhile benefit to the Nation. In view of unsettled world conditions, particularly in the area near Australia, which is our chief foreign supplier, it is militarily urgent to maintain or, if possible, increase domestic production. Continuation of the National Wool Act is, therefore, of vital importance.

I am speaking for the officers of the New Mexico Wool Growers Association and the sheepmen of New Mexico in urging reenactment of the National Wool Act.

We request that this letter and the enclosed resolution be included in the hearing record.

Respectfully yours,

CHARLES D. FULLER,
Chairman, Wool Committee.

RESOLUTION OF NEW MEXICO WOOL GROWERS, INC.

(Sixty-second Annual Convention, Roswell, N. Mex., Feb. 2, 1965)

Congress has declared wool to be a strategic commodity, necessary for national defense, and has urged domestic production adequate for military needs.

The National Wool Act was passed for the purpose of encouraging production with a goal of 300 million pounds annually. While this goal has not been reached, the act has had the effect of preventing an even greater decline in wool production.

Since present domestic production is at a dangerously low level we respectfully urge the extension of the National Wool Act.

CERTIFICATION

We certify that the above is a true copy of a resolution unanimously passed at the 1965 annual convention of this organization.

ROBERT F. CORN,
President.
CHARLES D. FULLER,
Chairman, Wool Committee.

NEW MEXICO WOOL GROWERS, INC.,
Albuquerque, N. Mex., February 28, 1965.

Hon. W. R. POAGE,
Chairman, Livestock and Feed Grain Subcommittee,
New House Office Building, Washington, D.C.

DEAR CONGRESSMAN POAGE: I am writing you in regard to the National Wool Act.

The New Mexico Wool Growers, Inc., feel the extension of this act is vital to the continuance of the sheep industry. We are in favor of a bill introduced in the House by Congressman Tom Morris, of New Mexico. This bill is identical to the Senate bill S. 994, which calls for a 7-year extension.

Mr. Charles D. Fuller, chairman of our wool committee, has sent a letter and a resolution passed at our February convention, addressed to the House Agriculture Committee. I request that these documents be entered in the hearing records.

I would also like to take this opportunity to thank you for the past courtesies you have shown the sheep industry.

Sincerely,

ROBERT F. CORN, *President.*

CEDAR CITY, UTAH, March 2, 1965.

HOUSE AGRICULTURAL COMMITTEE,
House Office Building, Washington, D.C.

GENTLEMEN: Please include this letter in the hearing record of the National Wool Act.

We hope you will give favorable consideration to the extension of the 1954 Wool Act, which is up for renewal in Congress at this time.

In view of the present level of prices for wool, it is hard to see how the domestic sheep industry could survive without this program which has functioned so well the past 10 years.

Sincerely yours,

LEHI M. JONES,
President, National Wool Marketing Corp.

Mr. POAGE. Now, I believe that it is in order to hear from the Department of Agriculture on the pending legislation. I see Mr. Jaenke, the Associate Administrator of the Agricultural Stabilization and Conservation Service is present.

We will be glad to hear you now, Mr. Jaenke, to present the views of the Department of Agriculture on all of the pending legislation.

Mr. JAENKE. Thank you, Mr. Chairman. With your permission. I would like to have with me at the table some of the gentlemen from the Department of Agriculture who are among the most knowledgeable in the area of wool.

On my left is Mr. Frank W. ImMasche, staff assistant, Policy and Program Appraisal Division, ASCS; on my right, Mr. Charles E. Raymond, Economic Research Service; and at the far right, Mr. Harlan J. Emery, Director of the Livestock and Dairy Policy Staff; also in the room are Mr. Adams, Mr. Cook, and Mr. McCollum of ASCS of the Department.

Mr. POAGE. We are very glad to have you gentlemen with us.

STATEMENT OF E. A. JAENKE, ASSOCIATE ADMINISTRATOR, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE; ACCOMPANIED BY FRANK W. IMMASCHE, PROGRAM AND POLICY ANALYSIS; CHARLES E. RAYMOND, ECONOMIC RESEARCH SERVICE; AND HARLAN J. EMERY, DIRECTOR OF LIVESTOCK AND DAIRY POLICY STAFF, U.S. DEPARTMENT OF AGRICULTURE

Mr. JAENKE. Mr. Chairman and member of the committee, the Department of Agriculture recommends that the authority for making incentive payments on wool and mohair be extended to cover marketings through December 31, 1969.

For the past 10 years the authority for such payments has been provided by the National Wool Act of 1954, which was extended in 1958 and again in 1961. The 1965 marketing year is the last year of the program under the present legislation. Since the program for 1966 should be announced this year, new legislation to extend the authority should

be included as part of the 1965 agricultural legislation to be passed at this session of Congress.

The United States uses more wool than it produces and must rely upon imports for much of its wool needs. Our imports of apparel wool and wool manufactures run equivalent to about twice our own wool production. Being on an import basis, the price of wool in the world market largely determines the price of our wool. Since 1954, the domestic market price has been 8 to 26 cents a pound below the support price of 62 cents. Many U.S. producers would have been unable to continue producing wool at the world market price, and wool production would have been lower than it is today, had it not been for incentive payments.

The authority for payments on wool has provided a means of encouraging domestic production, and many producers in every State have benefited. While a large percentage of the wool produced in this country comes from large commercial flocks in the Western States, owners of many small farm flocks in all States have shared in the wool payments. In 1962, the last year for which data have been summarized by size of payments, 248,000 payments were made on shorn wool. Of these, about 200,000 payments were made to producers with less than 100 sheep.

From 1955 through 1963 payments averaged \$51 million a year, totaling \$448 million for the entire period. In recent years, the payment rates have declined as a result of the improvement in market prices. The national average of prices received by growers for wool sold during the 1964 marketing year probably was around 51 cents a pound, the highest since 1957. The payments are expected to total around \$28 million.

The payment method is especially well suited to wool and has proven to be a practical method of providing price assistance to producers. It permits the open market price to adjust to competitive levels with competing fibers, such as imported wool and synthetic fibers.

The wool payment program helps encourage wool production and bolsters producer income. In his special message to Congress in January of this year, the President recommended that the National Wool Act be extended with minor amendments.

We believe the act should be amended to provide a more meaningful production objective. The act now contains a production goal of 300 million pounds of shorn wool. This is not considered attainable under prospective conditions.

The number of sheep and, hence, wool production is influenced, not only by the price of wool, but also by other factors. One is the price of lambs, from which sheep producers receive more than two-thirds of their total income. During the past decade, the annual average price received by producers for lambs has ranged between \$15.80 and \$21 a hundredweight. These prices have had a substantial influence on sheep numbers and wool production. It would not be in the interest of sheep producers to undertake, through the incentive program, to achieve the production goal in the act without regard to resulting possible adverse effects on returns from lambs. Therefore, we recommend modification of the policy statement in the act to delete

the production goal of 300 million pounds of shorn wool. Specifically, we recommend that the National Wool Act of 1954 be amended:

1. By deleting the second sentence of section 702 and inserting in lieu thereof:

It is hereby declared to be the policy of Congress, as a measure of national security and in promotion of the general economic welfare, to support the price of wool in such manner and at such level as will encourage the domestic production of wool at prices fair to both producers and consumers, will have the least adverse effect upon foreign trade, and will not result in such an increase in lamb production as will depress lamb prices and the total returns to producers from sheep production.

2. By striking from section 703 "March 31, 1966", and inserting in lieu thereof "December 31, 1969".

3. By deleting the fourth sentence of section 703.

Further information on the wool situation and the incentive payment program may be found in the attached tables which we would like to submit for the record.

In addition to this, Mr. Chairman, we have prepared, and have some copies available here, a general description for the benefit of anyone who wants to refresh his memory or who wants to learn more about the program and how it operates. This insert is entitled "Wool Incentive Payment Program Under the National Wool Act." We ask your permission to include this as part of our testimony, together with the tables which are attached to our statement.

Mr. POAGE. Without objection, they will be included as a part of the record at this point.

Mr. JAENKE. I might add that the administration's report on the chairman's bill will be forthcoming shortly, perhaps yet this morning. I would like to advise that our testimony here is in accord with the President's recommendations and program for legislation.

The tables which have been submitted are self-explanatory. We noticed late this morning, just before coming down here, that there are some snafus on table No. 1 in terms of some of the numbers, and we would like permission, Mr. Chairman, to correct that table and to submit the proper data for the record.

Mr. POAGE. Without objection, that may be done.

(The document referred to follows:)

WOOL INCENTIVE PAYMENT PROGRAM UNDER THE NATIONAL WOOL ACT

The wool incentive payment program under the National Wool Act has proved to be a practical and sound method of providing price assistance on wool without adversely affecting the competitive position with other fibers and imported wool. Under the National Wool Act:

1. An incentive price is established to encourage a larger production up to 300 million pounds of shorn wool.

2. The incentive price is accomplished by means of direct payments to growers to supplement what they receive for their wool in the free market and thus bring their income from wool up to the incentive level.

3. The total of the payments up to any time is limited to 70 percent of the total amount of the duties collected on imports of wool and wool manufacturers beginning January 1, 1953, to the date of the payments.

4. Commodity Credit Corporation makes the payments and is reimbursed each year by appropriations under the act limited to 70 percent of the duty collections on wool and wool manufacturers the preceding calendar year. Amounts not reimbursed are carried as an account receivable to be liquidated in later years.

5. Section 708 of the act authorizes wool growers to organize and conduct advertising and sales promotion programs financed by deductions from the payments to improve the demand for the industry's products in the free market.

SHORN WOOL

The incentive price for shorn wool has been set at 62 cents for each of the 11 marketing years the program has been in effect. The incentive price for shorn wool is announced in the summer or fall of the year in advance of the marketing year so that growers may make their production and financing plans accordingly.

Growers sell their wool in normal marketing channels. After the year is over, and the average price received for wool sold during the marketing year is known, direct payments are made to bring the national average price received by all growers up to the incentive level.

By making the payments on a percentage basis, growers are encouraged to improve the quality and marketing of their wool to obtain the best price possible—because the higher the price the individual grower gets in the free market, the greater his total return.

PULLED WOOL

Support for pulled wool is required under the act to maintain normal marketing practices; that is, to prevent unusual shearing prior to marketing just to get the payment on shorn wool. This is being handled by making payments on all sales of unshorn lambs irrespective of whether they are sold for replacement, feeding, or slaughter. Then if the new owner sells the lambs without shearing them, this payment is adjusted downward by the amount due on the weight of the lambs purchased. Likewise, if he shears the lambs and sells the wool, his wool payment is adjusted downward by this same amount. In this way, the original producer and the later feeder or breeder-owner share in the payments.

THIRTY-DAY OWNERSHIP REQUIRED

Payments are made only to bona fide producers. To qualify for a payment, the applicant must have owned for at least 30 days the sheep or lambs from which the wool was shorn, or the unshorn lambs sold.

MOHAIR

The National Wool Act provides for the support of mohair by payments similar to those on shorn wool. Except for the 1962 marketing year, prices received by growers for mohair have been above the support level since the inception of the program and payments were not required. Payments for the 1962 marketing year totaled about \$800,000.

The support price for mohair was set at 70 cents for each marketing year until the 1961 marketing year when it was increased to 73 cents to comply with the parity relationship to wool specified in the act. The parity price for mohair has tended to increase faster than the parity price for wool. Thus, the support price for mohair was set at 74 cents for the 1962 marketing year, 76 cents for 1963, and 72 cents for both the 1964 and 1965 marketing years. Domestic production of mohair has been on the increase since 1952 and is now at the highest level on record: 29 million pounds in 1963, about double the production in the 1950's.

ADVERTISING AND SALES PROMOTION

1. Section 708 of the act provides a method for growers to organize and conduct advertising and sales promotion programs for the industry's products, with such programs financed by deductions from payments to growers. Thus, it enables producers to finance the promotion of lamb and wool. The act also provides that the Secretary may conduct a referendum to determine whether producers approve.

2. This self-help promotion program is carried on by the American Sheep Producers Council, Inc., established by woolgrowers and grower organizations for this purpose. Intensive programs of advertising and sales promotion for both lamb and wool are underway.

3. Growers approved deductions not to exceed 1 cent per pound on shorn wool and not to exceed 5 cents per hundredweight on unshorn lambs each marketing year. This approval was given for financing the programs, by growers in a referendum held in 1955 soon after the passage of the act, and again in a referendum held in 1959 and 1962 following extension of the act in 1958 and 1961—the act having been extended for 3 more years. Deductions from payments have averaged around \$3 million a year, during the early years of the program and now amount to about \$2.7 million.

TABLE 1.—*Number of stock sheep in the United States: Domestic production, imports, and consumption of wool*

Year	Stock sheep on farms Jan. 1	Wool production					Imports for consumption			
		Shorn wool, grease basis	Pulled wool actual weight	Total	Shorn wool, clean content	Pulled wool, clean content	Total, clean content	Dutiable raw wool	Foreign trade balance of apparel wool ¹	Mill consumption scoured basis
	Thousand head	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
1942	49 345	388	67	455	171	50	221	457.1	1.7	560.5
1943	48 196	379	65	444	167	49	216	397.4	-31.4	603.3
1944	44 270	338	74	412	149	55	204	344.9	-63.0	577.0
1945	39 609	308	71	378	136	53	188	418.0	-44.1	589.2
1946	35 525	281	61	342	124	46	170	473.0	-43.0	609.6
1947	31 805	251	57	308	111	42	153	259.3	-34.1	525.9
1948	29 486	232	47	278	102	35	137	246.2	14.5	485.2
1949	26 940	213	36	248	94	27	120	154.9	26.6	339.0
1950	26 182	217	32	249	95	24	120	250.1	46.4	436.9
1951	27 251	228	26	254	100	19	120	272.0	40.4	382.1
1952	27 944	233	34	267	103	25	128	248.5	74.0	346.8
1953	27 593	232	42	274	102	32	134	165.7	47.6	358.0
1954	27 079	236	44	279	104	33	136	103.9	46.8	269.6
1955	27 137	241	42	283	106	30	137	112.8	64.0	281.2
1956	26 890	242	41	283	107	25	130	103.8	72.0	296.7
1957	26 348	239	34	273	105	25	130	78.2	240.8	240.8
1958	27 167	244	30	274	107	23	130	67.1	70.5	212.0
1959	28 108	260	35	294	114	26	140	100.5	97.9	264.9
1960	28 849	265	34	299	119	25	145	74.3	98.9	264.4
1961	28 571	261	35	296	118	26	143	90.3	95.2	263.1
1962	27 065	249	30	279	112	22	135	125.8	112.3	280.2
1963	25 731	238	29	267	107	22	129	109.2	123.4	251.3
1964	24 348	224	26	250	101	22	123	98.4	107.1	251.3
1965	23 341	224	26	250	101	22	123	98.4	107.1	253.6

3 Preliminary.

¹ Raw wool content of apparel wool manufactures, including nolls and wastes, imported less exports of such manufactures. During the years 1943 through 1947, the United States was on net export basis of wool manufactures due to the heavy exports of fabrics for military purposes.

² Includes Alaska and Hawaii.

TABLE 2.—*Shorn wool production, market, and support prices received by producers for wool and payment rates on shorn wool and unshorn lambs*

Year ¹	Shorn wool production	Received by producers		Payment rates ²	
		Market price	Support price	Shorn wool	Unshorn lambs
	Million pounds	Cents per pound	Cents per pound	Percent	Hundred-weight
1942	388	40.1			
1943	379	41.6	41.7		
1944	338	42.3	42.4		
1945	308	41.9	41.9		
1946	281	42.3	42.3		
1947	251	42.0	42.3		
1948	232	49.2	42.3		
1949	213	49.4	42.3		
1950	217	62.1	45.2		
1951	228	97.1	50.7		
1952	233	54.1	54.2		
1953	232	54.9	53.1		
1954	236	53.2	53.2		
1955	241	42.8	62.0	44.9	\$0.77
1956	242	44.3	62.0	40.0	.71
1957	239	53.7	62.0	15.5	.33
1958	244	36.4	62.0	70.3	1.02
1959	260	43.3	62.0	43.2	.75
1960	265	42.0	62.0	47.6	.80
1961	261	42.9	62.0	44.5	.76
1962	249	47.7	62.0	30.0	.57
1963	238	48.5	62.0	27.8	.54
1964	224		62.0		

¹ Calendar year for shorn wool production beginning 1943, marketing year for prices and payment rates.² For shorn wool, percent of net proceeds received by each producer; for unshorn lambs, per hundred pounds liveweight.TABLE 3.—*Wool and mohair payments, 70 percent of duty collections and excess of such duty collections over payments*

[In thousands of dollars]

Period or marketing year	Payments				70 percent of duty collections ¹	
	Wool	Mohair	Total		Annual	Cumulative
			Annual	Cumulative		
Jan. 1, 1953–Mar. 31, 1955					103,644	103,644
April to March:						
1955	57,614		57,614	57,614	51,500	155,144
1956	51,915		51,915	109,529	51,626	206,770
1957	16,104		16,104	125,633	47,133	253,903
1958	85,143		85,143	210,776	56,769	310,672
1959	53,865		53,865	264,641	68,072	378,744
1960	59,490		59,490	324,131	72,049	450,793
1961	56,895		56,895	381,026	74,419	525,212
1962	39,195	797	39,992	421,018	87,760	612,972
April to December: 1963	27,200		² 27,200	448,218	69,338	682,272
Calendar year (estimated) 1964	27,300		² 27,300	475,518	85,000	767,272

¹ 70 percent of all duties collected on imports of wool and wool manufactures as provided under sec. 704 of the National Wool Act of 1954, as amended. From the 1953 marketing year through the 1962 marketing year, totals have been derived by allocating $\frac{1}{2}$ of the reported January–June total to each of the marketing years involved. The figure for the 1963 marketing year is 75 percent of the 1963 calendar year total.² Based on sales of 170 million pounds in 1963 (9 months) and 220 million pounds in 1964, and for unshorn lambs, 7,870,000 hundredweight in 1963 (9 months), and 10,000,000 hundredweight in 1964.

TABLE 4.—*Amount of payments, total expenditures, and reimbursements to CCC under the National Wool Act, by years*
 [In millions of dollars]

Fiscal year (July-June)	Total wool and mohair payments		Adminis- trative expenses	Interest on account receivable	Total expendi- tures	70 percent of duty collections		Reim- bursement in relation to year's expendi- tures	Amount unreim- bursed at end of fiscal year
	Marketing year	Amount				Total preceding calendar year	Reim- bursement to CCC 1		
1954-55			0.2		0.2	225.4	0.2		
1955-56			2.0		2.0	230.1	2.0		
1956-57	1955-56 (April-March)	57.6	2.1	1.6	61.3	224.7	29.7	-31.6	31.6
1957-58	1956-57 (April-March)	51.9	2.3	2.9	57.2	224.5	24.5	-32.7	64.3
1958-59	1957-58 (April-March)	16.1	2.7	1.2	20.0	50.1	50.1	+30.1	34.2
1959-60	1958-59 (April-March)	85.1	2.8	4.7	92.7	67.2	67.2	-25.5	39.7
1960-61	1959-60 (April-March)	53.9	3.0	4.0	60.9	75.3	75.3	+14.4	45.3
1961-62	1960-61 (April-March)	59.5	2.9	3.0	65.4	69.2	69.2	+3.8	41.5
1962-63	1961-62 (April-March)	56.9	3 3.3	3.0	63.2	90.2	90.2	+27.0	14.5
1963-64 (estimated)	1962-63 (April-March)	40.0							
1964-65 (estimated)	1963 (April-December)	27.0	4.0	2.0	73.0	92.4	87.5	+14.5	
	1964 (January-December)	27.3	2.2	.3	29.8	85.0	29.8		

¹ Under sec. 705 of National Wool Act, reimbursement is limited to 70 percent of duties on wool and wool manufactures for the preceding calendar year.

² Prior to amendment of the National Wool Act in 1953, the reimbursement was limited

to 70 percent of only the specific portion of the duties. The unreimbursed amounts are carried by CCC as an account receivable.

³ Includes approximately \$1,000,000 prior-year adjustments.

