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**FEED GRAIN PROGRAM:
PARTICIPATION OF SUGAR BEET GROWERS
ADVANCE PAYMENTS
PARTICIPATION OF SMALL FARMS
DOCUMENTS**

GOVERNMENT

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HEARINGS

BEFORE THE

**COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES**

NINETY-SECOND CONGRESS

FIRST SESSION

ON

**H.R. 856, H.R. 895, H.R. 5475, H.R. 5707,
H.R. 5981, and other similar bills**

MARCH 11, 17, APRIL 5 AND 6, 1971

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ESTABLISH FEED GRAIN BASES FOR SUGAR BEET GROWERS

THURSDAY, MARCH 11, 1971

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

The committee met, pursuant to notice, at 2:15 p.m., in room 1301, Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, McMillan, Abernethy, Stubblefield, Purcell, de la Garza, Vigorito, Jones of North Carolina, Sisk, Alexander, Burlison, Rarick, Jones of Tennessee, Melcher, Dow, Bergland, Link, Denholm, Belcher, Teague of California, Wampler, Miller, Zwach, Price, Sebelius, Mizell, Findley, Kyl, and Robinson.

Also present: Christine S. Gallagher, chief clerk; Lacey C. Sharp, general counsel; and Hyde H. Murray, associate counsel.

The CHAIRMAN. The committee will please come to order. Let us consider, among other matters this morning, H.R. 4586, that notwithstanding any other provision of law and subject to such terms and conditions as he determines appropriate, the Secretary of Agriculture is authorized to establish feed grain bases, wheat domestic allotments, and upland cotton base acreage allotments for purposes of the Agricultural Act of 1970 with respect to producers of sugar beets who formerly processed their sugar beets at a processing plant which has ceased operations on or after January 1, 1970, if there is no substitute plant available in the area for the processing of their sugar beets.

The feed grain base, wheat domestic allotment, or upland cotton base acreage allotment shall be conditional upon the production of such commodity on such base or allotment.

(H.R. 5981, by Mr. Melcher and Mr. Zwach is similar to H.R. 4586 by Mr. Melcher, the text of which follows:)

[H.R. 4586, 92d Cong., first sess.]

A BILL To authorize the Secretary of Agriculture to establish corn feed grain bases for certain growers whose sugar beets were formerly processed at Hardin, Montana

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any other provision of law and subject to such terms and conditions as he determines appropriate, the Secretary of Agriculture is authorized to establish corn feed grain bases for purposes of the Agricultural Act of 1970 with respect to producers of sugar beets in Montana and Wyoming who formerly processed their sugar beets at Hardin, Montana. The feed grain base established hereunder shall be equivalent to the farm proportionate share acreage which was established for the farm for the 1970 crop.

The CHAIRMAN. Mr. Melcher, I wonder if you would like to comment on that.

Mr. MELCHER. First of all, I approve of the Department substitute draft, made at your request. The condition our farmers in Hardin are facing with the closure of the sugar beet processing plant, is faced by other farmers too, including farmers in the district of our good friend and colleague, Mr. Zwach.

The Shasta plant, which was closed, is in Congressman Nelson's district. Most of the farmers that supply the beets to that mill are in Congressman Zwach's district. Also, I recognize that you are concerned with the fact that there might be other closures coming up in the near future, so I approve of the substitute. Now, about the situation with which our farmers are concerned; on January 25 Holly Sugar Co. announced they were going to close the mill. That left 150 sugar beet growers wondering what they were going to do with the approximately 15,000 acres of land on which they grew sugar beets in 1970.

It was quite a blow. Sugar beets are very important to those farmers' incomes. A feed grain base will not replace the income they derived from sugar beets, but it is the next best thing for them. This legislation is emergency legislation to help these farmers out and, in case of the plant closure in Utah, and whatever sugar beet processing mills that may follow in the near future, it is a case of trying to give emergency help quickly for the planting of other crops this year.

As you know, the language leaves it discretionary with the Secretary. He can set it up the way he wants to and set conditions he wants to, but I do believe we need to pass a bill now because this is already the 11th of March and unless this type of legislation can be passed quickly and the Department can begin to work the county committee involved, the farmers will not be able to sign up under the program and get the benefits we envision here. I think the question will come up immediately, "What does it cost?"