TABLE 5.—Number of goats clipped; production and consumption of mohair, in the United States; prices received by producers and payments under the National Wool Act of 1954, as amended

Year	Number of goats clipped	Domestic production	Imports for consumption ¹	Exports ²	U.S. mill consumption	Prices to producers		Mohair payments	
						Farm price	Support level	Rate	Total amount
	<i>Thousand head</i>	<i>Million pounds, grease basis</i>	<i>Million pounds, grease basis</i>	<i>Million pounds, grease basis</i>	<i>Million pounds, grease basis</i>	<i>Cents per pound</i>	<i>Cents per pound</i>	<i>Percent</i>	<i>Million dollars</i>
1942	4,322	20.7	0.9			49.3			
1943	4,276	20.2	1.0	0.03	29.5	57.1			
1944	4,109	20.4	8.4	.08	19.0	60.1			
1945	4,291	22.0	.4	.16	16.1	55.3			
1946	3,939	19.3	1.3	.11	23.4	61.1			
1947	3,672	18.2	.6	.10	17.9	53.6			
1948	3,164	16.0	.2	.08	11.5	45.4			
1949	2,558	13.0	.1	.14	18.5	46.3			
1950	2,530	13.2	2.2	.11	21.0	76.0	49.1		
1951	2,472	12.9	2.9	.04	13.5	118.0	53.4		
1952	2,287	12.2	1.9	.03	13.5	96.3	57.2		
1953	2,337	12.8	.3	1.08	13.2	87.7	60.7		
1954	2,618	14.6	.1	3.09	11.1	72.4	64.3		
1955	2,984	16.9		7.38	12.6	82.2	70.0		
1956	3,151	18.2		14.43	8.7	84.4	70.0		
1957	3,231	19.1		12.18	8.5	83.7	70.0		
1958	3,417	20.8		16.11	14.7	72.3	70.0		
1959	3,755	24.2		22.64	12.2	96.4	70.0		
1960	3,889	24.5		16.48	6.5	89.7	70.0		
1961	4,022	26.4		16.49	10.0	85.6	73.0		
1962	4,241	27.2		15.29	8.6	71.4	74.0	3.6	0.8
1963	4,372	29.0		17.32	12.0	88.1	76.0		
1964							72.0		

¹ Actual weight.

² Includes alpaca.

³ Included with wool.

⁴ Not available.

⁵ Beginning July 1953, reported consumption included alpaca, cashmere, etc. Hence, beginning with 1953, the U.S. mill consumption of mohair is estimated from reported data on consumption and imports of mohair, alpaca, cashmere, etc.

Mr. JAENKE. We stand ready to answer any questions that you or members of the committee may have.

Mr. POAGE. Thank you, Mr. Jaenke. I would appreciate it if you would explain more in detail the effect of removing the 360-million-pound limitation that we presently have, as to the power that it gives these secretaries to lower and to remove supports therefor.

Mr. JAENKE. I will be happy to do so.

First of all, we believe that the 300 million, or the 360 million pounds, is unattainable. In our judgment, it is not wise to maintain a legislative directive and a goal and a target which, under any practical consideration, could not possibly be reached. We believe this leaves the program open to using this 300- or 360-million-pound level as a method of evaluating the program, leading to unwarranted results.

It has been said in correspondence and in other material that comes to our attention in the Department that here is a program that has been operating 10 years; Congress said that they were going to get 300 or 360 million pounds of wool, and after 10 years they have not got within 60 or so million pounds of that goal; therefore, it must be a bad program—it must not be working. This is not true. The program is working, as we pointed out here.

There is no question that wool production and producer returns would have been considerably less in the absence of this program. We have accomplished a lot of encouraging wool production during the past years, but we have not and probably cannot attain that goal; since it is unattainable, we do not believe that it is wise to leave the goal in the act.

We think that the same effective declaration can be had, perhaps with some modifications in the language which we suggested, which states that the purpose of the program shall be to increase the production of wool to meet our domestic needs. I believe that pretty roughly summarizes it.

Mr. POAGE. I do not understand that the 300 million or the 360 million pounds provision in the present law was put in there with the idea of attaining that production. I may be wrong, but I understood at the time that it went in there that it was put in there as something so far in advance of any foreseeable production that for all practical purposes it would assure support as long as the law was in effect. If I understand it, it does assure the support, so long as the law remains in effect, that the Secretary must support the price of wool, so long as we are not producing the 360 million pounds. We had no expectation that we would produce that. I have not had that expectation and I do not know of anyone who has had any expectation that we would reach that. We knew that we would not produce it, and I therefore know that the Secretary would have to support wool as long as the law was in effect.

Now, when you take that goal out it seems to me—and that is what I want you to clarify—that what you are doing is stating to the Secretary that he can support the price of wool as long as he wants to do so, and that whenever he does not want to support it, he can quit supporting it. There would be no criteria to require him to support it.

Does not this new language give the Secretary the power to abandon supports whenever he wants to?

Mr. JAENKE. No, sir.

Mr. POAGE. What is in there in your proposal which requires him to continue the supports?

Mr. JAENKE. The language requires that he shall encourage production to meet our domestic needs. If our needs are two or three times more than what we are actually producing, we believe that this is mandatory language to the Secretary to continue an incentive program to meet our needs.

Mr. POAGE. I do not think that it requires that. It declares it to be the policy of this Congress. And that is a little window dressing. That it is the intent of Congress to support the price of wool in such a manner and at such a level—not to meet our needs, but as will encourage the production of wool at prices fair to the wool producers of this country, to have the least adverse effect on foreign trade. And, obviously, if we produce too much wool we would adversely affect foreign trade. And that it will not result in such an increase in lamb production that will depress the lamb prices and the like.

It seems to me that all the Secretary has to do here is that at any time he wants to drop this program that he may do so. I do not think that he has to sharpen any pencil to do this. It seems to me to be rather clear under this language that the Secretary can make a finding this morning that we will produce as much wool as we desire that it will interfere with foreign trade, and I think it would.

What do you think about that?

Mr. JAENKE. I think that your concern might very readily be alleviated here if we added into this language on the fifth line "to encourage as much production as is possible to meet the domestic needs," or words to this effect. This is what we have in mind.

Mr. POAGE. Something like to encourage the largest possible percentage?

Mr. JAENKE. Of domestic requirements.

Mr. POAGE. Yes, sir, something of that kind. But it seems to me that as it stands you leave it wide open. As we have so often said, I have not the slightest fear that Orville Freeman would use this power to do that but I do have a fear that Orville Freeman will not be Secretary of Agriculture for the length of this bill.

Mr. JAENKE. It is only for 4 years.

Mrs. MAY. Is not the wording that you have suggested restating exactly what the 300-million-pound goal does, anyway?

Mr. JAENKE. No, ma'am, I do not believe so. The 300 million pounds, in effect, says that the purpose of this program is to accomplish 300 or 360 million pounds of production. It is our judgment that within a reasonable level of support, you could not attain this amount. It is not because the program is not operating properly. The level is one which, because of many, many factors, could not ever be attained in our judgment. We think that language which seeks to increase production to meet domestic needs will not detract from this program. It still makes it mandatory that the Secretary do this so long as we produce less than our domestic requirements, but it does take away, we believe, a completely unrealistic and unattainable goal in figures which can be and have been used as a method of evaluating this program with unwarranted results.

Mrs. MAY. This is a kind of semantic thing, I suppose, that we are discussing here, but when you say so far as possible to meet our domestic needs, rather than to define how much wool we could consume or use in the United States of America in any one year, whether it comes from domestic or foreign sources, we are saying almost the same thing.

Mr. JAENKE. Well, I agree with you that it is semantics.

Mr. POAGE. What harm does the present provision do? Do you understand that this bill was passed originally, back in 1954, for the purpose of increasing domestic wool production to 360 million pounds? Did you understand that it was passed for that purpose, or for the purpose of raising the farm income, which?

Mr. JAENKE. I think the bill is fairly clear, as indicated by the specific levels of 300 and 360 million pounds, that Congress intended that somehow wool production would go there. From some of the statements that were made in the legislative history about the program when it was first passed, I think that there were a number of people—perhaps you do not feel so, Mr. Chairman—who believed that this was an attainable goal at that time. I think that, since then, most everyone in the industry and elsewhere would agree that it is probably not an attainable goal under any conditions that we can foresee in 4 years.

Mr. POAGE. If we foresee that it is not attainable—and I think it is not—if we pass this bill with what we know to be an unattainable goal, then have we not pretty clearly passed it simply for the purpose of making sure that the Secretary was going to have to support the price of wool?

Mr. JAENKE. I would think so, yes.

Mr. POAGE. That is exactly my purpose. I do not know what the other members of the committee had in mind, but that is exactly my purpose in leaving this provision in here; to make it absolutely certain that this or any other Secretary has got to support the price of wool whether he thinks it is attainable or interferes with imports or not.

Mr. HARVEY of Indiana. Will you yield?

Mr. POAGE. Yes.

Mr. HARVEY of Indiana. As one of the members who was on the subcommittee when we passed this originally, that was exactly my understanding.

Mr. POAGE. Of course. I can understand that there are people who say, "Yes, Congress thought that it would raise the production of wool by 33⅓ percent." I did not anticipate anything of the kind. I do not anticipate that today. And I will make the record real clear that if we pass this extension of this bill with the 360 million pound figure in it, I have no idea that we will reach that figure during the lifetime of the bill, but I do have an idea that it binds the Secretary to support wool during the lifetime of the bill, and that is exactly what I want it to do.

Mr. JAENKE. Again, I suggest that you can accomplish that same thing by assuring any Secretary of Agriculture that he is required to

maintain this incentive program, without leaving that specific figure in the law.

Mr. POAGE. I think that we possibly could change it to language that will do exactly that. I do not think it does it now, but I think that we can add some of this language that will necessitate support on the part of the Secretary.

Mr. HARVEY of Indiana. I am not too sure of it, either except that it does seem to me that the mere fact that we are deleting this goal in itself might in certain instances have detrimental effects on the program and that people would say, "Well, they are not so sure that they want to keep this program, and maybe are coming to a place where they are getting ready to terminate it." I think that it can be translated both ways.

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

Mr. OLSON. I have one question. I feel that the language that has been suggested would not be satisfactory, Mr. Jaenke, in view of what I have heard so far, unless we change the meaning of this language. I have never found any producers in my part of the country yet who ever thought that when you placed the words such as "prices fair to the producers and the consumers" that the producer was not going to get the short end of the stick. Farmers are not very happy about it.

You made reference to the percentage of the domestic production as against imports. What was that—what is our domestic production compared to imports?

Mr. JAENKE. In 1963, domestic production was 129 million pounds (clean content) and imports of dutiable raw wool were 109 million. In recent years, imports have been one-third to one-half of mill consumption.

Mr. POAGE. Are there any further statements or questions?

Mr. HARVEY of Indiana. I would like to ask a question concerning this. I note in connection with your statement that you state that there were 248,000 payments made on shorn wool and of these about 200,000 payments were made to producers with less than 100 sheep.

Do you recall what was the largest single payment that was made?

Mr. JAENKE. I do not. We would like to supply that for the record.

Mr. HARVEY of Indiana. If you cannot supply it now, would you please supply it for the record?

Mr. JAENKE. Yes, sir.

Mr. HARVEY of Indiana. And would you please at this same time submit for the record the percentage of the total payments that were made to this group of 248,000?

Mr. JAENKE. Yes, sir.

(The information follows:)

The largest single incentive payment made on shorn wool for the 1962-63 marketing year was \$44,672. A summary of all payments made on shorn wool and unshorn lambs, by size of payments, and the value of such payments for 1962-63 is shown below:

Summary of payments

SHORN WOOL

Size of payment	Number of payments	Percent of total	Value of payments	Percent of total
Less than \$100.....	201,828	81.4	\$6,248,743	19.1
\$100 to \$999.....	41,017	16.5	10,437,749	31.9
\$1,000 to \$2,999.....	3,652	1.5	6,126,112	18.7
\$3,000 and over.....	1,594	.6	9,897,216	30.3
Total.....	248,091	100.0	32,709,820	100.0

UNSHORN LAMBS

Less than \$100.....	136,643	93.1	\$2,527,627	39.8
\$100 to \$999.....	9,326	6.4	2,405,504	37.8
\$1,000 to \$2,999.....	661	.4	1,025,489	16.1
\$3,000 and over.....	91	.1	400,508	6.3
Total.....	146,721	100.0	6,359,128	100.0

Attached is a complete summary of the distribution of incentive payments on shorn wool, unshorn lambs, and mohair, by States and by size of payments.

PAYMENT UNDER THE NATIONAL WOOL ACT OF 1954

Number and amount of wool payments by size groups, States, and areas and portion of area total by groups, as reported by ASC county offices for the 1962 marketing year

SHORN WOOL

State and district	Less than \$100		\$100 to \$999.99		\$1,000 to \$2,999.99		\$3,000 and over		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Maine.....	823	\$20,687.85	51	\$8,433.66	-----	-----	-----	-----	874	\$29,131.51
New Hampshire.....	183	5,226.66	20	4,270.48	-----	-----	-----	-----	213	9,497.14
Vermont.....	164	4,575.46	10	2,700.36	-----	-----	-----	-----	174	6,775.84
Massachusetts.....	496	8,194.84	11	2,432.20	-----	-----	-----	-----	507	10,627.04
Rhode Island.....	88	1,506.98	2	226.12	-----	-----	-----	-----	90	1,733.10
Connecticut.....	208	4,614.05	4	523.36	-----	-----	-----	-----	210	5,138.02
New York.....	2,100	71,503.46	323	66,325.91	-----	-----	-----	-----	2,426	137,831.37
New Jersey.....	361	8,039.61	9	1,397.86	-----	-----	-----	-----	370	9,437.47
Pennsylvania.....	4,929	130,128.43	399	68,514.83	1	\$1,023.96	-----	-----	5,329	199,667.22
North Atlantic area, total.....	9,360	254,439.97	832	154,324.78	1	1,023.96	-----	-----	10,193	409,838.71
Portion of area total.....	91.83	62.10	8.16	37.65	0.01	0.25	-----	-----	100	-----
Ohio.....	16,964	\$576,901.57	2,500	\$467,321.53	13	\$38,196.33	-----	-----	19,474	\$1,039,973.15
Indiana.....	12,778	308,017.23	421	74,493.02	2	2,800.30	-----	-----	13,201	385,310.55
Illinois.....	16,729	385,563.10	621	110,306.02	2	10,505.07	-----	-----	17,361	541,005.92
Michigan.....	3,843	154,173.80	1,133	238,023.88	12	17,624.78	-----	-----	4,989	413,079.68
Wisconsin.....	5,743	149,966.92	1,388	68,248.87	2	2,288.97	-----	-----	6,133	220,504.76
East North Central area, total.....	56,057	1,574,622.62	5,062	958,391.32	36	51,415.45	-----	-----	61,163	2,629,874.06
Portion of area total.....	91.65	59.88	8.28	36.44	0.06	1.96	0.01	1.73	100	-----
Minnesota.....	14,505	\$470,323.04	1,939	\$308,225.29	12	\$16,798.93	-----	-----	16,447	\$860,009.41
Iowa.....	23,341	694,038.46	2,759	505,965.67	15	24,210.26	-----	-----	26,122	1,263,848.04
Missouri.....	12,142	376,299.96	1,099	200,894.28	9	17,019.56	-----	-----	13,250	594,183.80
North Dakota.....	4,024	174,077.44	2,232	303,378.43	38	53,625.65	-----	-----	6,299	754,363.27
South Dakota.....	8,015	337,439.26	4,014	1,066,293.29	268	430,342.71	-----	-----	12,349	2,095,210.23
Nebraska.....	4,448	150,025.11	985	236,410.44	21	33,327.94	-----	-----	5,460	446,363.37
Kansas.....	4,625	150,901.18	1,211	296,783.69	45	72,410.31	-----	-----	5,886	560,917.58
West North Central area, total.....	71,100	2,353,905.05	14,239	3,177,923.60	4.08	649,735.36	76	393,271.69	85,823	6,574,835.70
Portion of area total.....	82.84	35.80	16.59	48.33	0.48	9.88	0.09	5.98	100	-----
Delaware.....	42	\$1,288.60	5	\$759.64	-----	-----	-----	-----	47	\$2,048.24
Maryland.....	741	18,506.43	25	3,836.04	-----	-----	-----	-----	766	22,362.47

Virginia.....	6,140	178,315.90	360	64,011.02	2	\$2,783.84	6,502	245,110.76
West Virginia.....	6,680	165,346.48	246	40,044.57			6,686	205,391.05
North Carolina.....	1,337	31,053.81	33	6,324.27			1,370	37,378.08
South Carolina.....	31	2,094.44	5	1,445.30			96	3,539.74
Georgia.....	160	4,438.58	14	2,531.88			174	6,990.46
Florida.....	32	1,496.21	2	990.46			54	2,486.67
South Atlantic area, total.....	15,253	402,560.45	680	119,963.18	2	2,783.84	15,945	525,307.47
Portion of area total.....	95.66	76.63	4.33	22.84	0.01	0.53	100	100
Kentucky.....	4,911	\$173,631.13	664	\$115,569.34	2	\$3,847.63	5,577	\$293,048.10
Tennessee.....	3,565	96,827.97	127	18,759.03			3,692	115,588.00
Alabama.....	226	6,840.50	31	6,173.98			257	13,014.48
Mississippi.....	667	16,416.62	55	9,868.51	2	2,657.24	724	28,942.37
Arkansas.....	890	13,936.15	39	6,803.90			629	20,742.05
Louisiana.....	757	15,850.45	57	14,954.90	2		814	30,800.35
Oklahoma.....	2,413	73,367.55	347	72,574.85			2,763	154,344.96
Texas.....	11,151	380,566.03	7,724	2,427,339.68	1,197	3,579.12	20,442	6,761,153.25
South Central area, total.....	24,280	777,437.40	9,044	2,672,244.19	1,203	2,009,004.98	34,898	7,417,536.56
Portion of area total.....	69.57	10.48	25.92	36.03	3.45	27.08	100	100
Montana.....	1,420	\$67,554.22	1,869	\$594,816.32	381	\$643,936.52	3,796	\$2,054,280.38
Idaho.....	1,797	67,825.43	1,031	272,150.26	128	226,036.15	3,074	3,373,571.40
Wyoming.....	924	42,996.80	1,518	535,134.00	328	551,933.41	2,996	2,850,041.44
Colorado.....	1,925	73,897.93	1,369	453,986.33	321	546,065.73	3,755	1,913,492.43
New Mexico.....	3,157	95,645.79	837	261,279.45	186	319,600.00	4,288	1,414,866.37
Arizona.....	4,843	138,935.20	398	67,707.74	9	15,245.60	5,276	1,436,306.21
Utah.....	2,418	81,488.42	840	244,957.87	195	354,656.72	3,500	1,436,306.21
Nevada.....	159	5,468.35	37	9,328.12	11	22,890.77	2,241	330,228.57
Washington.....	1,742	49,734.48	385	92,533.34	74	50,160.66	2,173	307,449.68
Oregon.....	4,600	171,542.02	1,515	872,875.31	27	122,666.44	6,224	894,173.46
California.....	2,796	90,830.29	1,364	453,365.40	322	550,275.22	4,650	2,122,124.88
Western area, total.....	25,781	885,918.93	11,163	3,358,134.14	1,982	3,403,487.31	40,063	15,140,980.04
Portion of area total.....	64.35	5.85	27.86	22.18	4.95	22.48	100	100
Alaska.....	3	\$103.87					4	\$4,758.04
Hawaii.....							2	6,739.49
United States, total.....	201,884	\$6,249,038.29	41,030	\$10,440,981.21	3,632	\$6,117,450.90	248,091	\$32,709,820.07
Portion of U.S. total.....	81.35	19.10	16.54	31.92	1.46	18.70	100	100

PAYMENT UNDER THE NATIONAL WOOL ACT OF 1954—Continued

Number and amount of wool payments by size groups, States, and areas and portion of area total by groups, as reported by ASC county offices for the 1962 marketing year—Continued

UNSHORN LAMBS

State and district	Less than \$100		\$100 to \$999.99		\$1,000 to \$2,999.99		\$3,000 and over		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Maine.....	195	\$2,841.97							195	\$2,841.97
New Hampshire.....	13	78.90							13	78.90
Vermont.....	39	530.52							39	530.52
Massachusetts.....	11	138.16							11	138.16
Rhode Island.....	7	82.61							7	82.61
Connecticut.....	6	34.91							6	34.91
New York.....	1,080	19,995.02	24	\$4,101.27					1,104	24,097.29
New Jersey.....	16	102.09	1	407.97					17	510.06
Pennsylvania.....	1,981	23,811.21	6	1,076.41					1,987	24,887.62
North Atlantic area, total.....	3,348	47,616.39	31	5,585.65					3,379	53,202.04
Portion of area total.....	99.08	89.50	0.92	9.19					100	100
Ohio.....	10,413	\$160,778.86	80	\$11,235.69					10,493	\$172,014.55
Indiana.....	6,628	77,640.60	36	6,103.55					6,664	83,744.15
Illinois.....	8,343	99,368.97	126	16,059.94					8,469	115,428.91
Michigan.....	3,118	56,377.89	36	6,123.08					3,154	62,500.97
Wisconsin.....	2,877	38,300.89	19	2,926.67					2,896	41,227.56
East North Central area, total.....	31,379	432,467.21	297	42,538.93					31,676	475,006.14
Portion of area, total.....	99.06	91.04	0.94	8.96					100	100
Minnesota.....	10,685	\$170,218.59	103	\$34,695.05					10,789	\$205,925.88
Iowa.....	14,089	218,054.78	241	44,355.39	1	\$1,012.24			14,334	282,923.86
Missouri.....	8,143	118,611.33	44	8,927.73	3	3,149.12	1	\$17,364.57	8,187	137,539.06
North Dakota.....	4,807	118,211.22	217	39,927.49		1,743.03			5,025	159,883.34
South Dakota.....	8,849	222,123.19	983	211,205.29	14	20,954.64	1	11,380.15	9,847	465,663.27
Nebraska.....	3,258	70,462.27	229	47,770.64	6	8,963.60			3,493	127,196.51
Kansas.....	3,962	92,238.74	355	62,428.85	1	1,967.08			4,318	156,694.67
West North Central area, total.....	53,793	1,009,920.12	2,262	449,311.44	26	37,790.31	2	28,744.72	56,083	1,525,766.59
Portion of area, total.....	95.92	66.19	4.03	29.45	0.05	2.48	(1)	1.88	100	100
Delaware.....	23	\$439.82							23	\$439.82
Maryland.....	413	5,042.00	1	\$115.60					414	5,157.60

Virginia.....	5,011	77,319.80	48	7,934.63					5,059	\$5,254.32
West Virginia.....	3,187	65,188.22	17	2,661.08					5,197	67,849.37
North Carolina.....	723	6,584.28	2	349.24					5,197	6,933.52
South Carolina.....	22	218.51							22	218.51
Georgia.....	60	920.37	3	342.02					63	1,262.39
Florida.....	3	84.51							3	84.51
South Atlantic area, total.....	11,435	155,797.01	71	11,402.47					11,506	167,199.48
Portion of area, total.....	99.38	93.13	0.62	6.82					100	100
Kentucky.....	4,542	\$89,287.75	66	\$10,066.43					4,608	\$99,354.13
Tennessee.....	3,065	41,132.69	4	570.34					3,069	41,703.03
Alabama.....	122	2,114.31	1	111.67					123	2,225.98
Mississippi.....	167	2,609.06							167	2,690.06
Arkansas.....	247	3,653.98	2	258.81					249	3,912.79
Louisiana.....	56	906.86	36						56	906.86
Oklahoma.....	1,877	31,207.85		5,647.14					1,613	36,854.99
Texas.....	7,845	269,352.73	1,711	440,088.47	48				9,604	718,623.47
South Central area, total.....	17,621	380,265.23	1,820	456,712.86	48				19,489	906,190.36
Portion of area total.....	90.41	41.96	9.34	50.40	0.25				100	100
Montana.....	2,412	\$83,826.29	935	\$290,403.95	46				3,394	\$412,077.22
Idaho.....	1,955	55,947.71	407	124,961.29	99				2,487	458,040.37
Wyoming.....	1,868	73,737.72	840	243,436.56	105				2,615	515,399.68
Colorado.....	1,933	60,364.89	1,064	301,852.74	86				3,011	533,717.13
New Mexico.....	1,893	34,748.22		85,599.15	15				2,209	144,291.11
Arizona.....	302	16,853.52	14	10,483.68	20				1,889	70,820,168
Utah.....	1,613	41,770.84	518	179,785.51	73				2,209	360,229.42
Nevada.....	81	2,010.72			5				134	64,338.18
Washington.....	951	22,767.39	26	12,041.35	24				1,048	83,710.10
Oregon.....	3,695	79,103.96		26,133.05	11				3,908	177,349.04
California.....	1,144	36,365.15	184	47,387.43	26				1,686	498,044.45
Western area, total.....	19,116	494,602.50	4,798	1,443,105.33	592				24,590	3,228,016.86
Portion of area total.....	77.74	15.32	19.51	44.70	2.41				100	100
Alaska.....										
Hawaii.....										
United States, total.....	136,692	\$2,520,668.46	9,279	\$2,408,716.68	666				146,723	\$6,355,381.47
Portion of United States total.....	93.16	39.66	6.32	37.90	0.45				100	100

¹ Less than 0.01 percent.

Number and amount of mohair payments by size groups, States, and areas, and portion of U. S. total by groups, as reported by ASC county offices for the 1962 marketing year

States	Less than \$100			\$100 to \$199.99			\$200 to \$499.99			\$500 and over			Total		
	Num- ber	Amount	Pounds	Num- ber	Amount	Pounds	Num- ber	Amount	Pounds	Num- ber	Amount	Pounds	Num- ber	Amount	Pounds
Missouri.....	61	\$475.65	25,407										61	\$475.65	25,407
West-North-Central total.....	61	475.65	25,407										61	475.65	25,407
Virginia.....	2	12.53	696										2	12.53	696
West Virginia.....	4	22.64	1,173										4	22.64	1,173
South Atlantic area, total.....	6	35.17	1,869										6	35.17	1,869
Arkansas.....	43	520.43	25,607	1	\$196.04	9,708							44	716.47	35,315
Oklahoma.....	18	368.25	15,334										18	368.25	15,334
Texas.....	5,993	199,521.20	8,055,978	1,096	153,936.61	5,956,307	737	\$222,521.95	8,541,209	255	\$223,010.31	8,473,430	8,081	798,990.07	31,026,924
South-central area, total.....	6,054	200,409.88	8,095,919	1,097	154,132.65	5,966,015	737	222,521.95	8,541,209	255	223,010.31	8,473,430	8,143	800,074.79	31,077,573
Colorado.....	4	41.40	2,491				1	208.94	11,221				5	250.34	13,712
New Mexico.....	88	1,130.27	53,003	3	493.04	21,203	5	1,390.17	56,194	1	715.75	28,146	97	3,729.23	158,546
Arizona.....	106	715.41	39,127										106	715.41	39,127
Utah.....	18	135.00	8,079										18	135.00	8,079
Oregon.....	46	435.46	34,046										46	435.46	34,046
California.....	26	306.73	15,843										26	306.73	15,843
Western area, total.....	286	2,764.27	152,589	3	493.04	21,203	6	1,599.11	67,415	1	715.75	28,146	296	5,572.17	269,353
United States, total.....	6,407	203,684.97	8,276,784	1,100	154,625.69	5,987,218	743	224,121.06	8,608,624	256	223,726.06	8,501,576	8,506	806,157.78	31,374,202
Portion of United States, total (percent).....	75.32	25.27	26.38	12.93	19.18	19.08	8.74	27.80	27.44	3.01	27.75	27.10			

Mrs. MAY. For what particular reason do you suggest an extension of 3 years, rather than 5 years or 2 years, or 7 years, or some other period of time?

Mr. JAENKE. We are recommending a 4-year extension, Mrs. May.

Mrs. MAY. A 4-year extension? Why?

Mr. JAENKE. A 4-year extension; yes.

Mrs. MAY. Thank you. But why?

Mr. JAENKE. I think this corresponds to the length of the extension in recent years. In addition, it would give the program sufficient time to operate without having to come back for additional extensions. We believe that is about as long as is desirable without further congressional review. And this, perhaps, reflects the judgment of the Members of Congress as much as anything else.

Mrs. MAY. Actually, it is not that long, because the act expires March 31, 1966.

Mr. JAENKE. It is 3 years, 9 months. It would bring the marketing year to correspond with the calendar, and is generally agreed upon by the producers and others.

Mrs. MAY. Is this extension recommendation going to be a part of the administration's omnibus bill?

Mr. JAENKE. Yes, madam.

Mr. POAGE. Mr. Olson.

Mr. OLSON. I notice on table 2 that the percent of payments has gone down constantly and the price support remains constant at 62 cents, but parity has gone down likewise at the same time. And the imports have gone up resulting in more money in the fund. How come our production has gone down and the payments have gone down? Did you say that there was a lack of finance, or is that what I heard earlier?

Mr. JAENKE. I do not believe we stated that.

Mr. OLSON. Well, then, why?

Mr. JAENKE. I think that table No. 4 will show these figures. As you know, the financing in this program is on an appropriation basis, but not to exceed 70 percent of the import duties collected on wool and wool product imports.

There is authority in the act to let the Commodity Credit Corporation finance whenever these import duties fall behind the needs under the program, and there was considerable concern several years ago that this was occurring and would give us some trouble.

As you can see by table No. 4 the program, from the standpoint of its financing through duties, is in pretty good shape.

In the 1959-60 year the receipts fell \$25 million below the expenditures. This was also true in some of the first years of the operation of the program. Since that period the reverse has been true. And we expect in 1963-64 that there will be a \$14.5 million excess.

Mr. OLSON. \$14.5 million less disbursed than brought in?

Mr. JAENKE. That is right.

Mr. OLSON. Is this a recurring figure or what?

Mr. JAENKE. This is in relation to the 1 year, the 1963-64 operation.

Mr. OLSON. A 1-year operation?

Mr. JAENKE. That is right.

Mr. OLSON. Where does that \$14.5 million go; revert to the Treasury?

Mr. JAENKE. Yes, sir.

Mr. OLSON. Maybe the figures that Mr. Heimburger has asked that you supply which you use in determining the price will give us some of the answers as to why parity has gone down steadily.

Mr. JAENKE. We can provide some answers to that, if that is the question.

This is a program, probably more than any other program that I have had the opportunity to work with in the Department, in which there is a very close working relationship between the producers of the commodity and their organization and the Department of Agriculture. Each year, as prescribed by law, we request a recommendation of all farm organizations and producer groups related to this particular commodity. I believe it is fair to say that over the years the recommendations that have come to the Department from these producer organizations have been almost unanimously in favor of the maintenance of the current level. I would hesitate to say exactly why this has been the case, but I think that there has been a real concern on the part of everyone who is familiar with this program as to the aggregate effect on income to the sheep producers if the support or incentive level were to be raised.

I think that an increase in the incentive payment would encourage the holding of more ewes, which in turn would increase the production of wool, but it would also encourage the meat or lamb production. At some point—and we in the Department do not know exactly where—and I do not believe any other people who have studied this in the land-grant colleges or the producer associations or others know exactly where this point is—but at some point there will be considerably increased lamb supplies, which probably would result in sharply dropping prices of lamb which has to compete with other meat commodities. This would very likely result in a decline in the net return to these farmers. In other words, they would get more income on their wool production, but so much less on the other which amounts to approximately two-thirds of their total.

Mr. POAGE. I think I follow the theory all right. I agree that it is a sound theory. You just stated there that these goals are unattainable. That they are not going to increase the production to a substantial degree. And we have not been doing so. When we look at the figures we know that that is true.

In one breath you say that we ought to change the law because the goals are unattainable, and in the next breath you suggest that not to change the law will result in the production of too many sheep.

It seems to me that there is an inconsistency there. I still think you are right the first time. I do not think that we are going to produce any substantial amount of sheep here as the result of this support. We have not done so up to this time. I do not think that we are going to do so. And you do not think so. You say that we are not going to do so. You stated for that reason—because it is unattainable—we should withdraw this goal. There is no danger about this lamb situation unless we are actually going to increase substantially up above the 300 million pounds or the 360 million pounds before you affect the lamb situation.

I think that you can take either one of these positions that you want, but I do not believe that you can present both of these arguments?

Mr. JAENKE. They would not both come at the same time, I agree with you, but I think a substantial increase in the incentive payment would be necessary to get anywhere near 300 million pounds. We believe that could very well have a really serious, adverse effect on the total net returns as a result of this meat question. That is what I am referring to.

Mr. POAGE. Certainly that does not result in the bill that I introduced. There is nothing in it that makes you pay these people any more than you are now paying them as the law now exists.

Mr. JAENKE. Except that there are people who are not familiar with the legislative history mentioned this morning; they could very well say that you are supposed to do whatever is necessary in order to get 300 million pounds, and if this means putting a 50 percent higher incentive payment on it, to get it, and even if it reduced the farm aggregate to the farmers, you should go ahead. We do not believe it is good.

Mr. POAGE. You do not have to do that. I will agree that the legislative history is persuasive but you do not have to use legislative history to do it. You can use something else. You know that you do have to do it.

Mr. JAENKE. We like to carry out these laws to the fullest intent of Congress.

Mr. POAGE. If you really did that, you had the power to raise this parity under the existing law.

Mr. JAENKE. Our good judgment would tell us that this would be bad for everybody concerned, so we are kind of caught in the middle on this one.

Mrs. MAY. Is there some action that you anticipate down in the Department that will change support level that we do not know anything about?

Mr. JAENKE. We have seriously considered, and did consider last year, an increase in the payment above the 62-cent level. We review it every year. And this is how we began to try to determine what would be the net effect on the total income of the farmers as a result. It needs a lot more study and consideration before we make any move.

Last year for the first time there was one major farm organization, as I recall it, who recommended an increase in this program; they used the argument that we were not attaining the 300 million pounds and these other factors. We gave their recommendations very serious consideration.

Mr. HAGEN of California. I am not a member of this subcommittee. But I should like to ask a question.

Mr. POAGE. You may do so.

Mr. HAGEN of California. If you increased the wool subsidy payments the farmers could afford to sell the lambs at a cheaper price and you might be able to compete with Australian imports of lamb. You might increase the sale of lamb against other meats and U.S. lamb against foreign imports.

Mr. JAENKE. That may be true.

Mr. HAGEN of California. Pardon?

Mr. JAENKE. But I do not know. We will check that and study it. I think that you might accomplish a sufficiently reduced price to stop any imports, but I think that it would play havoc with producer returns.

Mr. HAGEN of California. There has been a constant increase in lamb and mutton imports attracted by high prices in the United States.

Mr. JAENKE. Mr. Emery has some figures on this.

The imports as a percentage of production have increased in total from about 1 percent, way back in 1952, to around, oh, 12, 17, 19, 11, 14, in the last 5 or 6 years. This looks as if it came about beginning in 1958 when they jumped from five-tenths of a percent up to 6 percent, and then continued in 1959 to 14 percent. And they have been roughly in that level, but slightly increasing up to 1963. This is lamb and mutton combined. Imports decreased in 1964 to about 11 percent of production.

Mr. OLSON. I have one comment in that regard. You said indicate that our production has been going down at the same time imports have been increasing. If the lessening of the incentive payment has brought about the constant decline in wool production and in lamb production, then we have created a market for imports. So if we continue in that trend, we will have our markets taken over and will have an adverse effect without remedies to halt this condition until it is too late.

Mr. JAENKE. We feel that there are a number of factors which are almost as important as the price question. I would like to ask Mr. Raymond, who has the responsibility for developing the wool situation report, to give you some of these factors.

Mr. RAYMOND. I think in addition to lamb prices as being a factor you have increasing competition for land use. You have urbanization, industrialization spreading out. You have farmlands being used for this purpose. You have a gradual movement of competition within agricultural commodities for the use of the same land, so that not only do you have competition between agricultural use and industrial and urban use, you have competition within agriculture. And the shift has been from sheep enterprises to other enterprises, maybe livestock or crop enterprises. This is one factor.

But then there is less and less land available for grazing. Some of this is due to the use for recreational purposes. And you have a lack of sheepherders. You also have problems of predators. You have increasing costs of production. There are any number of reasons or factors in addition to what happens to lamb prices.

Lamb prices are going to be somewhat affected by the competition with meat, lamb versus other red meat versus poultry.

There are many factors involved in whether a man shifts to or away from sheep raising.

Mr. OLSON. I have no further questions.

Mr. POAGE. I think that the answer to this is by eliminating all predator controls and the like and we will increase the wool production rather sharply accordingly.

Are there any further questions? If there are no further questions from the Department we are very much obliged to you. Mr. Jaenke, and your associates. We are very glad to have had you with us.

We have just received a report from the Department on H.R. 4011, and I would like to make that a part of the record at this point.

(The report dated Mar. 4, 1965, follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 4, 1965.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR MR. CHAIRMAN: This is in reply to your request of February 4, 1965, for a report of our recommendations on H.R. 4011, a bill to extend the operation of the National Wool Act of 1954, as amended.

The wool payment program under the National Wool Act has proved to be an effective method of price assistance on wool and is operating successfully to encourage wool production and bolster farm income. The program was developed with the advice and counsel of all segments of the industry.

This Department recommends extension of the National Wool Act as provided by H.R. 4011, with changes as suggested herein.

The wool payment program provides price assistance on wool without adversely affecting the competitive position of domestic wool with other fibers and imported wools and without having the Government in the wool merchandising business. Wool is an important agricultural commodity in which our Nation is deficient in production. Our wool is marketed in competition with wools imported from Australia, and other Southern Hemisphere countries.

Under the act, the total amount of payments up to any date and the annual appropriations reimbursing Commodity Credit Corporation for expenditures in operating the program are limited to a portion of the duties collected on imports of wool and wool manufactures.

Under H.R. 4011, the act would be extended for 2 years, i.e., through the 1966 and 1967 marketing years. Along with authorizing the wool payment program for 2 more years, the bill would include in the act a minimum of 77 percent of parity below which the Secretary could not establish the support price for shorn wool under the program. The Secretary would be required to establish the support price for mohair at the same percentage of parity at which shorn wool is supported. The bill does not delete the sixth sentence of section 703 which permits the support price for mohair to be established within a range of 15 percent above or below the comparable percentage of parity at which shorn wool is supported. However, by amending the act to require the support price for mohair prices to be at the same percentage of parity as that established for shorn wool, it is assumed that such deletion is intended.

The Department favors continuation of the National Wool Act with the following two minor amendments: First, in extending the act, consideration should be given to a 4-year extension; second, a modification of the wool production goals of 300 and 360 million pounds presently set forth in the act. We feel that this goal is not obtainable under current and prospective production conditions and continuation of an unrealistic goal tends to permit evaluation of a program with unwarranted conclusions and results. A more realistic policy of Congress would be to delete the specific unrealistic production goal and provide for encouraging the production of wool to meet as much of the domestic requirements as possible without causing such an increase in lamb production as would depress lamb prices and total returns to sheep producers. We believe such a change would not weaken the act but make the policy guide more meaningful in administering the act.

The Department favors continuation of the other provisions of the National Wool Act of 1954. We believe the present range for determining the price-support level and the incentive payment is desirable and should be maintained. We believe the provision in the existing law permits sufficient flexibility to the Secretary to establish the price support or payment rates, after consideration of changes in production conditions, to continue the effective operation of the program.

Likewise, we believe that the authority for establishing the support price for mohair should be continued as in the present National Wool Act. We believe that consideration of wool and mohair should be on a different basis because of the different circumstances surrounding the commodities. In contrast to wool, the United States is not a deficient producer in mohair, but has been on an export basis since 1953. In recent years, between one-half and two-thirds of the domestic production has been exported. Domestic production has increased each year since 1952 and currently is running more than twice that of 10 years ago.

Extension of the National Wool Act will not increase estimated budgetary expenditures for fiscal year 1966. The amount of payments for a marketing year under the National Wool Act depends, of course, upon the support prices established and the prices received by growers for wool and mohair sold during the marketing year. With the improvement in the national average of wool prices from around 43 cents a pound received by growers in the 1959, 1960, and 1961 marketing years to over 50 cents for the 1964 marketing year, the amount of payments to be made in the 1965 fiscal year for the 1964 marketing year is expected to total about \$28 million compared to the average of approximately \$51 million for the preceding 9 years, 1955-63, of the program.

Both wool and mohair prices have declined in recent months. The national average of prices received by growers for shorn wool sold during the 1965 marketing year is expected to be down from the average for the 1964 marketing year. The payments for that year which will be made in fiscal year 1966 were projected in the budget to total around \$35 million on the assumption that prices received by growers will average 48 cents. The decline in mohair prices has been such that payments on mohair may be required.

At present levels of production, each 1 cent the national average of the prices received by growers for shorn wool is below the incentive level requires around \$2.6 million in payments. For mohair, each 1 cent means around \$300,000 in payments.

The Bureau of the Budget advises that the enactment of this proposed legislation would be in accord with the President's program.