In our case, in the Hardin area, the cost would be somewhere less than \$200,000.

I think in Congressman Zwach's case, it might be more. I think you have more acres involved. Isn't that right? We had about 15,000 acres involved.

Mr. ZWACH. Correct.

Mr. MELCHER. So it might be double ours. Adding those two together would still be less than \$800,000, plus whatever is to be involved in Utah, which might possibly be a similar amount.

Mr. TEAGUE. Is this going to require reducing the feed grain and feed allotments of other farmers?

Mr. MELCHER. No.

Mr. TEAGUE. You said no substitute plant is available in the area. Hardin is the nearest substitute plant.

Mr. MELCHER. In our case, it is only 50 miles to a Great Western plant. It is at Billings, but Great Western is running at capacity. They cannot take on any more growers. It would be a nice thing to shove those growers over onto the Great Western plant and let the producers at Hardin continue to grow beets. It isn't possible.

Mr. TEAGUE. I had a plant close some years ago and they are shipping their beets probably 100 miles.

Mr. MELCHER. The Billings plant is close enough to handle the beets grown on these acres, but they are at the plant capacity and there is no chance of its taking on more acres.

Mr. SISK. Is there no other plant in that vicinity that would have available capacity?

Mr. MELCHER. That is correct. There is another plant at Sidney and there is a possibility that they will take a few of the acres that are close to Sidney. Maybe 1,000 acres. If that is the case, those growers will sign contracts and probably already have, with the Holly Co. at Sidney for delivery to that city.

Mr. SISK. I am just curious. I think we shipped sugar as far as 150 miles.

Mr. BERGLAND. The same situation exists in Minnesota with the closing of the Chaska plant. The nearest plant to that region is located at Moorhead, Minn., some 150 miles away. The Moorhead plant has a long waiting list of farmers who want to grow beets in the Moorhead area.

The CHAIRMAN. Let me suggest that we ask the Department for a report on this bill. Mr. Palmby said he would come up but he then had to leave for Europe last night. Mr. Palmby stated that he felt that this original bill was all right. I suggested that it should be made applicable to anybody who is in the same or similar circumstances. I suggested that we should extend it and the Department said they felt that was all right.

As I understand it, this draft here was prepared by Mr. Coffman. I don't mean to say Mr. Coffman brought it about with the request that it be passed, but rather they did the drafting and did say that they saw no reason why it shouldn't be extended to everybody in similar circumstances.

Mr. MAYNE. I take it this is a hearing in which witnesses are going to testify. I am sorry I didn't realize Mr. Melcher was testifying as a witness. Are there going to be other witnesses?

The CHAIRMAN. If there is an objection to this bill we will put it off. I am not going to go through with the proposition if there are objections. I know the rules and I know if you don't want to pass this bill all it takes is an objection. If anybody wants to make it we will save time.

Mr. MAYNE. I think it is not unreasonable to ask who the witnesses are going to be. I might want to ask some questions of qualified witnesses of the Department or somebody else and if I am to be denied the knowledge of who the witnesses are, I would object on that ground, I don't think that is an unreasonable request.

The CHAIRMAN. As far as I know, there are no witnesses other than Mr. Melcher and Mr. Zwach.

Mr. BELCHER. I never heard about this bill until this morning.

The CHAIRMAN. This bill is being handled exactly like we have always handled these emergency propositions. When something needs to be handled, if there is not any objection we act. If anybody objects it is out of order. We have time and again taken care of situations of this kind when there was no objection. If there is objection, we might as well stop it now and not waste any more time.

Mr. MELCHER. Mr. Belcher, this is a bill I mentioned right here 2 weeks ago of an emergency nature. I said that we would have an

emergency bill and I would hope that the committee could find time to consider it. This is that bill.

Mr. BELCHER. I think you did.

Mr. MELCHER. I would like to say to Mr. Mayne, the need for action on it now is simply the timing for the farmers involved.