Sincerely yours,

CHARLES S. MURPHY,
Acting Secretary.

Mr. JAENKE. Thank you. Some of our Department technicians will be available here, should any other questions or facts come up.

Mr. POAGE. We appreciate someone being here.

Let us go off the record.

(Discussion off the record.)

Mr. POAGE. Back on the record.

Without objection, we will proceed.

We now have before us the president of the National Wool Growers Association, accompanied by the secretary of the association, and we will ask Mrs. May to introduce the president of the association.

Mrs. MAY. Mr. Chairman and my colleagues, I asked Mr. Poage for a couple of minutes to introduce to you the new national president of the Wool Growers Association, Mr. George K. Hislop.

Mr. Hislop is one of the few remaining large-scale sheep ranch operators in the State of Washington, where he has operated for 20 years and has a long record of service to our sheep and wool industry.

He is regarded as one of the top sheep and lamb men in the country.

In 1962 he was the winner of the national lambing contest.

He is the past president of the Washington State Wool Growers Association and served as vice president of the national association before being elevated to president. He is also a member of the national association's legislative committee, chairman of the American Sheep Industry Lamb Planning Committee, and a director of the American Sheep Producers Council and a member of the American Sheep Producers Council's Lamb Advertising Committee. Finally, and very importantly, a constituent and a longtime personal friend of our family from Yakima, Wash. And we are very proud that he was elected president of the national association this year.

George, I certainly am glad to welcome you.

Mr. POAGE. That was a very fine welcome. We shall be glad to hear from you now.

STATEMENT OF GEORGE K. HISLOP, PRESIDENT, NATIONAL WOOL GROWERS ASSOCIATION, ACCOMPANIED BY EDWIN MARSH, EXECUTIVE SECRETARY

Mr. HISLOP. Mr. Chairman and members of the subcommittee, my name is George K. Hislop. My home is in Yakima, Wash. I have a ewe and lamb operation in the Yakima Valley with our summer ranges running up into the Cascade Mountains toward Mount Adams. I also have a feeding operation where we buy lambs from other growers and grain feed them to market finish.

I am president of the National Wool Growers Association, which is the oldest national livestock organization in the United States. In fact, our organization is celebrating its 100th anniversary this year. Through the years the National Wool Growers Association has been recognized as the spokesman for the sheep producing industry of the United States.

Our principal membership consists of 20 State and area wool producer organizations which operate in Arizona, California, Colorado, Georgia, Idaho, Indiana, Iowa, Kansas, Maryland, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, Oregon, Texas, Utah, Washington, South Dakota, Wisconsin, and Wyoming.

In this 23-State area over 70 percent of the Nation's sheep, lambs, and wool are produced. Furthermore, I am pleased that I can report to you today that 103 sheep and wool producer organizations in 48 of our States have joined with our organization in endorsing the extension of the National Wool Act. I would like permission to have inserted in the record the names and addresses of these organizations.

I would like permission to introduce into the record the names and addresses and also statements that we have received from growers throughout the country in the last month, together with two wires and a letter which we have just received.

Mr. POAGE. You can introduce the list of names, but I think we should not introduce the correspondence into the record at this point.

Mr. HISLOP. These are statements by individual wool growers on why the National Wool Act should be extended. They are short statements by individual growers throughout the country.

Mr. POAGE. We do not want to get into the practice of allowing some organization to simply have their members write in to their own organization and then make that a part of our record. I see no objection to making the list a part of the record.

Mr. HISLOP. I believe it was primarily to give the committee a feeling of the growers' sentiment around the country.

Mr. POAGE. Unfortunately, that is what every group that comes here does—they try to impress us by numbers of letters. Most of them, of course, are directed to the committee, but you can see what that does, that when we receive them from everybody, it is simply putting their own files into our records.

Mrs. MAY. Mr. Chairman, may I suggest that perhaps, with Mr. Hislop's permission that we could, perhaps, refer to this compilation as recommendations from various States without putting each separate statement into the record.

Mr. POAGE. Without objection, that will be done. I do not think that we ought to make them a part of our printed record, but they will be made a part of our files.

Mr. HISLOP. This would be very satisfactory to us.

Mr. POAGE. We will make the list and addresses a part of the record.
(The list follows:)

Renewal of the National Wool Act is supported by these organizations in the sheep producing industry: National Wool Growers Association, Salt Lake City, Utah; National Wool Marketing Corp., Boston, Mass.; National Lamb Feeders Association, Lamar, Colo.

Alabama: Alabama Sheep & Wool Growers Association, Montgomery.

Arizona: Arizona Wool Growers Association, Phoenix.

Arkansas:

Northwest Arkansas Sheep Producers Association, Springdale.

Washington County Sheep Association, Fayetteville.

California: California Wool Growers Association, San Francisco.

Colorado:

Colorado-New Mexico Wool Marketing Association, Denver.

Colorado Wool Growers Association, Denver.

Colorado Wool Marketing Association, Denver.

Columbia Sheep Breeders Association, Fort Collins.

Connecticut: Connecticut Sheep Breeders Association, Ivoryton.

Delaware: Delaware Sheep & Wool Association, Dover.

Florida: Northwest Florida Sheep Growers Association, DeFuniak Springs.

Georgia:

Georgia Purebred Sheep Breeders Association, Athens.

Georgia Sheep & Wool Growers Association, Maxeys.

Idaho:

Idaho Wool Growers Association, Boise.

Idaho Wool Marketing Association, Inc., Pocatello.

Illinois:

Illinois Purebred Sheep Producers Association, Urbana.

Illinois Sheep Breeders Association, Libertyville.

Indiana:

American Shropshire Registry Association, Lafayette.

Indiana Farm Bureau Cooperative, Indianapolis.

Indiana Sheep Breeders Association, Valparaiso.

Iowa:

Iowa Sheep & Wool Growers Cooperative Association, Hampton.

Iowa Hampshire Sheep Association, Stuart.

Kansas:

Kansas Purebred Sheep Breeders Association, Manhattan.

Kansas State Sheep & Wool Association, Carlton.

Kentucky:

Blue Grass State Sheep Association, Lexington.

Kentucky Wool Growers Cooperative Association Lexington.

Louisiana:

Central Louisiana Sheep Association, Cheneyville.

Louisiana Sheep Growers Association, Baton Rouge.

Louisiana Sugar Belt Sheep Growers Association, St. James.

Maine: Maine Sheep Breeders Association, Gray.

Maryland: Maryland Sheep Breeders Association, Ellicott City.

Massachusetts:

Essex County Sheep Breeders Association, West Newbury.

Middlesex County Sheep Breeders Association, Bolton.

New England Sheep & Wool Growers Association, Ludlow.

S.E. Massachusetts Sheep Breeders Association, Duxbury.

Worcester County Sheep Association, Oxford.

Michigan:

American Oxford Down Record Association, Eaton Rapids.

Michigan Sheep Breeders Association, East Lansing.

Michigan Lamb Feeders Association, East Lansing.

Minnesota:

Minnesota-Dakota Columbia Breeders Association, Sleepy Eye.

Minnesota Sheep Breeders Association, St. Paul.

Minnesota Wool Growers Association, Minneapolis.

North Central Wool Marketing Corp., Minneapolis.

Southern Minnesota Sheep Breeders Association, LeCenter.

South Dakota Wool Growers Association, Minneapolis.

Mississippi : Mississippi Sheep Producers Association, State College.

Missouri :

American Corriedale Association, Columbia.
Midwest Wool Marketing Cooperative, Inc., Kansas City.
Missouri Sheep & Wool Improvement Association, Kansas City.
Northeast Missouri Hampshire Sheep Association, Leonard.
Montdale Sheep Breeders Association, St. Louis.
National Suffolk Sheep Association, Columbia.

Montana :

Montana Wool Growers Association, Helena.
Northwest Wool Marketing Association, Chinook.

Nebraska : Nebraska Wool Growers Association, Whitney.

Nevada :

Nevada Wool Growers Association, Ely.
Nevada Wool Marketing Association, Ely.

New Hampshire : New Hampshire Sheep Breeders Association, Durham.

New Jersey :

New Jersey Hampshire Sheep Association, Bernardsville.
New Jersey Sheep Breeders Association, New Brunswick.

New Mexico : New Mexico Wool Growers Association, Albuquerque.

New York :

Empire Shepherds, Cambridge.
New York State Sheep Growers Association, Ithaca.
New York State Sheep Growers Cooperative Association, Penn Yan.
New York State Corriedale Association, Holcomb.
Schuyler County Sheep Breeders Cooperative Association, Watkins Glen.
Western New York Lamb Feeders, Batavia.

North Carolina : North Carolina Wool Pools, Raleigh.

North Dakota :

Missouri Slope Wool Growers Association, Center.
North Dakota Cooperative Wool Marketing Association, Fargo.

Ohio :

Ohio Sheep Improvement Association, Columbus.
Ohio Wool Growers Cooperative Association, Columbus.

Oklahoma : Oklahoma Sheep & Wool Growers Association, Delaware.

Oregon :

American Romney Breeders Association, Corvallis.
Oregon Wool Growers Association, Fossil.
Pacific Wool Growers, Portland.

Pennsylvania :

American Cheviot Sheep Society, Lafayette Hill.
American Southdown Breeders Association, State College.
Continental Dorset Club, Hickory.
Pennsylvania Sheep & Wool Growers Association, Lafayette Hill.

Rhode Island : Rhode Island Sheep Cooperative, Chepachet.

South Carolina : South Carolina Sheep Breeders Association, Inc., Mountville.

South Dakota :

South Dakota Wool Growers, Faulkton.
Western South Dakota Sheep Growers Association, Belle Fourche.

Tennessee : Tennessee Wool Growers Association, Clarksville.

Texas :

American Rambouillet Sheep Breeders Association, San Angelo.
Texas Sheep & Goat Raisers Association, San Angelo.

Utah :

American Suffolk Sheep Society, Ogden.
Utah Wool Growers Association, Salt Lake City.
Utah Wool Marketing Association, Salt Lake City.

Vermont :

New England Sheep & Wool Growers Association, West Dummerston.
Vermont Sheep Breeders Association, Peru.

Virginia : Valley-Northern Virginia Sheep Breeders Association, Blacksburg.

Washington : Washington Wool Growers Association, Ellensburg.

West Virginia :

American & Delaine-Merino Association, Wheeling.
West Virginia Purebred Sheep Breeders Association, New Milton.

Wisconsin:

Wisconsin Cooperative Wool Growers Association, Milwaukee.

Wisconsin Livestock Breeders Association, Madison.

Wyoming:

Wyoming Wool Growers Association, Casper.

Wyoming Wool Marketing Association, Cheyenne.

Mr. HISLOP. I am very pleased to appear here today in behalf of a program which has such complete industry approval. In fact, I feel that I can say that this is one farm program which has worked to the satisfaction of all major segments of the wool industry, from producer through manufacturer.

The National Wool Act had its inception in 1954. It was established in lieu of a tariff duty increase on raw wool which was recommended by the Tariff Commission at that time. This recommendation for a duty increase was made to the administration following an investigation under section 22 of the Agricultural Adjustment Act. However, the administration took the position that, in order to maintain and improve our relations with friendly nations shipping wool to this country, an increase in the tariff duty should not be made. The wool incentive program set forth in the National Wool Act was then evolved and the Congress passed it as a means of maintaining and increasing the domestic sheep industry without increasing tariff duties on imports of wool.

I should point out that woolgrowers were told at that time, on highest authority, that the Wool Act program would serve in place of an increase in the wool duty and not as a substitute for the existing tariff. We still feel that further cuts in tariff duties are not in the best interest of the sheep industry of the United States.

A reduction in duties would be a disadvantage in three ways:

1. It would lower the price our producers receive for wool and hence increase the amount of payments required under the Wool Act.

2. It would reduce the amount of moneys collected on wool imports and thereby reduce the amount of money available for payments under the Wool Act.

3. It would have to be accompanied by a reduction in the specific duty on imported wool products, further aggravating the serious problem of our domestic mills having to compete with imports from countries where production costs are much lower than ours.

While the industry has never achieved the goal of 300 million pounds of shorn wool set forth in the act, we believe that it is a good goal. At the time this goal was set, it was about one-third of our domestic wool requirements and with the increases in population so far and those expected in the future, this figure is not out of line today and is reasonable in the light of range and forage resources of this country. I might add that wool is a deficit commodity in the United States, and not a surplus commodity.

The price of wool in the United States is based on the world price of wool and fluctuates with the world price. The changes in the wool price have a direct effect on the price of lambs because of the value of their pelts. This can vary as much as \$2 per head.

Many factors directly affect the price of lamb and they are outside the industry itself. Weather has a tremendous effect. It determines the number of lambs coming to market from the ranges at any one time or it can cause unusual marketing situations which will raise or

lower the price of lamb. Drought has a tremendous effect on the sheep population of the country. Texas and New Mexico and other States have had bad droughts within the time the Wool Act has been in effect.

The amount of red meat and poultry available in the United States has an effect on the price of lambs. The relationship of price between beef, pork, and poultry is very important because these meats compete for the consumer's food dollar.

Before World War II the industry supplied between 7 and 8 pounds of lamb per person as opposed to between 4 and 5 pounds today. All the lamb that is produced is sold. It does not go into storage. With our promotion program and increases in population more lamb is needed in this country, not less.

The industry has and is improving both of its products through the use of more and better research and technology. Wool is being moth-proofed, made more crease resistant, made shrinkproof. Through better breeding and better management practices we are tailoring the lamb carcass to fit the changing tastes of the consumer.

The wool growers of this country have always worked closely and in harmony with the Department of Agriculture and wish to continue this relationship. We have wanted this program kept within bounds and want it to be financially sound, which it has been.

However, in this case, we oppose the removal of the 300 million pound goal from the act and we oppose the consideration of the price of lamb when setting the incentive level because the level at which the incentive is set has only a slight bearing, if any, on the price of lamb.

The Wool Act is relatively simple to administer. County ASCS offices are doing a fine job of handling the operations of the program. The National Wool Act has taken the Federal Government out of the wool business. There is no longer a stockpile hanging over our market as a price depressant—a stockpile on which the Government had to pay substantial storage charges.

We are now going into the 11th year of operation of the National Wool Act and during all of that time the level of incentive payments under the act, set by the Secretary of Agriculture, has remained at 62 cents per pound, after consultation with the industry and their general accord.

We feel that our organization and most of those in the industry can appreciate the fact that there have been sound reasons, especially in the early years of the program, for holding the level at 62 cents, based on costs of the program and funds available for payments. However, there are now valid reasons for increasing the incentive level. We do point out that in the 10-year period from January 1955 to January 1965, the index of prices paid by farmers, including wage rates, interest and taxes, has changed from 278 to 317, a rise of 14 percent. The incentive level of 62 cents at the beginning of the act represented 106 percent of parity. Today 62 cents represents only 76 percent of parity, a drop of 28 percent. Although it is very difficult to mechanize production of lambs and wool, many economies in production have been made by those who have been able to survive.

However, the production costs have now exceeded production efficiency. This shows the need for some reasonable upward adjustment in the incentive level. There are several possible methods of accomplishing this. One such method is incorporated in Mr. Poage's bill,

H.R. 4011. We are studying this and alternative methods of assuring an increase in the incentive payment and request permission of the committee to file a statement of our conclusions within the next 10 days.

Mr. POAGE. You are granted that permission. But the committee would hope that it would act before the 10 days are over and if the conclusions would influence the action of the committee, they should be here. Otherwise they would be here too late.

Mr. HISLOP. We will do that.

(The information follows:)

NATIONAL WOOL GROWERS ASSOCIATION,
Salt Lake City, Utah, March 5, 1965.

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

DEAR MR. POAGE: In the testimony I presented yesterday at hearings before your subcommittee on bills to extend the National Wool Act, I stated that we were studying the provision in your bill, H.R. 4011, and alternative methods of providing some reasonable upward adjustment in the incentive level. When I testified, I requested permission to file with your subcommittee a statement of our conclusions. This letter does not set forth our conclusions in this regard and I respectfully request that it be included as a supplementary statement in the hearing record:

1. We endorse the principle in your bill, H.R. 4011, placing a floor on the support price. In view of increasing production costs in the industry, with no corresponding increase in the incentive level during the past 11 years, we would suggest that the floor be set at 80 percent of parity instead of 77 percent, which would mean a small increase for 1966.

2. We suggest that in the legislative history on the extension of the Wool Act that it be firmly indicated that this is a floor and that the level need not necessarily be set on the floor but should take into consideration increased costs of production as well as the intent of the act.

3. We suggest that the subcommittee obtain from the Department of Agriculture some indication as to the time of announcing the incentive level yearly and on what basis they will calculate the parity price; i.e., will they choose the parity price for a certain month? If so, we suggest not later than April or May as the month to be chosen.

4. We also urge that no change be made in the present method of computing the parity price for wool.

Respectfully submitted,

GEORGE K. HISLOP, *President*.

Mr. HISLOP. Another matter we would like to discuss is the length of the extension of the act. Bills introduced in the House call for extension for 2 years, 5 years, 7 years, and there are several calling for permanent extension. The majority of those introduced on the House side are patterned after the Senate bill calling for a 7-year extension.

Four years ago, when the Wool Act came before Congress for extension, some 16 bills were introduced on the House side, and 14 of these bills would have extended the National Wool Act on a permanent basis. We feel, with the thorough testing and proven worth of the program during the past 10 years, that a permanent extension would be in order, especially since Congress can amend any farm program when changes are deemed advisable.

However, if the Congress should not deem it advisable to extend the act on a permanent basis, then we highly recommend an extension for at least 7 years. A 7-year extension makes quite a lot of sense in that it represents one complete cycle of sheep production. Seven years is the average lifespan of a breeding ewe. This is the time from the birth

of the ewe extending through five reproductive cycles, or "lambings." If the act were extended for 7 years, a farmer or rancher could go into sheep production in 1966, assuming good management and good husbandry, knowing that he would have enough economic stability through at least one cycle of sheep production to interest him in raising lamb and wool. Obviously sheep production is a long-term enterprise. It takes 2 years from the time a ewe lamb is born until she reproduces. The Internal Revenue Service recognizes, in its depreciation schedules, that the ewe will have a useful lifetime of 5 years from the time she starts to reproduce, thus totaling a lifespan of 7 years. Clearly, our production is different from a yearly planted crop.

Another feature of the act which has proven its worth is the "self-help" provision of section 708, whereby producers have authorized a deduction from their payments to finance a \$3 million annual program of advertising and sales promotion of their products, lambs, and wool. This is a means of increasing the returns in the marketplace, thereby decreasing the amount of payments required under the Wool Act and in turn reducing the cost of the program. A representative of the American Sheep Producers Council will testify with regard to this promotion program later.

I would also like to emphasize the importance of extending the Wool Act as early as possible in this session of Congress. While the actual expiration date of the program is March 31, 1966, the marketing year for wool is now on a calendar year basis by administrative regulation of the USDA. This has the growers' support. Therefore, the present marketing year, which expires on December 31, 1965, is the last full marketing year under the present program. It would be highly impractical to have a program for the 3-month period from January 1 through March 31, 1966, since it would serve only certain areas of the country and would also result in an unusual amount of early shearing to secure a payment before the expiration of the program.

In order that producers will know when shaping up their breeding flocks that the program is to be continued, and so that they can obtain the necessary financing from lending institutions, the extension of the program is needed by summer of this year. This will enable the Secretary of Agriculture, as prescribed in the act, to announce the program for the 1966 marketing year sufficiently in advance. Summer and early fall is the normal time for shaping up flocks and for the grower to determine whether to increase production, hold at the existing level of production, or liquidate entirely.

When the officers of our association conferred last summer with President Johnson we were impressed with the depth of his understanding of the problems of the sheep industry. He recalled his consistent support of the National Wool Act since its inception. In his recent farm message he recommended extension of the act. Vice President Humphrey also stated this past fall that he supports extension of the Wool Act in its present form and sees no need for any changes unless growers themselves desire amendments. The report of the National Agricultural Advisory Commission also recommends extension of the Wool Act, with consideration of the possibility of drawing "upon all of the funds available for the program from wool import duties to make payments to growers." We recommend that serious consideration be given by this committee and the Congress to

this proposal of the President's National Agricultural Advisory Commission.

In conclusion I would like to say that I am pleased to come before this committee with such a united front as we have existing throughout the entire wool industry—from grower to manufacturer—in the endorsement of this program. We would like to see the program placed on a permanent basis, or at least extended for the 7-year life cycle of our breeding ewes.

We hope to continue to operate under a program which has proven to be essential to the continuation of our domestic sheep industry. We will greatly appreciate your placing your stamp of approval on legislation that is essential to the operation of our industry, for the national good.

Thank you.

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

Are there any questions of Mr. Hislop?

Apparently you have convinced us. We are very much obliged to you for appearing here.

Mr. HISLOP. Thank you.

Mr. POAGE. Does Mr. Marsh want to make any statement?

Mr. MARSH. No, Mr. Chairman. However, could I have permission to place in the record this one letter addressed to Mr. Cooley in support of this, too.

Mr. POAGE. Without objection it will be put into the record at this point.

(The letter referred to is as follows:)

WYOMING PRODUCTION CREDIT ASSOCIATION,
Casper, Wyo., March 1, 1965.

HON. HAROLD D. COOLEY,
Chairman, House Committee on Agriculture,
Washington, D.C.

DEAR CONGRESSMAN COOLEY: As you know, the functions of the production credit associations are basically to finance agricultural operators of all types.

This association numbers among its borrowers a substantial number of wool growers in the territory which it serves and which covers practically the entire State of Wyoming. As you undoubtedly know, all stockmen, including sheepmen, have been experiencing higher operating costs and reduced income, which places them definitely in the "cost price squeeze" category.

The benefits of the Wool Act have been substantially in keeping many wool growers in business the past few years and had it not been for the benefits derived from this act, many wool growers would not have survived. The income of the Western wool grower who runs livestock on the range is limited to the proceeds of sale of wool and lambs and his returns are not diversified like that of a farm operator in other areas. We know that a continuation of the Wool Act is essential in order to keep many of these wool growers in business. If the act fails of renewal, this association will find it extremely difficult to continue to finance many of the sheepmen's operation for, as you know, they cannot continue to operate indefinitely on an unbalanced budget, which means literally, that their expenses exceed their normal income and contributes to a pyramiding of indebtedness.

On behalf of the wool growers as well as the interest of this association in general, we urge your support in the extension of the Wool Act.

Sincerely yours,

M. J. BURKE, *President.*

Mr. POAGE. Mr. Shuey, Secretary of the Montana Wool Growers Association is with us. We have had him here before.

We are glad to hear from you now.

STATEMENT OF EVERETT E. SHUEY, EXECUTIVE SECRETARY,
MONTANA WOOL GROWERS ASSOCIATION

Mr. SHUEY. Mr. Chairman and members of the committee, my name is Everett E. Shuey from Helena, Mont. I am secretary-treasurer of the Montana Wool Growers Association and have held that position for 17 years. The association includes in its dues-paying membership over 90 percent of the sheep owners in the State. We are now producing approximately 12 million pounds of wool annually as compared to 25 or 30 million pounds in the early 1940's.

Montana, due to its climatic conditions, is naturally favorable to sheep production, but there are thousands of acres of land now being grazed by cattle, formerly grazed by sheep, which could and should be used for producing wool and lamb.

During the past 20 years the cattle population in Montana has increased from slightly over 1 million head to an alltime high of 2,700,000 head as of January 1 of this year. At the same time the sheep population decreased from approximately 3 million head in 1940 to a low of approximately 1½ million head in 1954, the year the Wool Act was originally enacted. The passage of the act resulted in a renewed interest in the sheep business. The decline in numbers was halted. In fact, by 1960 sheep numbers had started slowly upward and, I believe, would have continued to increase if it had not been for a very poor lamb market in 1962 and 1963, coupled with increased costs of production and increased predatory animal problems which we are trying to solve. I do believe that if the incentive payment level could have been increased during this time to compensate for our increased costs of production that we could have maintained and perhaps increased our sheep numbers.

At our association convention last December, the membership, by resolution, unanimously voted to request that the Congress make the Wool Act permanent until such time as the 300-million-pound goal of shorn wool is reached and the equivalent of the gross tariff receipts made available for payments.

Congressman Battin in testimony before this committee this morning pointed out that the merits of the program have demonstrated that the act should be made permanent due to the fact that the 300-million-pound goal itself is a limitation factor. We heartily subscribe to this statement. We feel that the act has been thoroughly tested and proven and we would very much like to see it placed on a permanent basis as this would tend to create much greater stability in the industry. After all, a mere 2- or 3-year extension soon becomes a 1-year program, and as the time diminishes, it creates concern in the producers as to whether or not it will be renewed. Don't forget, it takes 2 years from the time a ewe is born until that ewe can reproduce.

We would like to have seen the incentive payment level increased 4 years ago, but we were under the impression that funds were not available due to the fact that payments were limited to the equivalent of only 70 percent of the accumulated tariff receipts. If this limitation were not in the act the level could have been increased to compensate for increased costs of production. We feel very strongly that the 70-percent limitation factor should be removed from the present act.

It would be helpful to our industry to have your endorsement of our proposals as quickly as possible. Early action by this committee and the Congress, and an announcement by the Department of Agriculture of a higher incentive level for 1966 would do much to stimulate an industry which is fighting for its survival.

I appreciate this opportunity of presenting to you the views of the Montana Wool Growers Association.

Mr. POAGE. First, thank you very much for your statement. I wonder if you mean by your statement that you do support the provision in the bill that is introduced which would prevent the support from dropping below its present parity?

Mr. SHUEY. Yes; we would support that.

Mr. POAGE. Are there other questions?

If not, we are very much obliged to you, Mr. Shuey.

I would now like to go off the record to talk with the committee.

(Discussion off the record.)

Mr. POAGE. We will meet here at 2:30 o'clock this afternoon and go as far as we can.

(Whereupon, at 11:45 a.m. the subcommittee recessed to reconvene at 2:30 p.m. of the same day.)

AFTERNOON SESSION

Mr. POAGE. The committee will please come to order. We will attempt to proceed with the witnesses who are yet to be heard.

Our next witness on our list is Carl Nadasday, American Sheep Producers Council, of Denver, Colo.

We are glad to have you with us.

STATEMENT OF CARL NADASDAY, REPRESENTING THE AMERICAN SHEEP PRODUCERS COUNCIL, OF DENVER, COLO.

Mr. NADASDAY. Mr. Chairman, members of the committee, may I ask permission for the executive secretary of the American Sheep Producers Council to sit here?

Mr. POAGE. Certainly.

Mr. NADASDAY. Mr. John Hickman.

Mr. POAGE. Glad to have you, Mr. Hickman.

Mr. NADASDAY. That name is a bad one, but that's what they gave me to work with, and I have no way of changing it.

Mr. POAGE. It is no more unusual than mine. A great many pronunciations.

Mr. NADASDAY. I sit here in somewhat of a dual capacity. My occupation is general manager of the North Central Wool Marketing Corp., with offices at Minneapolis. That is a farmers' cooperative marketing wool for the growers and producers in Minnesota, Iowa, Nebraska, and South Dakota.

The organization during the past year marketed 17 million pounds of wool which represents 7 percent of all wool in the United States. That wool was marketed by more than 30,000 producers representing 13 percent of all the producers in the United States, and these figures are mentioned by me only because this is an area where sheep and wool are only one segment of a diversified agriculture; while minor in nature, it is very important to the farmers in that area.

The American Sheep Producers Council was to be represented here today by Don Clyde, a woolgrower from Utah, who is president of that organization, and he had a prepared written statement which we would appreciate your permitting us to place on the record.

Mr. POAGE. Without objection, so ordered and we will insert it at the end of your testimony.

Mr. NADASDAY. Mr. Clyde was stricken with a serious illness and I am here only as a substitute.

The American Sheep Producers Council was organized in 1955, following passage by Congress of the National Wool Act. One major section of this act is No. 708, in which the Congress authorized producers to set up our own promotion organization to maintain and develop new markets for both lamb and wool. This organization of the American Sheep Producers Council is actually governed by sheepmen. Its bylaws provide that a delegate and a director must be an actual producer of wool and they are chosen in their own individual States or regions by producers residing in that area.

In electing to promote our own product, we, as sheep owners, have proved that there is a desire to help ourselves. We do this by attempting to maintain and improve our present market for both lamb and wool, and also looking for something better in the way of an improved market for our products.

The organization of sheepmen in this case, American Sheep Producers Council, give freely of their time and their effort and their money to make the organization efficient and accomplish some of the aims that we know are necessary for our sheep business to be successful, and in broadening this demand for both lamb and wool, we have attempted to keep in mind at all times a method of marketing that will move our product into consumption rather than building up burdensome surpluses.

In the present era of keen and severe competition, the sheep industry does deserve some credit for our effort to promote the products we produce. We are somewhat different than most other segments of agriculture because our products are twofold, one of food and one of fiber. We do not have that with any other product, surely not in the livestock field. Any increase in sheep production will automatically bring about an increase in the production of both lamb and wool.

Through the years we, as sheep producers, have attempted in every way we can to indicate that the promotion fund and expenditure of the money from this fund through American Sheep Producers Council is something that we desire and need, and we might point out to this committee that in 1955 when the first referendum was held, 71 percent of the producers voting cast a favorable ballot. We had a second referendum in 1959, 4 years later, and at that time we increased the percentage and the number of growers who voted favorably in that election owned almost 17 million head of sheep, while those who opposed or felt that they would rather vote against the program owned less than 4 million sheep. On that basis it was a percentage of almost 69 percent.

In 1962 another referendum was held, and this time, again, we increased those who voted favorably. Eighty-seven or almost eighty-eight percent of the growers voting approved this promotion program and these growers actually owned 91 percent of the sheep. It was also

the first time that every State in the Nation passed the required two-thirds majority needed for approval, and we point these figures out for your information only to indicate that it is the woolgrowers' desire to help themselves by promoting lamb and wool beyond his own farm or ranch properties.

The incentive payments we receive are derived from—maybe I had better say are equivalent to—funds collected on import duties for foreign wool and fabrics made of wool, and in this respect the tariff is doing a duty in more than one way. It allows for this incentive payment that we are discussing today under the extension of the National Wool Act. It provides some measure of tariff protection, and most important, it does permit us, as sheepmen, to promote the products that we produce.

This organization of the American Sheep Producers Council was developed by a coordinated effort between every woolgrowers' association and nationwide farm and livestock groups in the country. They were all invited to participate in the original organization, and in that original organization we did receive the best of cooperation from the Department of Agriculture.

Just a few brief notes on how our promotion program for lamb and wool does work. We separated it into two sections, because there are some people, when they see advertising and find lamb listed, and then under there we show American Sheep Producers Council, they sometimes think there is a conflict between the wool and the lamb. That is one of the main reasons we separated our promotion effort into two divisions, one, the American Lamb Council, and the other, the American Wool Council. These are used to develop separately with the food on one side and fiber on the other. Even though this division exists, we make every effort to use the same supervisory staff at our headquarters in Denver.

Our problems in the sheep industry are quite varied. Among these are imports, which have their impact on the promotion of lamb and wool. For that reason we do not consider that promotion alone is a panacea for all the ills of our industry, but rather to use it as a tool for expanding our market.

The American Lamb Council, representing the branch for the promotion of lamb, includes in its activities advertising, merchandising, new product development, and educational programs. All of these are guided by our market research department, together with public relations, and the bulk of our American Lamb Council advertising is concentrated in high consumption and high population areas, because our research indicated that that was the place the money could be spent to get the most benefit for our producers. We try to reach a nationwide audience through our educational aids, and those are distributed to schools, through consumer information services, and newspaper, magazine, radio, television avenues, and one great field where we get considerable help is through the cooperation with other noncompeting products who join with our sheepmen in promoting lamb. Last year we sponsored a consumer preference study in cooperation with the Department of Agriculture. The object of that study was to determine consumers' preference for the different qualities and cuts of lamb, to determine the consumers' image and attitudes toward lamb, to determine the product competition of lamb. Out of this study there emerged

a profile of the typical consumer—the typical lamb consumer, in terms of age group, income, education, location, and other factors, and from this study our council uses the findings of market research to determine how, when, where, and to whom advertising and promotion efforts should be directed to get the most out of those efforts.

We also do make an effort to keep our own producers informed on council activities. We also attempt to keep other segments of agriculture and the general public informed of our activities.

So much for lamb.

The wool side of our promotion is conducted by what we call the American Wool Council, operating on a nationwide basis, since wool is universally recognized and used. A major challenge facing our American Wool Council and the sheep industry is to compete with the many millions of dollars spent in advertising by the manufacturers of synthetics or manmade fibers, and along with that we have the spectacular growth of imported finished and semiprocessed wool and wool fabrics that are a definite detriment to both the sheep and the wool industry. Practically all of our wool is blended with some foreign and some domestic. It seems to make a better product, price as a factor. It would therefore be impossible to promote American-produced wool, as such. For that reason the council promotes wool fabrics manufactured in America and working closely with our council in this program for American wool are two organizations representing segments of the wool trade and cosponsored by the council. They are Wool Knit Associates, comprised of manufacturers interested in the wool knitting industry. They boost primarily American-made wool knit goods and woolens and worsteds of America who represent wool handlers, top makers, mills, producers and promotion agencies.

Many of the new technological advances being made to improve the market or appeal for our wool are developing each day as we go along, and we cannot help but express appreciation for the research work being done by the Department of Agriculture and the domestic textile wool industry, our only customer.

All industries today realize the importance of promoting products, and if we are going to survive in our highly competitive society, we must follow that course. Our Sheep Producers Council is making a team effort in this direction through its promotion programs and encouraging every section of the industry, whether for lamb or wool, to try and get together as a team and do the best possible job we can to maintain and expand our market.

We hope that the results we have shown through the council for the past few years do indicate that the program is worth while. We, as producers, feel that it is worth while, and that from this foundation we are building something to help make more sure a better future for the sheep industry.

Thank you very much for giving us permission to present these facts.

Mr. POAGE. We appreciate discussion about the organization.

Would you suggest to us what you think about the bills that are pending before us? Do you think we ought to extend this wool program, and if so, for how long a time, and if so, should we put a "buying power" floor below which the supports should not drop?

Mr. NADASDAY. Mr. Chairman, as a representative of the American Sheep Producers Council, we can take absolutely no part in legislative effort.

Mr. POAGE. Legislation is the only question that is before this committee. Those are the questions that are here now. We take judicial notice of the organization of your association and are glad to know about it. But the committee has got to make a decision here. If you are to give any help to us, you are going to have to give us answers rather than tell us you cannot take a position. If you know anything about the sheep business, do you think it is a good idea to continue the present wool program?

Mr. NADASDAY. I have spent my whole life in the sheep business, Mr. Chairman. If you will permit me to speak as a representative of the North Central—

Mr. POAGE. You have my permission to speak any way you want to. You came before us and you can appear in any capacity you want to appear. I just feel that this committee must insist when witnesses come here that they speak on the subject matter that is before the committee. We would be glad to have your discussion on this subject matter.

Mr. NADASDAY. The many thousands of woolgrowers in the area from which I come are almost unanimously of the opinion that they must have an extension of the National Wool Act if the sheep industry is to survive as a segment of agriculture. As to the level of incentive, that is a matter that we would prefer to leave in the hands of an organization like the National Wool Growers Association, who spend more time at this and represent a larger segment of the industry.

One other point, Mr. Chairman. Our producers, even though they may be small, in most cases are farmers, and they definitely feel that the element of time, the tenure of extension is almost as important as the level of incentive.

Mr. POAGE. All right. How long do you think—for what period do you think it should be extended?

Mr. NADASDAY. We would like to request that the extension be for 7 years.

Mr. POAGE. Seven years. Do you think it should be extended at 62 cents?

Mr. NADASDAY. The position our small producers have taken each year in response to the statement made this morning by the Department of Agriculture was a request that the incentive level be established at 62 cents, plus an allowance for increased production costs.

Mr. POAGE. That is in the bill. You are for that?

Mr. NADASDAY. Very much so.

Mr. POAGE. What do you think about the 300 million and 360 million limitations?

Mr. NADASDAY. We would definitely feel that the 300 million limitations should be left in the bill.

Mr. POAGE. Thank you very much.

Are there any other questions?

Mr. QUIE. Just one question, Mr. Chairman.

Do you have any reaction now to the testimony by Mr. Jaenke this morning? I assume you were here earlier.

Mr. NADASDAY. Not too definite to anything that we could tie ourselves to. We would be opposed to eliminating the 300 million pound figure which was proposed, as I recall. We would question the advisability of leaving open to the Secretary, whoever he may be, the question of the level of support.

Mr. POAGE. Thank you very much.

If there are no further questions, we are very much obliged to you.

Mr. NADASDAY. Mr. Chairman, pardon me, I couldn't understand too well in the back of the room whether there was some effort to tie the level of support to lamb prices.

Mr. POAGE. No.

Mr. NADASDAY. That was not mentioned?

Mr. POAGE. Not that I know of. There was some suggestion on the part of the Department that they felt that if we allow the support to be too high, that it would encourage an unnecessarily large production of lambs and would result in the drop of the prices of lambs, which would result in a total loss of income to the farmers. It seems to me that was in conflict with their other testimony that they feared this 300-million goal because it could never be attained and it would lead the public to believe that we were actually going to grow more sheep. I think they are right in that latter assumption, and if they are, then obviously it is not going to in any way break the lamb market.

Mr. NADASDAY. I would also like to express appreciation to the Congressmen from our States, Iowa, Nebraska, Minnesota, who took the time to sit here with this committee. It was like being home. Thank you.

Mr. POAGE. Thank you.

(The statement of Don Clyde referred to above is as follows:)

STATEMENT OF DON CLYDE, PRESIDENT, AMERICAN SHEEP PRODUCERS COUNCIL, INC.

The American Sheep Producers Council, Inc., was organized on September 12, 1955, following passage by Congress of the National Wool Act of 1954. The Wool Act, under section 708, authorized sheep producers to set up their own promotion organization to develop new markets for both lamb and wool.

The ASPC is entirely governed by sheepmen with a delegate body of 126 sheepmen which includes the 38 members of the board of directors representing every section of the country. The program is supported by about 98 percent of the sheep growers in the Nation.

By electing to promote their own products, the sheep owners of the United States have indicated their desire to help themselves by maintaining and improving present markets and establishing new markets for their products. The sheepmen contribute their time, effort, and money to broadening the demand for lamb and wool and thereby permit increased production to flow into channels of consumption rather than building up burdensome and prolonged surpluses.

In the present era of severe competition, I am sure that you will agree that it is commendable on the part of the sheep grower to promote his own products. It should also be pointed out that the sheep industry is unique in the field of livestock agriculture in that it produces two major products of a very divergent nature—one a food, and the other a fiber. We cannot logically promote one without promoting the other. Sheep production automatically includes an increase in production of both lamb and wool.

Despite the fact that the sheepman has his own promotion organization for both products, he still gives his support to a program of education conducted by the National Livestock and Meat Board. The board program, because of the proportionately small contribution by lamb producers compared to other red meat producers, does not carry the impact for lamb that is needed.

Sheep owners in the United States have, in the past, made it unmistakably clear that they approve of this promotion fund and the expenditure of their money for such a program. The first referendum, in the summer of 1955, before the program even got underway, was approved by sheep growers and feeders with 71.3 percent of those voting, casting their ballots in favor of this promotion effort. The second referendum, in September of 1959, again reflected overwhelming approval of the promotion program, final tabulation showing that growers owning 16,906,939 sheep favored the agreement, and

owners of only 3,947,655 sheep opposed it. On the basis of individual producer voting, the referendum showed that 68.9 percent of the sheep owners voted for the promotion program and that they owned 81 percent of the sheep in the United States. The margin increased again in the 1962 referendum. Eighty-seven and seven-tenths percent of the growers who voted approved the promotion program, and they owned 91 percent of the sheep represented in the voting. For the first time, every State in the United States was over the 66% majority needed for approval. These results certainly indicate the sheepman's desire to help himself by promoting lamb and wool beyond his own gate.

This promotion program, as now conducted by the American Sheep Producers Council, is the first successful nationwide program ever developed for the sheep industry. It is certainly not the first attempt to develop such a program. For almost half a century sheepmen had realized the need for promoting their products but insufficient funds invariably cause these programs to fail. The expense and difficulty of collecting adequate contribution on a voluntary basis for promotion and advertising caused other programs of the sheep industry to fall by the wayside. Yet, it was from these efforts on the part of sheep industry leaders to develop a program to promote lamb and wool that ultimately led to the inclusion of section 708 in the National Wool Act.

Incentive payments are derived from funds on import duties for foreign wool. In this respect, the tariff is doing a triple duty, allowing for an incentive payment to the growers, providing a small measure of tariff protection and permitting sheepmen to promote their own products.