If we can't act quickly, there is no opportunity for the farmers to go through the process of signing up more on a feed grain basis this spring. Your farmers and ours are in about the same zone and the Department requires them to make their sign up by the 9th of April and, this being the 11th of March, if we can pass the legislation this coming week there is some opportunity for the Department to set up the regulations and rules that the Secretary is going to set up for them and for the farmers to approach their ASCS office. If we should delay 2 weeks, we would probably not be timely with it.

The CHAIRMAN. The Chair feels that there is objection in this bill. As long as there is an objection, I know the bill is out of order and every member of the committee knows it is out of order.

Mr. BELCHER. If we set it up for the first of the week and announce that if anybody wants to object it can be voiced at that time.

Mr. MELCHER. Wouldn't that mean that we would have to go to the Rules Committee with the bill and then ask for a rule and get it scheduled on the calendar and miss the suspension calendar?

The CHAIRMAN. The Speaker says he must be notified before 12 o'clock and they would be announcing the program and returning shortly before noon.

Mr. ZWACH. That is one of the main reasons that there is this hurry in order to get it on that suspension calendar. The committee will remember that late in January the Crystal Co. announced they were closing these plants.

We have been trying to get the owners to open it for a year or two. The producers are caught in the position of having to switch heavily fertilized grounds for beets to some other crop and corn is the main crop. Some of it goes to soybeans, but the main part goes to corn. Then comes the question of a corn base, signing up for the program, and I have some unanswered questions. That is the reason I ask if there was a Department person present. I think the corn base in my area where they used to grow corn, I think 1958 or 1959 is the corn base which is still the historical base.

I think that those that were growing beets since that time, and if they still have that base, they are OK, but if those that were growing beets before that time and had very little base, they are going to be in bad shape now. This bill would allow some flexibility.

The CHAIRMAN. How many acres were involved? I am told possibly 50,000 acres in all the mills. Is that substantially correct, or am I wrong?

Mr. ZWACH. I think you are correct.

Mr. MELCHER. I think about 60,000 in the three mills.

Mr. ZWACH. But we do have some corn acreage. What would be involved would be an adjustment.

The CHAIRMAN. I don't mean 60,000 acres additional.

Mr. ZWACH. I think that those who weren't growing beets before 1958 and 1959 have their historic bases. It wouldn't be that much money nor that much acreage, but I think it is important that they know

where they stand. They have to buy additional equipment and abandon sugar beet machinery.

They have to go to corn machinery and have to try to locate seed. They have to plan their fertilizer for corn.

There are all of those things involved. I would hope that the committee would let this go out so that it could get on the special calendar and if anything develops we would gladly use amendments on the floor and withhold it if it is necessary.

I think it ought to get that prompt attention.

Mr. FINDLEY. Mr. Chairman, I think you indicated a Department witness who would appear before the committee on this bill. Did I misunderstand you?

The CHAIRMAN. Mr. Palmby expected to come up here personally. Yesterday we were notified that Mr. Palmby had to go to Europe and couldn't come and didn't have anybody to send in his place.

Mr. FINDLEY. The reason I asked for recognition is that all of Illinois is full of farmers that don't have a corn base and would like to have one. Hardly a week goes by that I don't get a letter from a farmer asking that we get away from history.

This is a departure from history. There is nothing to keep those farmers from planting corn today. The market on corn isn't that bad. The future looks pretty good.

What they won't get is this extra payment for not planting corn that was never planted before.

I would hope that we would hear Department witnesses and let farm organizations know about this. I am not going to make a point of order on this, but I do question it as presently drafted.

Mr. PURCELL. This is an awkward situation and I think every comment inquiring into the situation is valid, but we do have a situation where a relatively small group of farmers have had a program that now suddenly, through no fault of their own, they are not in.

It seems to me that these people have been relying on more payment than the corn base. To me, I have very definite intentions of going ahead and pushing this.

If we miss one of these deadlines and don't get it on the consent calendar, it is going to be delayed. I don't know what is best to do, but it seems like we could do this and give a little help to the small farmers. I would just as soon we go ahead and do it.

The CHAIRMAN. I would think it would cost the Government less money than it would cost the Government had we resumed operation of the sugar mills.

Mr. PURCELL. It is less money to the Government when the Government winds up with money from sugar.

Mr. BELCHER. I wouldn't take that into consideration at all. None of my constituents are going to be hurt one way or the other and I have no personal bias or prejudice against the bill.

The only problem that I see is the fact that—and I will grant that these people are in bad shape—but I know if a wheatgrower doesn't grow wheat for 3 years he is out.

There are a lot of wheatgrowers that are out and things have changed so that we wanted to get back into the wheat program.

We make a special bill for a group that quit raising feed grains and wheat or anything else that they have been raising.

They lost their history and because they thought it was better to do something else and then when the programs changed and the corn-growers and wheatgrowers reduced their acreage to keep a price, then to put people in who have done something else in the meantime because they could make more money, I don't see how you can be fair with all the people who have lost history clear across the country and still grant those people who have lost their history.

Of course, it is a small amount. As far as I am concerned, I wouldn't consider the outlay. If we were justified in doing it, it isn't going to make any difference. The only concern that I have is to suggest a precedent.

Mr. PURCELL. Under the present bill, I know they lost 20 percent a year, but now if they haven't had plenty of wheat before this year, are they automatically out?

Mr. BELCHER. If they didn't have any wheat. If they lost their history. There are thousands of farmers across the country that have not planted wheat and lost their history. We don't put those back in.

The CHAIRMAN. The only people who have history who have not planted in the last 3 years are the feed grain people. They have a history in 1968 and 1969.

Mr. PURCELL. I do not remember, but under this present bill if for any reason they hadn't planted wheat we now automatically cut them off. I thought it began now.

The CHAIRMAN. You begin now, but you begin on the history you have.

Mr. BELCHER. If you are going to raise 100 acres of wheat you start now. But if you haven't raised wheat you can't get the program. But the people who have lost their history by not planting and a lot of those people would like to get back into the program. Maybe conditions have changed like the sugar beet people.

Mr. MELCHER. I would like to respond to that history. I think it is a good point. In all fairness, you have to consider those farmers a little differently because they have been raising sugar beets on those farms since 1938 when the plant opened.

That is a long time back. All during the years those farms have been providing this many acres of beets. Actually, in earlier years the same farms were providing 20 or 25,000 acres, but yields have gone up.

I don't know about the situation at Shasta or out in Utah, but I daresay it is similar.

Mr. BELCHER. The point I made was the fact that the reason you put up these programs is that we have got too much production and therefore we cut back on that production and every farmer gives up so many acres in order to keep the crops.

The point is, when you put people in that have not been in the program at all you may as well say every farmer in the United States can go into wheat farming.

The beet growers haven't been raising wheat any more than farmers who raise cattle or raise soybeans or even some other commodity, but when you put them into the corn program or the wheat program, you are inviting in a bunch of strangers into a program that the people who have been raising these have had to cut down.

The more people you put into the program the less amount of production each farmer can have and so that is the precedent of this thing. It is the only thought I had about it.

I think you may come back and I think you will get letters. "I have been raising soybeans," or, "I have been raising this or that and I have been flooded out and now I would like to get in that." Or, "I would like to have a special bill to get me in." That is the problem that worries me. It is not the cost.

We are spending billions of dollars on these programs and a little more won't make that much difference. In this particular case, I think it would be so insignificant that it wouldn't make much difference, but when you start that precedent aren't you going to get a lot of special bills? Just like a special bill that grants a farmer the right to become an American citizen. That is a special bill entirely for one group of farmers as distinguished from every other farmer in the United States.

Mr. MELCHER. That is true and I think this committee will have more of these emergency type bills facing it, especially with the history we had last year with corn blight.

I think what you say is true and I think we should be ready as a committee to face these special emergencies as they come along.

I would hope this committee this morning could allow this bill to proceed and give it a chance to get it on suspension. If there is serious doubt that the Department doesn't want this authority, if the Secretary says he does not want the authority, there is plenty of time between now and Monday for him to make his desires known and he can have the bill laid over.