Through the efforts of many woolgrowers associations and other farm and livestock groups, this promotion organization was developed and organized in close cooperation with the U.S. Department of Agriculture. Every major farm organization was invited to participate in organizing the American Sheep Producers Council.

There are two classes of membership in the ASPC. Class I members consist of 20 State or area sheep councils which are formed by sheep and wool groups or organizations within a State or group of States. Representation for class I members is determined on the basis of one delegate from a State or area sheep council for every \$25,000 or major fraction thereof paid into the promotion and advertising fund. One director is allowed for every \$100,000 or major fraction thereof paid into the fund. Each of these 20 State or area sheep councils is represented by delegates on the above basis and at least one director. Every State has representation through these sheep councils, and every grower is represented through his council.

In October, the ASPC board of directors voted to temporarily suspend sections of the ASPC bylaws which provide that the number of directors and delegates from each sheep council must be reapportioned every March on the basis of previous deductions from incentive payments. The action was taken to avoid disrupting the governing body as a result of the short 1963 marketing year just before the switch to a calendar-year basis. The number of delegates and directors which were established as of March 9, 1964, will be maintained until March of 1966.

Class II members serve the sheep industry on an extensive national or regional basis with all major farm organizations serving the sheep industry having full opportunity to participate in membership at any time. Each class II member is represented by delegates and not more than one director on the board.

Directors of the council annually elect officers including a chairman of the board and president, vice president, treasurer, assistant treasurer, and executive secretary. The executive secretary is responsible for the active administration of the council's headquarters office in Denver and supervises all its staff and personnel.

Here is how the American Sheep Producers Council operates promotion programs for lamb and wool.

The American Sheep Producers Council has two promotion divisions, the American Lamb Council and the American Wool Council. These titles are used in dealing with the food and textile trades and with consumers. Both divisions use almost the same supervisory staff at the headquarters in Denver.

The problems of the sheep industry are many and varied, and most of these problems, such as imports, have their impact on the promotion of lamb and wool. Promotion, therefore, should not be considered a panacea for all the

ills of an industry, but rather in its true light as a tool for expanding demand. With that in mind, let us first consider the American Lamb Council.

American Lamb Council activities include advertising, merchandising, new product development and education programs, all of which are guided and supported by the activities of the market research department and the public relations department.

In 1961-62, an extensive study was conducted by McKinsey & Co., an independent research firm. The results of the McKinsey study indicated that the limited number of dollars available for advertising would have more immediate impact on the consumer market, and would be reflected back to the sheepman faster, if the council worked to increase consumption where lamb was already familiar and acceptable. Principal cities in the Northeast, the Great Lakes area, and the west coast were designated as target areas for American Lamb Council advertising for reasons such as lamb supply and population density, as well as other factors such as ethnic influences.

The bulk of American Lamb Council advertising has been concentrated in these areas since the spring of 1962. But at the same time, the council is working gradually toward the long-range goal of national consumption. It involves three phases. The first task is getting nonusers to try lamb, and many people, particularly vast numbers outside the so-called target areas, have never tasted it. Next, the homemaker must have information on techniques of handling and preparation. And finally, the homemaker must be persuaded to put lamb on the menu regularly.

The council reaches a nationwide audience through educational aids distributed to schools; through consumer information services; through recipes and feature material prepared for newspapers, magazines, radio and television, and through cooperation with other noncompeting products in joint advertising and promotion.

In 1964 the council sponsored a consumer preference study in cooperation with the USDA. The major objectives were to determine the consumers' preference for the different qualities and cuts of lamb; to determine the consumers' image of and attitudes toward lamb, and to determine the product competition of lamb. From this study there also emerged a "profile" of the typical lamb consumer in terms of age group, income, education, location, etc.

The council uses the findings of market research to determine how, when, where, and to whom the advertising and promotion efforts should be directed for maximum effectiveness. An example is the primary emphasis given to education and information in American Lamb Council advertising since fall 1964. One of the most important facts revealed in the consumer preference study was that in order for the homemaker to use lamb, and to use it more often, she must have basic "how-to-do-it" information on buying and preparing it, and on the great variety of cuts that can be used in numerous ways.

Retail merchandising activities by the American Lamb Council are handled by a regional manager in each target area, in addition to the merchandising department staff in Denver. Merchandising men work in the field to keep in contact with packers and retailers, distributing in-store promotion materials to high-light lamb displays, and helping to train store personnel in new techniques for fabricating primal cuts into more appealing and more convenient retail cuts.

In recognition of the tremendous growth in the number of meals eaten away from home—not only in hotels and restaurants, but in industrial cafeterias, schools, military installations, on transportation, and countless other places—the council established a separate food service division within the merchandising department.

The food service staff, including a fieldman stationed on each coast, cover the target areas to promote the use of lamb on the menus of various volume feeding establishments, with the help of special quantity recipes and procedures developed by the council.

Just as the food service field offers a mushrooming potential for expanding lamb usage outside the home, the ever-increasing popularity of canned and frozen items that provide a main dish or a full meal, present another vast market which the council is attempting to open for lamb. During the last 2 years, the council has conducted a concentrated program to develop formulas that meet various packaging requirements while at the same time contacting processors to urge them to add such lamb products to their lines.

Information on all the council's activities is relayed to the sheep owners who support the program, as well as to other segments of agriculture and to the gen-

eral public, through the council's public relations program. In addition to regular public relations activities, the council recently initiated a program to actively encourage and assist sheepmen to promote lamb and wool in their own areas and thereby augment the council's program at the grassroots level.

In the field of market research, the council is currently cooperating with the wool bureau in sponsoring a study to determine consumer attitudes toward wool, similar to the consumer preference study completed for lamb. Market research provides further guidelines for advertising and merchandising of both wool and lamb by constantly checking and interpreting market conditions, and by testing specific strategy of advertising appeals.

The American Wool Council, operates on a nationwide basis, since wool is universally recognized and used. Of course, a major challenge that faces the American Wool Council and the sheep industry, is to compete with the many millions of dollars spent on advertising by the manufacturers of synthetics or manmade fibers, plus the spectacular growth of importation of finished and semi-processed wool that is a detriment to the U.S. wool industry.

Most wool is blended—with some foreign and some domestic—so it would be almost impossible to promote American-produced wool. Therefore, the best the council can do is promote wool manufactured in America. Since the American textile mills and manufacturers are the only outlet for wool for the domestic producer, the American Wool Council has as its slogan "Natural Wool Loomed in America."

Working closely with the council in its program for American loomed wool are two organizations representing segments of the wool trade and cosponsored by the council. They are Woolknit Associates, boosting American-made wool-knit goods, and Woolens & Worsteds of America, representing wool handlers, top-makers, mills, producers, and promotion agencies.

Woolens & Worsteds of America was recently reorganized as a four-way partnership of mills, the wool trades, the American Wool Council, and the wool bureau, a branch of the International Wool Secretariat. The Wool Bureau is participating in the WAWA program for the first time.

The American Wool Council and the wool bureau will also be in partnership on a comprehensive educational program, with an office to be located at the council headquarters in Denver, to prepare and distribute information on wool in general.

Another educational phase of the wool council's program is the national "Make It Yourself With Wool" contest sponsored by the wool council in cooperation with the auxiliary of the National Wool Growers Association. This contest is one of many ways the council is seeking to create an awareness of wool among the youngsters of today. Wool was becoming the forgotten fiber among many of the younger generation, who are the buyers of tomorrow.

Another contest sponsored annually by the American Wool Council selects an ambassadress for the industry who is known as Miss Wool of America. The titlist is selected on the basis of her appearance and personality, plus her knowledge of and interest in 100-percent American wool. She receives a dawn-to-dusk wool wardrobe with the cooperation of the Nation's top designers and manufacturers. On a national tour, she participates in retail store promotions and makes personal appearances to stimulate interest in 100-percent American wool.

Many new technological advances are being made to enhance the appeal of wool, thanks to the invaluable research being done by the U.S. Department of Agriculture.

An outstanding example is the Wurlan process for shrinkproofing 100-percent wool which was developed by the Western Utilization & Research Laboratory in Albany, Calif. There still remains the job of making this and other valuable scientific developments known to the consumer through promotion and advertising.

All industries today fully realize the importance of promoting their products, and their industries, if they are going to survive in our highly competitive society. The American Sheep Producers Council is making a team effort of all its promotion programs, encouraging all sections of the trade, whether for lamb or wool, to unite in a common purpose to do the best possible job to expand demand.

The American Sheep Producers Council has undertaken a program of promotion, advertising, and education, a program that will help build a sound foundation for the future of the sheep industry and the products it grows.

Mr. POAGE. Now, our next witness is Mr. Edwin Wilkinson, president of the National Association of Wool Manufacturers.

We are glad to hear from you, Mr. Wilkinson.

STATEMENT OF EDWIN WILKINSON, PRESIDENT, NATIONAL ASSOCIATION OF WOOL MANUFACTURERS

Mr. WILKINSON. I am Edwin Wilkinson, president of the National Association of Wool Manufacturers since 1933.

Once again it is my privilege to urge, on behalf of the National Association of Wool Manufacturers representing about 70 percent of U.S. wool textile production—excluding carpets and rugs—on the woolen and worsted systems, extension of the National Wool Act of 1954. In that connection we, too, as the National Wool Growers Association are celebrating our centennial, so we have a long relationship with this problem.

American wool manufacturers have been characterized by the growers as their sole outlet for wool, and with justification. We are important to them. They are important to us. Together we are vitally important to the national welfare and to national security as Congress declares in this legislation. It is satisfying to be included among such impressive company as the President and Vice President of the United States, the National Agricultural Advisory Commission, and others the growers report to be asking for extension of the act. It gives high validity to our past contentions that the program is in the national interest.

When we testified in April of 1961 we were able to discern an upward trend in American wool production. That this trend has come to a halt should not be ascribed either to the act or its administration. Among the causes contributing to the shortfall, or pause, in upward trend is the general import situation as it relates to wool textile products including apparel and made-up articles. As in 1961, and before that, resolution of this grave problem is lacking. Pursuit of solution continues today at the highest level in our Government. It commands the attention of the President.

Imports of tops through apparel the past 2 years have approximated two-thirds of U.S. shorn wool production.

Given an extension of the act for 7 or more years, given a reasonable program of restraint for low-wage and competitive imports, I personally predict a renaissance of dynamic, profitable growth in wool production and manufacture that will result in the achievement of the act's national objective.

Wool is recognized as a fiber of great benefit to mankind by the Supreme Pontiff of the Holy Roman Catholic Church, Pope Paul. It is our purpose to see that the benefits of wool justly accrue to those of mankind in the United States who would grow, manufacture, distribute, wear, or otherwise use it.

That is my brief endorsement, Mr. Chairman.

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

I take it from your statement that you definitely approve extension of the Wool Act for at least 7 years.

Mr. WILKINSON. That is correct, sir.

Mr. POAGE. Do you approve of extension at 62 cents a pound, or do you approve of an extension at 77 percent of parity? It is both right now.

Mr. WILKINSON. We have no specific figure that we would be prepared to endorse or challenge at this time. We think the act has been operating to the benefit of the grower. It has retarded a great recession in wool. There may be very justifiable circumstances for an increase in the support price. I think that is a matter of determination.

Mr. POAGE. I would not, and I do not recall anyone suggesting that we increase the support price. The support price today is, as you know, 62 cents, or has been 77 percent of parity. I understand it has dropped to 75½ percent of parity. The question is, should we retain the present buying power or should we retain only the dollars and cents support.

Mr. WILKINSON. I am not prepared to recommend any modification at this time, other than it has been our general position that we should support the growers in the extension of this act in the manner and nature that they find desirable.

Mr. POAGE. Well, do you see any occasion for dropping the goal of 300 million pounds of shorn wool?

Mr. WILKINSON. I was not aware of that as an official recommendation of the Department until I heard it espoused today.

Very frankly, based on my personal experience and in my relationship with these problems, I can see no basis for that. It has the advantage of being specific and I think it is a mistake to look at it solely as an unattainable goal. I think it has the additional advantage of being a cutoff point when the objectives of the act are achieved, and as to it being an unattainable goal, I am not so certain. I don't think any of us in this room have the precedents to determine whether or not this goal may or may not be achieved.

Mr. POAGE. Do you see any harm as coming from mentioning this goal? It is not fooling you as a wool buyer; is it? The Department suggested this morning that somebody is being fooled by this recitation of this goal and that it is leading somebody to believe that we would be producing 3 million pounds of shorn wool or even 360. It is not fooling you, is it?

Mr. WILKINSON. It isn't fooling me in two respects, Mr. Chairman. I think it stands as a clear directive to the Secretary to execute the program, and I also think it stands as a clear cutoff point without further legislative action in the event it isn't unattainable, and as to wool usage in this country, I don't think any of us can predict the ultimate top limit.

Mr. POAGE. Thank you.

Are there any questions?

Mr. CALLAN. Mr. Wilkinson, do you feel that without this program of wool subsidy payments your industry as well as the producers' industry will face difficulty?

Mr. WILKINSON. The support, the incentive payment program, I don't think they like it called a subsidy—I am not going to quibble—I would prefer to call it by what they do, the incentive, we believe it is a program in the national interest. We would not like to see ourselves cut off from a supply of domestic wool. We think the wool growing industry is of benefit to our longrun and to the Nation's longrun benefit.

Mr. POAGE. If there are no further questions, we are very much obliged to you, Mr. Wilkinson.

Mr. WILKINSON. Thank you for the privilege of appearing.

Mr. POAGE. Our next witness will be Mr. Richard I. Goodrich, president of the Boston Wool Trade Association, Boston, Mass.

Nice to hear from you.

**STATEMENT OF RICHARD I. GOODRICH, PRESIDENT, BOSTON WOOL
TRADE ASSOCIATION, BOSTON, MASS.**

Mr. GOODRICH. My name is Richard I. Goodrich, serving my seventh term as president of the Boston Wool Trade Association, and appearing here with the authorization of our executive committee and the approval of the chairman of our advisory committee.

I am making this presentation on behalf of the members of our association as well as the members of the Philadelphia Wool & Textile Association.

As additional evidence, I wish to present a letter signed by President Bernard D. Samuels of the National Wool Trade Association, supporting our position in this matter.

The memberships of the above associations consist of wool merchants, wool brokers, and processors of wool. Among the members of the National Wool Trade Association are wool buyers as well as wool dealers and wool brokers.

We are all deeply concerned with the interests and well being of our wool-producing industry, and we consider its maintenance, prosperity, and growth of great concern to our members.

I am here to urge the extension of the National Wool Act of 1954.

For many years I have advocated, and will continue to do so, that we must have a strong, increasing woolgrowing industry in the United States for the benefit of our domestic woolconsuming industry and for national security, in terms of worldwide unrest. It would be a catastrophe if the domestic wool clip should shrink in volume for lack of an incentive program, to the point where our national safety would be in jeopardy in case of a national emergency, and our domestic mills deprived of a yearly supply of domestic-grown wool.

Should the woolgrower be deprived of the incentive program contained in the National Wool Act, there is no question but what the woolgrowing industry in the United States would gradually disappear.

This would make it necessary for our domestic woolconsuming industry to compete for their yearly wool supply in world markets against the nations of the free world as well as those of the Communist world.

With the present domestic wool clip, our mills are assured of a yearly supply of wool close at hand, which accounts for approximately one-half of our yearly wool consumption. Long oversea water routes of from 4,000 to 14,000 miles present a complex civilian logistic problem, and in times of national emergency, resultant hazards to supplies in case of enemy action.

Should the United States not have a woolgrowing industry, it would be necessary to immediately stockpile large weights of foreign wools with the resultant enormous cost of purchase, storing, and maintaining large supplies of wool. This would place a heavy burden on our

domestic wool-consuming industry and might even necessitate a Government program, which is something no one in the industry ever wants to see again. To many of us, the stockpiling operations of 1950 and 1951 are still painful recollections.

Wool is produced in every one of the 50 States of the Union, and in many States is one of the chief sources of revenue. Should a serious decline, or even elimination, of the woolgrowing industry in the United States take place, it would endanger and even eliminate the jobs and livelihood of many hundreds of thousands of people engaged in the growing, handling, warehousing, and transportation of wool. Besides those who are directly connected with the woolgrowing industry, the business of many thousands of others would be jeopardized, including feed equipment, packaging, and other industries which obtain a large part of their business and revenue from the woolgrowing industry.

With all this in mind, we maintain that to insure a strong U.S. woolgrowing industry, the incentive program must be continued by whatever means necessary. The incentive rate of 62 cents per pound has not increased since its establishment in 1955—this, in spite of the fact that 62 cents per pound at that time amounted to 104 percent of parity, while in 1964 it amounted to only 78 percent of parity, according to Government figures. Today, it is estimated it amounts to 75 percent, or less, of parity.

To be effective, an incentive program must provide sufficient incentive for the wool growers of the United States so that they will not only maintain their flocks but increase and improve them. The cost of producing wool has increased; the cost of living has increased; the incentive level has remained the same for the past 10 years. It would seem that this disparity should be taken into consideration.

I understand a number of bills have been presented for extension of the Wool Act for a varying number of years, and some calling for a permanent extension. Should a permanent extension not be approved, we would recommend an extension for a period of 7 years. This period would give the woolgrowers of the United States assurance of a continuing program, long enough to justify building up flocks and sincere efforts to improve the quality of their sheep and wool. It would also be an inducement to improve the put-up and packaging of wool for the benefit of the woolgrower and the wool-consuming industry. It is important that prompt effective action be taken by Congress so that the woolgrower will be able to plan for the future with confidence.

I wish to thank the chairman and members of the subcommittee for the opportunity of presenting the position of the wool trade associations, for whom I am speaking on this matter which is so important to our wool industry.

Thank you.

Mr. POAGE. Thank you, Mr. Goodrich.

I take it that it is clear that you feel there should be an extension of the incentive payment and that that extension should be for at least 7 years.

Mr. GOODRICH. Yes, sir.

Mr. POAGE. I also take it from your testimony that you feel that there should be some way of making or holding the buying power of that incentive at approximately its present level, or at least not letting it go any lower.

Mr. GOODRICH. Yes, sir.

Mr. POAGE. The bill that I introduced, which puts the 77 percent of parity, would achieve what you are talking about in that respect, would it not?

Mr. GOODRICH. Yes; I think without going into specifics, that is a fair statement; yes, sir.

Mr. POAGE. Thank you.

Are there other questions?

If there are no further questions, thank you.

Mr. GOODRICH. Could I present this letter, please, of the National Wool Trade Association, that I spoke of?

Mr. POAGE. Certainly. We will be glad to take it.

(Letter from National Wool Trade Association is as follows:)

NATIONAL WOOL TRADE ASSOCIATION,
Boston, Mass., March 3, 1965.

SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS,
House Committee on Agriculture,
Washington, D.C.

GENTLEMEN: My name is Bernard D. Samuels and I am the newly elected president of the National Wool Trade Association. Our membership is composed of wool merchants and brokers, as well as woolgrowers.

We realize that it is necessary to have a strong, increasing domestic wool-growing industry, and we believe that to have this, the woolgrower must be assured of his incentive program embodied in the National Wool Act of 1954.

This act is due to expire in 1966, and we strongly urge the extension of this act, if not permanently, then at least for a period of 7 years.

With the assurance of a 7-year program, the woolgrowers of the United States can plan their operations with confidence. Deprived of such a program, there is no question but what the domestic wool-producing industry will shrink to the point where our national safety is endangered and our domestic wool industry will be deprived of a yearly supply of wool so necessary to their operations.

Respectfully submitted.

BERNARD D. SAMUELS, *President.*

Mr. POAGE. Our next witness is Mr. M. Joseph Burke, president, Wyoming Wool Growers Association, Casper, Wyo.

Glad to hear from you.

STATEMENT OF M. JOSEPH BURKE, PRESIDENT, WYOMING WOOL GROWERS ASSOCIATION, CASPER, WYO.

Mr. BURKE. My name is M. Joseph Burke, president, Wyoming Wool Growers Association, Casper, Wyo.

Our association serves as the spokesman for the 3,000 sheepmen in the State of Wyoming.

I am sure it is not necessary for me to remind this committee that Wyoming ranks second in the Nation as a wool-producing State. Wyoming's annual wool clip is approximately 22 million pounds.

The National Wool Act which became law in 1954, and which was extended in 1958, and again in 1961, has been the salvation of the sheep industry. This is especially so in years such as 1960 and 1961 when lamb prices were considerably below costs of production.