That wouldn't be tough at all, but it would give us the chance between now and Monday for some of these questions to be answered. It would also give us the chance to have the bill before us Monday. Then, if the Department can accept it, it can be passed in time to do these farmers some good.

To delay it will simply say, "Sorry, even though there is an emergency we can't respond to it."

Mr. MAYNE. I would like to ask Mr. Melcher how much feed grain base there is in Montana.

Mr. MELCHER. I don't know. There is not a lot of it. Are you talking about corn base?

Mr. MAYNE. Is there anything other than corn base?

Mr. MELCHER. When barley is accepted as a feed grain, we had a lot of feed grain base. But it is not accepted as feed grain this year. We have very little corn base.

Mr. MAYNE. I would assume it would be in the neighborhood of 100,000 or perhaps a little more than 100,000 acres.

Mr. MELCHER. Feed grain base? When barley was a feed grain we would have had probably 1 or 2 million.

Mr. MAYNE. Let us talk about corn.

Mr. MELCHER. I think that the corn base in Montana is insignificant; not much over 100,000 acres, if any.

Mr. MAYNE. Not over 100,000 or 200,000 acres.

Mr. MELCHER. I don't think so.

Mr. MAYNE. When we talk about wheat I defer to the gentlemen from Montana and Washington and others from wheat growing areas.

But here we are talking about something that involves 134½ million acres of feed grain base in the State of Iowa, almost all of which is in corn. This isn't something to be entered into lightly, as far as I am concerned.

I think it will establish a precedent. I think conservatively estimated, there are requests for more than 1 million additional acres in feed grain base pending in the State of Iowa alone.

Mr. Findley's State of Illinois would also have over 10 million feed grain base acres. It is a very vital concern to us that we know the Department's position and that this matter be gone into in some detail with the Department.

I think I would be very remiss to my feed grain growing constituents if I didn't ask for a definite explanation of what this would mean to the corn belt.

The gentleman said, in a rather offhand manner, that this wouldn't involve anybody losing feed grain base acres, but, as I understand the theory under which the Government has been operating—and there is a specific provision in the 1970 Farm Act that in any State you can't give additional base acres to someone if that will increase the total base acres in the State.

I think the theory has been that you can't give acres to someone unless it is surrendered by someone else. My people have been standing in line for many years ever since 1959 or 1960 pleading for additional acres, and I want to be sure that we don't establish a precedent here which is going to prejudice them.

I don't think it is unreasonable to ask that the Department's views be set out here very fully. This was not, and has not been a true emergency. I don't recall that I was even advised that the gentleman had an emergency situation, but he said just now that he mentioned it to the chairman and Mr. Belcher in January.

As a matter of fact, we don't have testimony at all this morning. We just have an exchange among members about what we think. I yield.

Mr. MELCHER. I spoke to the chairman, it was a couple of weeks ago, when this bill was prepared. I introduced it on February 18 and very shortly after the introduction of the bill I mentioned to the chairman and Mr. Belcher that this was an emergency matter and was our best alternative.

After the January 25 announcement, we spent 2 or 3 weeks exploring every avenue to determine if somebody else could operate the plant, or Holly could continue. As to the point of whether or not 15,000 acres, if it should all go to corn, and I don't know that it would, or only go to feed grain base.

It adds to the corn base, if that is what the Secretary determines should be allowed. It does not, as you know, specifically say corn base. I am looking at the Department substitute.

Mr. MAYNE. I knew nothing about this until yesterday when I learned there was going to be a hearing and I assumed there was going to be testimony on it.

Perhaps I was remiss in not inquiring further into that but I think that we should have a clear statement by the Department as to what the consequences of this will be. I think it could be very damaging to other farmers who are waiting for feed grain base expansion and have for many years.

The CHAIRMAN. If there is any objection, I don't see any reason for thrashing the horse.

Mr. LINK. Point of parliamentary procedure. I am not familiar with the procedure of this bill being included on the consent calendar or

suspension calendar. At what time and/or under what conditions might immeasurably be removed from it. Is there a provision for that to take place?

The CHAIRMAN. It is not on a calendar and can't get on a calendar until after we pass it out. There is an objection to passing it out this morning. The Chair knows that this is a point of order and every member of the committee knows it is the subject of a point of order.

I don't see any reason for us to continue to argue something when we know what the result is going to be and why isn't it more expeditious to refer this to the Committee on Livestock and Feed Grain?

Mr. MELCHER. Is there an objection?

Mr. MAYNE. I will be very glad in this open meeting in the interest of my feed grain farmers to make an objection until I can hear the Department's position on this matter.

The CHAIRMAN. The Chair holds that the objection is well founded and I do refer the matter to the Livestock and Feed Grain Subcommittee.

Mr. PURCELL. If Mrs. Gallagher knows, could we meet Monday afternoon?

The CLERK. Any afternoon except Tuesday.

Mr. PURCELL. I will announce that there will be a meeting on Monday afternoon at 2 o'clock for the consideration of this bill.

Mr. MAYNE. Could I ask the gentleman's indulgence to postpone that until Tuesday?

The CLERK. I will change the other meeting. I can switch it. I will try to.

Mr. MAYNE. Or Tuesday morning.

The CLERK. Full committee Tuesday morning.

Mr. MELCHER. I cannot be here on Tuesday the 16th.

Mr. PURCELL. If the chairman will call a committee meeting as soon as he can figure out when he can meet with some degree of satisfaction.

Mr. FINDLEY. You will also request the Department to present a statement on the bill?

Mr. PURCELL. I will be happy to.

(Whereupon, at 4:30 p.m., the hearing was adjourned.)

such a case calendar. At that time and on under what conditions might the committee be removed from its present position for the time being?

The Chairman: It is not on a calendar and can't get on a calendar. It is not on a calendar. There is an objection to passing it out this morning. The Chairman knows that this is a point of order and every member of the committee knows it is the subject of a point of order. I don't see any reason for us to continue to argue something which we know when the result is going to be and what it is more expedient to refer this to the Committee on Education and Health than to the House as a whole.

Mr. Chairman: I don't know why this is being referred to the House. I have great interest in this matter and I am sure that the House will be interested in this matter.

The Chairman: The House holds that this is a point of order and I do not see any reason for the House to refer this to the Committee on Education and Health than to the House as a whole.

Mr. Chairman: If the Committee knows, could we refer this to the Committee on Education and Health?

Mr. Chairman: I will mention that there will be a meeting on Monday afternoon at 2 o'clock for the consideration of this bill.

Mr. Chairman: I will change the other question. I can switch it. I will switch it.

Mr. Chairman: On Tuesday morning, the Committee will continue Tuesday morning.

Mr. Chairman: I cannot be here on Tuesday the 10th.

Mr. Chairman: The chairman will call a committee meeting as soon as it is possible when he can meet with some degree of satisfaction. Mr. Chairman: You will also request the President to present a statement on the bill.

Mr. Chairman: I will be happy to.

(Whereupon at 4:30 p.m. the hearing was adjourned.)

ESTABLISH FEED GRAIN BASES FOR SUGAR BEET GROWERS

WEDNESDAY, MARCH 17, 1971

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

The subcommittee met, pursuant to recess, at 10:10 a.m., in room 1302 Longworth House Office Building, Hon. Graham Purcell, presiding.

Present: Representatives Purcell, Foley, Sisk, Rarick, Melcher, Bergland, Link, Denholm, Mayne, Zwach, Sebelius, and Findley.

Also present: Lacey C. Sharp, general counsel, Mrs. Martha S. Hannah, subcommittee clerk, L. T. (Tex) Easley, staff consultant.

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

We are here this afternoon to hear testimony in regard to bills that relate to corn and feed grain bases in certain areas where sugar beets have been raised in the past, and due to changed circumstances are not going to be available in this coming year.

We have two bills, H.R. 4586 and H.R. 5981.

My understanding of the only difference is that H.R. 4586 relates only to feed grain, whereas H.R. 5981 includes wheat and cotton.

The witnesses that we have are all from the Department and we are glad to have you gentlemen. The witness will be Dr. Carroll Brunt-haver, accompanied by whomever you want to accompany you, doctor, Mr. Senechal and Mr. Coffman, or whomever you want to come and sit at the table with you.