Many sheepmen have testified that with present inadequate tariffs on both imported wool and lambs, they would have to liquidate their flocks and go out of business if it weren't for the National Wool Act.

In Wyoming, this would be a real catastrophe, not only because the

growers and their families would have to seek another means of a livelihood but the impact it would have on local, county, and State governments, as well as the schools in Wyoming, would be severe.

The sheep industry contributes 20 percent of Wyoming's total agricultural income, which, when used to purchase goods and services, amount to approximately \$75 million, because the \$33 million derived from the sale of wool and lambs remains in Wyoming and is used an average of 2.3 times.

Much of Wyoming's land surface and forage production is adapted and can be utilized most efficiently and effectively by the raising of sheep.

The National Wool Act which was established in lieu of increased tariffs has provided a portion of the funds to help the sheepmen meet the ever-increasing cost of producing wool and lamb.

Because of the increased pressures of foreign competition, a program such as the National Wool Act is the deciding factor in allowing the western sheep industry to survive.

Therefore, we urge this committee to support and diligently work for the passage of the now pending legislation to extend the National Wool Act for a period of 7 years to December 31, 1972.

Mr. POAGE. Thank you very much.

Are there any questions of Mr. Burke?

I believe there are no questions. We are very much obliged to you, Mr. Burke.

Mr. BURKE. Thank you, Mr. Chairman.

Mr. POAGE. Our next witness is Mr. C. W. Monier, chairman, board of directors, National Lamb Feeders Association, Montgomery, Ill.

**STATEMENT OF C. W. MONIER, CHAIRMAN, BOARD OF DIRECTORS,
NATIONAL LAMB FEEDERS ASSOCIATION, MONTGOMERY, ILL.**

Mr. MONIER. Mr. Chairman and members of the subcommittee, my name is C. W. Monier and I live in Aurora, Ill. We feed lambs in Illinois. We also winter several bands of ewe lambs for replacement purposes in Wyoming and Montana. I am past president and currently am chairman of the board of directors of the National Lamb Feeders Association. Our organization has membership in 22 States and represents the lamb feeding industry nationally.

On behalf of the membership of the National Lamb Feeders Association we want to go on record as being completely in favor of re-enactment of the National Wool Act.

We feel any modification or amendments will tend to weaken and destroy the effects of the present incentive program to such a degree that the National Wool Act will not serve the purpose for which it is intended.

In order to insure and restore producer confidence in the sheep industry a program must be adopted for a long enough period to cover the lifespan of the breeding ewe.

The figure of 7 percent has been thrown out here today, and we would back this same figure.

Due to the mechanics of sheep production there could not be any great buildup of numbers for at least another 5 years.

This is because the flocks are so old it will take all young sheep for the next 3 years to maintain an even number with today's count.

Producers already have about all the variables they need in production. Let us adopt a program that spells out clearly its intent so that producers can have complete confidence in it.

In summary, we favor reenactment of the National Wool Act and we are in complete accord with the National Wool Growers Association in support of same. We also favor the self-help provision of the Wool Act and wish to see this continue.

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

Are there any questions?

Mr. QUIE. Perhaps this question. When you say it will take all the young sheep for the next 3 years, does this mean that there is a gap in the age of 1 to 3 years old now? Are most flocks made up of older sheep?

Mr. MONIER. Right. I am glad you brought up that question, because the average age of the breeding flocks, and this comes not from theory, because in the work that I am in I happen to have pretty close, firsthand information on this.

The average ages, as many of you may know, of a herd of ewes, is 4 and 5 years old. I think Mr. Burke will bear me out in his own particular area, because he is very familiar with it. His is the second largest producing area.

Would you agree with this? It is going to take all the young ewes just to replace the ones that are going to die off from old age.

Mr. QUIE. There is not much validity to the concern Mr. Jaenke had, holding the price too high would increase it?

Mr. MONIER. There is not a prayer of this happening for at least 5 years. This would be no concern at all for at least 5 years.

Mr. QUIE. Thank you.

Mr. POAGE. Thank you, sir.

Our next witness will be Mr. Harry L. Graham, legislative representative of the National Grange.

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE, THE NATIONAL GRANGE

Mr. GRAHAM. I have a very short statement that I wish to file, wherein we call attention to the action of the National Grange this last year, and on the second page, the resolution that the delegate body passed at Atlantic City, which is for your information and consideration, and it is this short statement:

Whereas the National Wool Act of 1954 has worked very well as evidenced by the more than 90 percent favorable vote in the last referendum and the increased income to sheep producers: Therefore be it

Resolved, That the National Grange urge the extension of the present law.

I would only remind the Committee beyond that that we were instrumental and gave vigorous support to the enactment of this legislation in 1954, and to its reenactment in 1960, and will give just as vigorous support to the fourth reenactment at this session.

(Statement of Harry L. Graham is as follows:)

STATEMENT OF THE NATIONAL GRANGE BY HARRY L. GRAHAM,
LEGISLATIVE REPRESENTATIVE

At the 94th annual session of the National Grange in 1960 the following resolution was adopted:

"Whereas during the 20-year period before the National Wool Act became law in 1954, domestic woolgrowers faced one uncertainty after another in the market outlook for their products; and

"Whereas the wool tariff reduction in 1948 under the Trade Agreements Act provided protection equivalent only to approximately 20 percent of the price received by producers compared with 77 percent in 1930; and

"Whereas shorn wool production in the United States has increased from 235 million pounds in 1954 to 265 million pounds in 1960: Therefore be it

"Resolved, That in order to attain the congressional goal of 300 million pounds per year production, the Grange favors extension of the National Wool Act of 1954."

For many years the Grange has advocated the commodity-by-commodity approach to the problems which beset our farmers. We have also recommended that, wherever possible, "self-help" mechanisms should be a basic feature of farm program planning, and that the national interest is best served by programs designed to assure adequate levels of domestic production which will move to market at fair prices rather than to Government storage.

The Wool Act of 1954 provides these features. The Grange, therefore, supported this legislation at the time it was proposed and passed. And, today, after 10 years of experience with the program our support continues.

At the 98th annual session last November the delegates of the National Grange adopted the following resolution:

"Whereas the National Wool Act of 1954 has worked very well as evidenced by the more than 90 percent favorable vote in the last referendum and the increased income to sheep producers: Therefore be it

"Resolved, That the National Grange urge the extension of the present law."

The Grange, therefore, urges this subcommittee and the full committee to give favorable consideration to the extension of this legislation for another 3 years.

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

I wonder if you would comment on whether you think we ought to extend the 62 cents or whether we ought to extend the 77 percent of parity.

Mr. GRAHAM. Mr. Chairman, let me say this for all agricultural commodities this year, that the National Grange is not in favor of lowering any supports or reducing any farm income at this point, and that covers wool.

Mr. POAGE. If we just retained the 62 cents and do nothing, we in effect lower farm income, or at least we lower the effectiveness of the farm income, do we not?

Mr. GRAHAM. That is correct.

Mr. POAGE. As I see it, it is a mistake to lower the buying power of our woolgrowers, and that is what we do if we merely retain the 62 cents and do not put any floor under buying power.

Mr. GRAHAM. That is correct. And that is why we would support the legislation which you have introduced in H.R. 4011, for that specific reason.

Mr. POAGE. Do you see any compelling reason to eliminate the references to 300 or 360 million pounds of shorn wool?

Mr. GRAHAM. As much as I respect Ed Jaenke, and I have a great deal of respect for him, I must disagree with Ed. I see no reason for eliminating that 300.

Mr. POAGE. Then I take it you do support H.R. 4011?

Mr. GRAHAM. We do.

Mr. POAGE. Thank you.

Are there any further questions?

Mr. GRAHAM. Mr. Chairman, this is a special experience, to have two farm organizations testify in this same organization that is older than us. That does not happen very often.

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

Our next witness is with the National Council of Farmer Cooperatives, Mr. Robert Hampton.

Mr. Hampton, we are glad to hear from you.

STATEMENT OF ROBERT N. HAMPTON, MARKETING AND LEGISLATIVE COUNSEL, NATIONAL COUNCIL OF FARMER COOPERATIVES

Mr. HAMPTON. Mr. Chairman and members of the committee, I am Robert N. Hampton, marketing and legislative counsel of the National Council of Farmer Cooperatives. The National Council is a nationwide federation of farmers' business associations engaged in the marketing of agricultural commodities or purchasing of farm production supplies or both, and of State cooperative councils. The membership includes a large number of the federated and regional farmer cooperatives of the country. The organizations making up the council are owned and controlled by farmers as the off-farm departments of their overall farm business operations.

We appreciate the opportunity to present to this subcommittee our views on proposals to extend the operation of the National Wool Act of 1954. Today we are speaking on behalf of one of our direct affiliates, the National Wool Marketing Corporation of Boston, Mass.

The National Wool Marketing Corporation is owned by some 20,000 growers through 12 regional and State cooperative marketing associations. A list of these 12 associations is attached hereto, as a part of this statement.

At a meeting February 4, 1965, the board of directors of National Wool Marketing Corp. gave unanimous endorsement to the following resolution—

That National Wool Marketing Corp. favors and supports the enactment of legislation in 1965 which would extend the Wool Act of 1954 for 4 more years or until such time as some better plan is found.

Besides representing the producers' viewpoint, if I may, a couple of words from the overall national standpoint:

The National Wool Marketing Corp. has consistently supported the goal of more orderly marketing for domestic wool products, and the National Wool Act of 1954 has done much toward promoting this objective. Without the protection against undue competition from imports which has been provided by this legislation, it would not have been possible to hold domestic wool production near levels which are in the national interest for emergency needs and for best use of land resources. While synthetics have contributed to market growth, there is much evidence that national need for the special qualities of wool will continue to make it desirable to maintain our national production goals at least at present levels.

The National council again wishes to thank the subcommittee for the opportunity of expressing the belief of the National Wool Marketing Corp. and its member associations that the National Wool Act should be extended for at least another 4 years.

Thank you.

(The list of associations of the National Wool Marketing Corp. follows:)

COOPERATIVE WOOL MARKETING ASSOCIATION MEMBERS OF NATIONAL WOOL MARKETING CORP.

Cal-Wool Marketing Association, Stockton, Calif.
 Colorado Wool Marketing Association, Denver, Colo.
 Indiana Farm Bureau Cooperative Association, Indianapolis, Ind.
 The Ohio Wool Growers Cooperative Association, Columbus, Ohio.
 Utah Wool Marketing Association, Salt Lake City, Utah.
 Wisconsin Cooperative Wool Growers Association, Milwaukee, Wis.
 Wyoming Wool Marketing Association, Rawlins, Wyo.
 Arizona Wool Growers Association, Phoenix, Ariz.
 Central Wool Marketing Corp., Boston, Mass.
 Colorado-New Mexico Wool Marketing Corp. Durango, Colo.
 Nevada Wool Marketing Association, Ely, Nev.
 New York State Sheep Growers Cooperative Association, Penn Yan, N.Y.

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

Do you think that we can maintain our production at those levels, at the present national goals, unless we maintain the buying power of the producer?

Mr. HAMPTON. I do not believe that, Mr. Chairman, that I can answer that on behalf of the Wool Marketing Corp. If you would wish me to express a personal view I will be happy to do so.

Mr. POAGE. We will be glad to hear it.

Mr. HAMPTON. If I understood your question correctly, you asked if we could maintain the present production at the present levels of support or with the present price return to the grower.

Mr. POAGE. I asked you this, I asked if we could maintain our present production unless we maintained the buying power of our producers—that is what I asked.

Mr. HAMPTON. Speaking from a personal view, I do not believe so.

Mr. POAGE. Then you would feel that it might be a little inadequate to maintain the 62 cents?

Mr. HAMPTON. Yes. And, again, I can speak as a representative of the National Wool Marketing Corp. in this respect, and say that generally they would favor some kind of a formula toward increasing the support along the lines of 62 cents, plus an increase for the cost of production.

Mr. POAGE. That is substantially what my bill does.

Mr. HAMPTON. Yes.

Mr. POAGE. There has been another question injected into this. Do you see any necessity or compelling reason for abandoning the 300-million-pound goal?

Mr. HAMPTON. On the contrary, the National Wool Marketing Corp. would prefer that this goal be maintained as a national target.

Mr. POAGE. Thank you.

Are there any other questions?

If there are no further questions, we are very much obliged to you for appearing.

Mr. HAMPTON. Thank you again.

Mr. POAGE. That completes the list of witnesses that the Chair has before him, with the exception of Congressman Clausen, who wishes to testify tomorrow morning.

Is there anyone here this afternoon who would like to take time for this hearing either now or tomorrow morning on any of these bills?

I see that there is no one who wants to be heard on any of these bills.

The committee will stand in recess until tomorrow morning at 10 o'clock, at which time we will hear Congressman Clausen and the committee will then go into executive session to consider the bills before it.

The committee stands in recess.

But before that, let me state that I should like, without objection, to insert into the record a letter dated March 4, 1965, with an attached statement from the American Farm Bureau Federation.

And without objection that will be done.

(The letter dated Mar. 4, 1965, with attached statement, follows:)

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION BY JOHN C. LYNN,
LEGISLATIVE DIRECTOR

We appreciate the opportunity to present Farm Bureau's views with regard to the many bills providing for extension of the National Wool Act of 1954, as amended. Some of these bills extend the Wool Act on a temporary basis, others on a longtime or permanent basis.

H.R. 4011, for example, extends the act for 2 years, but in addition makes other important amendments. We support a 2-year extension of the Wool Act but oppose the changes embodied in H.R. 4011 having to do with the minimum-support level.

Farm Bureau is an organization of farm and ranch families with 1,647,455 members in 49 States and Puerto Rico. We estimate that approximately 13 percent of these members are engaged in the production and marketing of wool and lambs. We are, therefore, vitally interested in improving the income of the producers of sheep and wool. With this objective in mind, we believe it important to review the history of the Wool Act of 1954 and efforts to develop a more satisfactory program.

It will be recalled that Farm Bureau supported the Wool Act of 1954 but opposed implementation of section 708, a discretionary provision designed to provide a means of obtaining funds for promotion of lamb and wool through compulsory deductions from the producers' incentive payments. We are not opposed to promotion which we recognize as being badly needed, but rather to the manner in which such funds are collected under section 708.

The major objective of the Wool Act of 1954 was to increase production of shorn grease wool to 300 million pounds annually through an incentive payment program. The evidence is clear that this objective has not been achieved as the 1964 production of wool was the smallest since 1954. Government estimates for 1965 indicate a further reduction. (See table I attached.)

Incentive payments to producers have averaged approximately \$50 million annually. Deductions from incentive payments of 1 cent per pound for promotion have averaged nearly \$3 million annually. In spite of these large incentive payments and rather heavy expenditures from promotion, the sheep and wool industry has continued to decline and the prices of wool and of lambs have shown little or no improvement. (See table II attached.)

Farm Bureau has recognized for some time that the Wool Act of 1954, as amended, is neither a sound nor an effective solution to the problems of sheep and wool producers.

In order to develop a more satisfactory program, Farm Bureau took leadership in encouraging the University of Wyoming to conduct two sheep and wool industry conferences. The first such conference was held at Laramie, Wyo., in August of 1960 and the second a year later. The American Farm Bureau Federation and more than 20 sheep and wool industry organizations cosponsored these conferences with the hope that they would result in an objective analysis of the problems of this industry and the development of plans which all segments of

the industry could support to improve the income of the producers of sheep and wool.

One of the recommendations resulting from these conferences called for the establishment of an industrywide committee with two subcommittees; one for wool and one for lamb. Such a committee was established along with the subcommittees under the leadership of the National Wool Growers Association with representation from all major industry organizations. Each member organization was urged to develop suggestions for a national program.

In order that the American Farm Bureau Federation might make a sound contribution to the work of the industry committees, we called special conferences of Farm Bureau leaders and several representatives of land-grant colleges and the USDA to consider the problem. As a result of these efforts, an eight-point program was developed to:

- Improve quality.
- Produce for the market.
- Use imports to advantage.
- Increase producers bargaining power.
- Increase efficiency to make lambs and wool competitive.
- Promote needed research.
- Encourage educational program.
- Support effective promotion (see attached program, exhibit A).

This eight-point program has been widely accepted by other industry groups. Many of the suggestions embodied in our program have been incorporated in industrywide programs for wool and for lamb unanimously adopted by the industry committee at Albuquerque, N. Mex., in January of 1964. These are excellent programs and provide opportunity for all interested groups to participate. The problem now is to implement these programs on all fronts.

Delegates to the Farm Bureau annual meeting last December gave careful consideration to the question of extending the National Wool Act of 1954 and the efforts put forth by Farm Bureau and other groups in developing an industrywide program. As a result of this, the following policy statement was adopted:

The National Wool Act was enacted in 1954 to stimulate an increase in production to a specified goal of 300 million pounds annually. This payment program was predicated on the following special considerations:

(1) The annual production of wool in the United States is not sufficient to meet domestic needs even in peacetime.

(2) Congress has declared wool a strategic commodity and has determined that an annual production of 300 million pounds is essential for national security.

In recent years wool production has gone down, imports have gone up, and the use of synthetics has continued to increase. The ease with which promotional funds can be raised by the automatic checkoff, authorized by section 708 of the wool act, invites wasteful expenditures.

Farm Bureau has cooperated with other interested groups in the development of an industrywide program to improve the income of sheep and wool producers and has accepted a responsibility to implement this program. In order to provide time for this program to become effective, we support a 2-year extension of the present Wool Act.

H.R. 4011, not only extends the Wool Act of 1967, but makes it mandatory that the Secretary of Agriculture support the price of shorn wool at not less than 77 percent of parity and the price of mohair at a level which he determines necessary to maintain the same percentage of parity for mohair as for shorn wool, but not less than 77 percent of parity.

We oppose these amendments to the National Wool Act. The Secretary of Agriculture has consistently and conscientiously obtained the views of all major sheep and wool organizations regarding the level of price support. The availability of funds to finance a program on a continuing basis from tariff revenues must also be considered. We believe that it would be better to continue the present procedure rather than to raise the minimum support level to 77 percent of parity. Such a floor price could jeopardize the financing of the program and require special appropriations by the Congress. Incidentally, the price support of 62 cents per pound for shorn wool has never been less than 76 percent of parity. (See table III.)

We trust that this review of the Wool Act of 1954 and the industry efforts to develop a sound program will be helpful to this committee. We support a 2-year extension of the present act to provide time for these industry efforts to become effective; however, we strongly urge that the amendments proposed by H.R. 4011 be deleted.

TABLE I
[Millions of pounds]

	U.S. production of shorn wool (grease basis)	Imports of dutiable wool (clean content)	U.S. mill consumption	
			Apparel wool (clean content)	Woollike synthetics
1954.....	235.8	103.9	269.6	328.6
1956.....	242.2	103.8	296.7	484.1
1958.....	243.7	67.1	212.0	575.2
1960.....	265.5	74.3	246.4	761.7
1961.....	261.2	90.3	263.1	861.7
1962.....	249.1	125.8	280.2	1,076.6
1963.....	238.2	109.2	251.3	1,261.4
1964.....	224.3	90-95	230.0	1,513.7
1965, estimated.....	215.0	115-120	245-250	-----

TABLE II

	Wool Act payments year beginning Apr. 1	Stock sheep numbers, Jan. 1	U.S. farm prices	
			Wool	Lambs
	<i>Millions</i>	<i>1,000 head</i>	<i>Cents per pound</i>	
1954.....	-----	27,079	53.2	19.1
1956.....	\$51.9	26,890	44.3	18.5
1958.....	85.1	27,167	36.4	21.0
1960.....	59.5	28,849	42.0	17.9
1961.....	56.9	28,571	42.9	15.8
1962.....	40.0	27,065	47.7	17.8
1963.....	¹ 27.2	25,731	48.5	18.1
1964.....	² 28.4	24,348	51.3	19.8
1965.....	-----	23,341	-----	-----

¹ Payments on wool sales for the period Apr. 1, 1963 to Dec. 31, 1963.² Estimated payments on wool sales during the calendar year 1964.

TABLE III.—Parity prices, Jan. 15, 1965, with comparisons

	Wool		Mohair	
	December 1964	January 1965	December 1964	January 1965
110 percent of parity.....	87.5	90.0	118.8	(1)
100 percent of parity.....	79.5	81.8	108.0	(1)
77 percent of parity.....	61.2	63.0	83.2	(1)
1964 support price:				
Cents.....		62		72
Percent of Jan. 15, 1964, parity.....		78		(1)
1965 support price:				
Cents.....		62		72
Percent of Jan. 15, 1965, parity.....		76		(1)

¹ Not available.