(The departmental reports follow:)

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., March 17, 1971.

Hon. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR MR. CHAIRMAN: This is in reply to your request of March 8, for a report on H.R. 4586, a bill "To authorize the Secretary of Agriculture to establish corn feed grain bases."

The Department recommends that H.R. 4586 be passed with amendments.

H.R. 4586 would benefit only those producers who formerly processed sugar beets at Hardin, Montana. There are producers in other areas of the country that have been or will be affected by the closing of processing facilities who are entitled to similar consideration. Therefore, we recommend that this be extended to all sugar beet producers who formerly processed their sugar beets at a processing plant which has ceased operations on or after January 1, 1970, and that establishment of such base be conditional on the production of the commodity on such base. The planting requirement would be consistent with existing legislation

which requires that a percentage of the base or allotment be planted to avoid reduction of the base allotment in subsequent years.

This bill would authorize the Secretary of Agriculture to establish corn feed grain bases for producers of sugar beets in Montana and Wyoming who formerly processed their sugar beets at Hardin, Montana. The feed grain bases established shall be equivalent to the farm proportionate share acreage which was established for the farm for the 1970 crop.

Current legislation authorizes the withholding of some base acreage and allotment in reserve for new farms. However, for the 1971 feed grain program there is not sufficient reserve acreage in the affected States to provide the increases that could be required to implement H.R. 4586 with the amendments suggested above. In the case of feed grains, any new farm base acreages established above current State bases would stay in effect for subsequent years. Hence, the State and national totals would be increased by the amount of the new base.

Information presently available to the Department indicates that 60,000-75,000 acres of land devoted to sugar beets in 1970 might be affected by the provisions of this bill, with the amendment we have suggested.

If new feed grain bases are established for 60,000 acres formerly in sugar beets, the additional set-aside payments on this new base acreage would amount to approximately \$700,000 in fiscal year 1972. Of the 60,000 acres established, 12,000 acres would be diverted at a cost of \$58 per acre.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

CLARENCE D. PALMBY,
Assistant Secretary.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., March 17, 1971.

HON. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR MR. CHAIRMAN: This is in reply to your request of March 11 for a report on H.R. 5981, a bill "To authorize the Secretary of Agriculture to establish feed grain bases, wheat domestic allotments and Upland cotton base acreage allotments for certain growers of sugar beets."

The Department favors the enactment of this legislation with amendments.

This bill would authorize the Secretary of Agriculture to establish feed grain bases, wheat domestic allotments, and Upland cotton base acreage allotments for producers of sugar beets who formerly processed their sugar beets at a processing plant which has ceased operations on or after January 1, 1970. It would further provide that the establishment of such feed grain base, wheat allotment, or cotton allotment be conditional upon the production of the commodity on the base or allotment.

Current legislation authorizes the withholding of some base acreage and allotment in reserve for new farms. However, for the 1971 feed grain, wheat or cotton programs there is not sufficient reserve acreage in the affected States to provide the increases that could be required to implement H.R. 5981. Hence, any new base acreage or allotments assigned to farms under this bill would represent an increase beyond the allotment or base already announced for 1971.

In the case of feed grains any new farm base acreages established would stay in effect for subsequent years. Hence, the State and national totals would be increased by the amount of the new bases. In the case of wheat in the 1971 program, to the extent that these farms were granted new wheat allotments, we would be forced to overissue wheat marketing certificates. However, for subsequent years, since the total amount of certificates issued is specifically set by law the new allotment acres would have to be taken into account and the "old" wheat allotment farms would receive a reduction in wheat allotment and hence marketing certificates. Similarly, in the case of cotton, the allotment formula prescribed in the legislation would require that farms granted allotments under this bill share in the allotment in subsequent years, thereby reducing the allotment and set-aside payment on "old" cotton farms to the extent that new farm allotments are issued under the authority in this bill. The Department, therefore, recommends the deletion of the wheat and cotton provisions of this bill.

Information presently available to the Department indicates that 60,000 to 75,000 acres of land devoted to sugar beets in 1970 might be affected by the provisions in this bill.