EXHIBIT A

FARM BUREAU'S PROGRAM TO IMPROVE THE INCOME OF SHEEP AND WOOL PRODUCERS

Improve quality, produce for the market, use imports to advantage, increase producers' bargaining power, increase efficiency to make lamb and wool competitive, promote needed research, encourage educational programs, support effective promotion

THE SHEEP INDUSTRY

Progress

The sheep industry in the United States has failed to make average progress in terms of consumer acceptance, reduced labor requirements, and productivity. It has not kept pace with competing products; such as poultry meats, beef, pork, and synthetic fibers.

Lamb poses a special problem for most retailers in that the supply is very seasonal in areas, lacks uniformity in both weight and quality, and is relatively costly to fabricate and merchandise in relation to other meats.

Manufacturers tend to prefer imported wool and generally pay premiums of up to 10 cents per pound. Reasons given for this situation include improper shearing, sorting, care, and packaging of wool for the market, and disorganized marketing.

Prices

Prices of slaughter lambs have fluctuated sharply. Reasons given include lack of buying competition in some areas, action of some retailers in refusing to purchase lamb except at bargain prices, and the tendency to handle lamb meat as specials rather than on a year-round basis.

Diseases and parasites

Losses from diseases and parasites amount to nearly \$100 million annually or more than one-fourth of total receipts from sheep and lambs. The high ratio of loss to gross income is greater than any other species of livestock. It is largely preventable.

Research

Research has uncovered many usable facts for the industry but the timelag between discovery and application appears to be unusually long.

Action needed

These are just a few of the major problem areas; there are many others. Specific problems of land and wool and suggested solutions to aid the industry in taking necessary action to solve them are indicated on the following pages.

LAMB

Problems

(1) *Production.*—The large number of breeds of sheep and types within breeds make it virtually impossible to produce carcasses of the uniform weight and quality demanded by the retail trade.

(2) *Supplies and prices fluctuate widely.*—Lamb is produced in limited supply in several areas, marketed on a seasonal basis, and consumed in limited areas of the United States. The resulting fluctuation in quality and supplies creates merchandising problems and leads to drastic changes in price.

(3) *Heavy imports disruptive at times.*—Imports amount to 5 ounces per person—most of which is mutton for manufacturing uses. However, heavy imports of lamb in certain markets at certain times of the year tend to distort some markets and stimulate producer opposition to imports generally.

(4) *Competing meats.*—Lamb is in competition with all other meats, especially poultry. In the last 25 years, the per capita consumption of beef and veal has increased 47 percent; pork, 12 percent; turkey, 235 percent; and broilers and chickens, 122 percent. In the same period the per capita consumption of lamb has declined 23 percent.

(5) *Marketing.*—Lambs are being purchased and processed by a reduced number of packers, and packers have to deal with fewer and larger retail outlets. This tends to restrict competition. Producers have little choice as to time of sale. When lambs are ready for market they cannot be held very long for better prices. This situation results in very little bargaining power.

(6) *Promotion.*—Promotion of lamb on a national or continuing basis represents special problems. Supply is not only limited in relation to other meats but in seasonal in its availability and consumed mostly in the Northeast and Southwest coastal areas.

Solutions—

(1) *Improve quality.*—Initiate a stepped-up program of quality improvement through use of ram testing stations and artificial insemination programs. Concentrate production of uniform lambs by areas where possible. Culling of ewes and selection of rams are essential for maximum quality improvements.

(2) *Produce for the market.*—Promote production of uniform meat-type (1) milked, lightweight lambs such as are produced in some areas of the United States and in New Zealand to supply the specialty markets, and (2) quality grain-fed lambs for the general market. Emphasize need for more uniform supply of lamb through breeding, management, and use of imports.

(3) *Imports can help.*—Use imports to advantage by supplementing supplies in selected market areas. Conduct periodic conferences with responsible representatives of producers in the United States and importing countries to work out mutually advantageous programs. Steps should be taken to see that imported lamb is handled by reputable establishments in such a way that it will increase the overall demand for lamb instead of disrupting the domestic market.

(4) *More effective marketing.*—Build strong cooperative marketing agencies to help producers do a better job of marketing both fat and feeder lambs. Assist producer groups in developing contracts on a mutually satisfactory basis. Encourage development of new uses for low value cuts. Packers as well as large retail stores have problems in supplying their outlets on a dependable basis and should be encouraged to pay higher prices in return for a dependable supply of quality lambs.

(5) *Effective promotion.*—When advertising is used, greater emphasis should be placed on cooperative advertising with retailers. A recent study by the USDA in cooperation with the American Sheep Producers Council, covering 78 food supermarkets in three Northeastern and three Midwestern States, showed weekly lamb sales per store were six times greater for cooperative advertising arrangements with retailers than when the American Sheep Producers Council advertised independently. The percentage of increase in sales was twice as great in the Midwest as the Northeast. This would indicate a good possibility of increasing lamb consumption in areas of limited consumption by cooperation with retailers. Homemakers and restaurateurs should be provided with suggestions on preparation and use of lamb.

(6) *Must be competitive.*—Lamb must be priced in line with other meats, or the housewife will pass it up. It must be generally available in retail stores on a year-round basis. Quality and size of cuts must meet consumer wishes. These are all difficult standards to meet. If they cannot be met, lamb may have to be produced and merchandised as a specialty product on a seasonal basis. However, turkey producers were faced with about the same problem a generation ago. They have improved quality, increased efficiency, and provided year-round supplies available at competitive prices. Year-round production and storage programs have played a major role.

WOOL

Problems—

(1) *Must meet competition.*—The wool industry in the United States is faced with increased competition from many sources. Growers must compete with (1) other agricultural products and manmade fibers in the United States and (2) wool produced in many foreign countries where production costs are much lower. In the production of manufactured goods, wool manufacturers must compete with goods imported from other countries where wool prices and labor costs are much lower. Prior to World War II the United States accounted for 10 percent of the world production of apparel wool. At present, it accounts for about 5 percent. Imports of wool and/or wool manufacturers amount to approximately two-thirds of U.S. use.

(2) *Production a sideline.*—Income from lamb and wool represents only 1 percent of farm income and 2 percent of livestock income in the United States. Wool production is a sideline or byproduct with many sheepmen and is therefore frequently neglected. As a rule, wool represents only 40 percent of the total income from wool, lamb, and mutton. In the range areas, growers are faced with a reduction of grazing permits on federally owned lands and difficulty in obtaining experienced and dependable herders at reasonable costs. In the farm flock area, many farmers do not feel they can afford to spend time producing wool when they can produce other agricultural products with machinery. As a result, little attention is given to producing a quality product for the market.

(3) *Improper preparation for market.*—Much good wool is reduced in value by burrs or dirt, improper shearing, and poor packaging for market. Black fleeces, branding paint, and improper sorting can reduce value as much as 10 cents per pound.

(4) *Disorganized selling.*—There are hundreds of grades of wool. Very few producers can grade wool or estimate its clean content. Thus it is difficult for pro-

ducers to determine the grade, quality, and value of their clips. Many follow the practice of doing their own selling at shearing time. This puts a strain on the market and limits producers' bargaining power.

(5) *Synthetics, imports increasing.*—Use of synthetics more than doubled from 1955 to 1960. Wool has lost ground to synthetics—particularly in blankets, socks, and sweaters. There has been a sharp increase in imports of wool yarns, tops, knit items, and woven apparel. In 1960 these imports represented 5 percent of domestic production of shorn wool. Duties on imported woven goods were raised January 1, 1961. In addition to a specific duty of 37.5 cents per pound, there now is an ad valorem duty of 38 percent on fabrics valued over \$2 per pound, and 76 cents per pound for lower priced fabrics, with a maximum ad valorem limit of 60 percent.

Solutions

(1) *Improve quality and efficiency.*—Initiate programs of research and education to improve quality and efficiency. Since it is not likely that U.S. wool growers and wool manufacturers will experience less competition in the foreseeable future, the most logical solution appears to be in the areas of quality improvement, efficient production and marketing, lower manufacturing costs, and a stepped-up program of research and education.

(2) *Breeding and feeding.*—There is need to improve the quality and type of wool in line with market demand. An intensive program to select and breed sheep for wool as well as mutton is imperative. In some areas emphasis should be primarily on wool; in others a combination of wool and lamb meat is needed. This might result in the elimination of some breeds and concentration on production of certain breeds by areas. Both quality and grade of wool are affected by the quality and availability of pasture and range grasses. Some foreign countries, notably New Zealand, are a generation ahead of the United States in pasture and range improvement through the use of better grasses, control of weeds and brush, proper fertilization, and grazing practices. Research and education can be helpful and should be initiated.

(3) *Preparation for market can be improved.*—An educational program on preparation of wool for market should be initiated. We can learn much from producers in countries like New Zealand and Australia in the care and preparation of wool for market. Sorting and grading wool at shearing time, avoiding double cuts, and keeping wool clean would be very helpful in protecting its value. Shearing crews generally require constant supervision to insure proper shearing. Tags and crutchings should be kept separate.

(4) *Growers should unite.*—Marketing wool is a highly technical job. It requires constant knowledge of the market—the quality and grade of wool to be sold and in demand. Manufacturers generally are in need of a dependable supply of uniform grades of wool. Growers' interests can best be served by cooperative wool marketing associations which have enough volume to bargain with buyers. Proper testing for shrinkage, grading, and display of wool for sale is a must. Scouring in the production area can help in marketing and in reducing transportation costs. Trained wool specialists can be employed to help growers with culling and selection and with wool preparation and marketing. Cooperatives should provide these services where feasible.

(5) *Research needed.*—Promote research to improve desirable qualities and expand use. Wool has many desirable qualities in comparison with other fibers. Although many new processes such as durable crease, shrink resistance, and easy care have been perfected, further improvements can be made. Research is also needed to determine the minimum amount of synthetics required in blends with wool from the standpoint of optimum performance and to investigate blends of wool with all new synthetic fibers coming on the market. It is also important that manufacturers be encouraged to apply research findings as they become available.

Mr. POAGE. Our next witness is Hon. Don H. Clausen of California.

STATEMENT OF HON. DON H. CLAUSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. CLAUSEN. Mr. Chairman, members of the committee, it is a pleasure for me to appear before this committee to add my testimony to the other statements you have had in support of the National Wool

Act. My State of California is now the third largest of the Nation in production of sheep. Our sheep population, now totaling over 1½ million head, has a valuation of approximately \$30 million.

The Wool Act sustains a prosperous industry without using taxpayer's moneys, and I believe it is one of the finest examples of foreign and domestic cooperation in sharing of an American market.

The implementation of tariffs is rapidly becoming outmoded with the desirable trend of expanding international trade, so it would appear to me that the extension of the National Wool Act, plus a recognition of the import quota concept would serve the best interests of domestic and foreign producers alike. It provides adequate incentive payments to the domestic producer and yet permits the foreign producer to participate in the American market on a calculated basis, established to provide a realistic degree of protection. Through the implementation of the import quota concept, we have a vehicle that can be varied with the rapidly changing economic circumstances at home and abroad and in turn, do away with the rigid, outmoded tariff barriers.

Therefore we have every reason to continue this very workable and satisfactory program of incentive payments as outlined in the National Wool Act.

I might say that this is one of the few programs that has acceptance of all segments of an industry, from grower through manufacturer, and certainly it has the endorsement of the administration, as expressed in President Johnson's recent farm message.

After 10 years of successful operation, I hope that the Congress will extend this program. I have asked for a 7-year extension because this is the lifespan of a breeding ewe, as you gentlemen well know, and it is only practical to permit sheepmen to plan for a full sheep-production cycle. I respectfully urge this committee to favorably report my bill, H.R. 5127, and others calling for a 7-year extension of the National Wool Act.

(The following letters, telegrams, and statements were also submitted to the subcommittee:)

STATEMENT OF HON. AL ULLMAN, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF OREGON

Mr. Chairman and members of the subcommittee, it is a privilege for me to present this statement in support of extension of the National Wool Act. This program has been one of the most successful of Federal programs to stabilize a segment of our agricultural industry, and it is of great importance to producers of the State of Oregon.

Prior to the enactment of the program in 1954, the industry had steadily declined in my State and throughout the Nation. Results since have proved that the incentive program on wool, and the marketing and promotion work made possible by the act, have brought about significant improvements in the industry. It has ended the decline which had threatened the virtual extinction of the domestic wool industry. It has resulted in a renewed vigor in this important sector of our agricultural economy—reducing our dependence on outside sources and making us less vulnerable to future wool shortages.

In previous appearances before your subcommittee, I have urged extension of the act, and expressed a confidence that the domestic wool industry would see continued growth and stability if extensions were authorized. Events, in each instance, have fully supported these expectations. The program has proved itself to merit the continued support of Congress. The industry has indicated that this is a sound and desirable program from its standpoint. Producers need the assurance that the program will be extended. It is vital in analyzing their

operating credit needs, and in the planning for breeding flocks for the coming year.

For these reasons, and more, an extension of the National Wool Act is necessary, and action should be taken soon. Again, I wish to express my appreciation for the opportunity to comment on a program of vital interest and concern to my congressional district.

STATEMENT OF HARRY B. EMBACH, SECRETARY-TREASURER, ARIZONA WOOL GROWERS ASSOCIATION

The Arizona Wool Growers Association strongly urges extension of the National Wool Act. Since sheep production is a long-term enterprise, requiring advance planning and financing, we would like to see the act extended for as long a period as possible.

We understand that one proposal before the House Agriculture Committee would set a floor of 77 percent of parity on the incentive level, which would have the effect of holding the price at the present level of 62 cents and permitting some increase in the level in future years as parity price of wool rises. The Arizona Wool Growers Association endorses the principal of this proposal. During the first 10 years that the National Wool Act has been in operation, U.S. Department of Agriculture calculations show that prices paid by farmers, including wage rates, interest and taxes, have risen 14 percent. However, the incentive level on wool during that period has remained stationary at 62 cents. We are now going into the 11th year of the program and we do feel that some adjustment is needed which would at least partially reflect increases in production costs. We do not mean by this that we feel the Secretary of Agriculture should spend all of the money that is authorized for this program, based on 70 percent of the tariff duties on wool and wool manufactures.

We do feel that the Secretary, when considering the level for the 1965 marketing year, should make a reasonable upward adjustment to partially compensate for the industry's increased production costs. Further, we feel that it is justifiable to build into the act some type of formula which would permit a reasonable upward adjustment in the incentive level.

We strongly urge extension of the act and we hope that Congress can act favorably by early summer so that growers in Arizona and other woolgrowing States can make their plans for 1966.

CONGRESS OF THE UNITED STATES,
House of Representatives,
Washington, D.C., March 8, 1965.

HON. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR MR. CHAIRMAN: In connection with the committee's consideration of the extension of the National Wool Act, I wish to advise you of the support of the Nebraska Wool Growers Association.

I have received a message from Mr. Ivan Hartman, president of the Nebraska Wool Growers Association, Whitney, Nebr., in which he asks that I advise your committee of their support of the extension of the National Wool Act and, if possible, request that this information be included in your hearing records.

Thanking you for your consideration of this request, I am

Yours sincerely,

DAVE MARTIN, *Member of Congress.*

CONGRESSMAN ROBERT POAGE,
Chairman, Livestock and Feed Grains Subcommittee,
House Agricultural Committee,
House Office Building, Washington, D.C.:

DELTA COLO., March 2, 1965.

I believe that half to two-thirds present producers of wool and sheep cannot survive without wool incentive payment. Urge extension of National Wool Act in present form. Please include this wire in hearings record.

DAN W. MCINTYRE,
President, Consolidated Wool Growers, Hotchkiss, Colo.

CORTEZ, COLO., March 3, 1965.

Congressman ROBERT POAGE,
House Agriculture Committee,
House Office Building, Washington, D.C.:

Urge extension of National Wool Act as now stands. Include wire in hearing records.

RICHARD H. LEE,
Pree Montezuma Wool Growers.

GLENWOOD SPRINGS, COLO., March 3, 1965.

Congressman ROBERT POAGE,
House Office Building, Washington, D.C.:

We are 100 percent behind the extension of the National Wool Act in its present form and ask that this wire be included in the hearings record March 4 and 5.

COLORADO WOOL GROWERS
ASSOCIATION.
ALEX BENZEL, President.

GRAND JUNCTION, COLO., March 4, 1965.

Congressman ROBERT POAGE,
Chairman, Livestock Feed Grain Subcommittees,
House Agricultural Committee, Washington, D.C.:

Respectfully urge extension of National Wool Act in its present form. Please include wire in hearings record.

ROBERT F. BURFORD,
President, Eagle River Sheep Association.

AVON, COLO., March 4, 1965.

Congressman ROBERT POAGE,
Chairman, Livestock and Feed Grain Subcommittee,
House Agriculture Committee,
House Office Building, Washington, D.C.:

I urge extension of the National Wool Act in its present form and ask that this message be included in the hearing records.

JACK A. OLSEN.

MONTE VISTA, COLO., March 5, 1965.

ROBERT POAGE,
Chairman, Livestock and Feed Grains Subcommittee,
House Agricultural Committee,
House Office Building, Washington, D.C.:

We urge extension of National Wool Act in its present form. Please include this wire in the hearings record.

LOREN SANDERSON,
President, Rio Grande Alamosa Wool Growers Association.

MONTROSE, COLO., March 5, 1965.

Congressman ROBERT POAGE,
Chairman, Livestock and Feed Grain Subcommittee,
House Agriculture Committee, House Office Building, Washington, D.C.:

The San Muel Wool Growers Association urges you to extend an all-out effort to secure extension of National Wool Act in present form.

WILLIAM E. BRAY, Secretary.

NATIONAL FARMERS UNION,
Washington, D.C., March 8, 1965.

HON. HAROLD D. COOLEY,
Chairman, House Agriculture Committee,
Washington, D.C.

DEAR CHAIRMAN COOLEY: Farmers Union supports the extension of the wool program. The program has been successful enough to be made a permanent program. However, we will rely on the good judgment of the committee in making this determination.

In accordance with the views expressed earlier we support a package bill this year to include all of the commodities on which Congress will be acting, including wool. The Congress can render a great service to agriculture if it will stand firm in behalf of a single bill to include the provisions of the commodity program.

For a long time agriculture has been accused of disunity, an accusation which has only in part been justified. Recently, 24 farm commodity and church organizations signed a joint statement in support of the family farm and an adequate budget for agriculture. With the help of the Congress we can continue to build this kind of unity.

Again, I urge that the wool program be made a part of the package bill. I would appreciate it very much if you would make this letter a part of the record of hearings on the wool program.

Kindest personal regards.

Sincerely,

JAMES G. PATTON.

MATTINGLY SHEEP CO.
St. Louis, Mo., March 1, 1965.

Senator EDWARD V. LONG,
U.S. Senate, Washington, D.C.

DEAR SENATOR LONG: We have been advised that the House Agriculture Committee has scheduled a hearing for Thursday and Friday, March 4 and 5, to hear testimony on bills to extend the National Wool Act. These hearings will be held before the Livestock and Feed Grains Subcommittee of the House Agriculture Committee.

Illness in the family prevents my attending these hearings, which I would very much like to do and I am sending this letter to you with the hope that you will pass it on to this committee expressing my opinion on this subject.

The sheep population, as you so well know, has dropped to the lowest point since records have been kept and this in my opinion, creates a dangerous situation, for we know that wool is a strategic product in peacetime as well as wartime, and it looks like we just might be in the third world war before too long, and we surely cannot afford to be caught short of this vital product.

I am of the opinion that the sheep population would have been even lower than at the present time had it not been for the support price provided in this Wool Act, and I consider it very important, especially at this time, that this bill be passed so the sheepmen in this country can raise more sheep and wool which are badly needed.

I would hate to think what the consequences would be in the sheep industry if this support price is not continued, and I am sure that the members of this subcommittee realize the importance of the sheep and wool industry to our national economy and by renewing this support on wool it will not only stop the decline in the sheep population but it will serve as a motivation to increase the sheep population.

I hope it will be possible to have this letter included in the hearing records.

Yours very truly,

E. H. MATTINGLY, S.S.

Mr. POAGE. We will now stand in recess until tomorrow morning at 10 o'clock.

(Whereupon, at 3:35 p.m. the committee recessed to reconvene at 10 a.m., March 5, 1965.)