If new feed grain bases are established for 60,000 acres formerly in sugar beets, the additional set-aside payments on this new base acreage would amount to approximately \$700,000 in fiscal year 1972. Of the 60,000 acres established, 12,000 acres would be diverted at a cost of \$58 per acre.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

CLARENCE D. PALMBY,
Assistant Secretary.

STATEMENT OF DR. CARROLL G. BRUNTHAVER, ASSOCIATE ADMINISTRATOR, ASCS; ACCOMPANIED BY VICTOR A. SENECHAL, CHIEF, PRODUCTION ADJUSTMENT BRANCH, COMMODITY PROGRAMS DIVISIONS, ASCS; AND CLAUDE T. COFFMAN, DEPUTY GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE

Mr. BRUNTHAVER. Mr. Chairman, members of the committee. My name is Carroll Brunthaver, Associate Administrator, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture. I am glad to have the opportunity to discuss H.R. 4586 and H.R. 5981 with you. I have with me Mr. Coffman and Mr. Senechal.

The bill (H.R. 5981) would authorize the Secretary of Agriculture to establish feed grain bases, wheat domestic allotments and upland cotton base acreage allotments for producers of sugar beets who formerly processed their sugar beets at a processing plant which has ceased operations on or after January 1, 1970. It would further provide that the establishment of such feed grain base, wheat allotment, or cotton allotment be conditional upon the production of the commodity; on the base or allotment H.R. 4586 is more restrictive since it applies only to sugar beet producers in the Hardin, Mont. area. The Department favors the enactment of H.R. 5981 with amendments. Without this bill we feel some producers may suffer hardships because of loss of sugar beet acreage.

Current legislation authorizes the withholding of some base acreage and allotment in reserve for new farms. However, for the 1971 feed grain, or wheat programs, there is not sufficient reserve acreage in the affected States to provide the increases that could be required to implement H.R. 5981. Hence, any new base acreage or allotments assigned to farms under this bill would represent an increase beyond the allotment or base already announced for 1971. In the case of feed grains any new farm base acreages established would stay in effect for subsequent years. Hence, the State and national totals would be increased by the amount of the new bases. In the case of wheat in the 1971 program, to the extent that these farms were granted new wheat allotments, we would be forced to overissue wheat marketing certificates. However for subsequent years, since the total amount of certificates issued is specifically set by law the new allotment acres would have to be taken into account and the "old" wheat allotment farms would receive a reduction in wheat allotment and hence marketing certificates. Similarly, in the case of cotton, the allotment formula prescribed in the legislation would require that farms granted allotments under this bill share in

the allotment in subsequent years, thereby reducing the allotment and set aside payment on "old" cotton farms to the extent that new farm allotments are issued under the authority in this bill. The Department, therefore, recommends the deletion of the wheat and cotton provisions of this bill.

The planting requirement of H.R. 5981 is consistent with existing legislation relative to establishing new farm bases and allotments. It is also consistent with our effort to shift the bases and allotments from farmers who do not choose to plant the commodity to those who do.

Information presently available to the Department indicates that 60,000-75,000 acres of land devoted to sugar beets in 1970 might be affected by the provisions in this bill.

If new feed grain bases are established for 60,000 acres formerly in sugar beets, the additional set-aside payments on this new base acreage would amount to approximately \$700,000 in fiscal year 1972. Of the 60,000 acres established, 12,000 acres would be diverted at a cost of approximately \$58 per acre per year.

Mr. PURCELL. Does that conclude your statement?

Mr. BRUNTHAVER. Yes, sir, that concludes our statement.

Mr. PURCELL. I will recognize Mr. Mayne.

Mr. MAYNE. Well, Doctor, I do not quite understand your recommendation there. Is the Department proposing that the entire burden of this addition shall be borne by the feed grain producers of the country and none of it by the wheat growers and cotton growers as provided in the bill? You are going to let them out of this increase in the base acres, are you?

Mr. BRUNTHAVER. No, sir. In the feed grain what we are saying is that we could increase the national base or allotment from the 114 million that currently exists, so this would be an additional allotment. The allotment would not come from existing feed grain producers, as it would if we had the cotton and wheat provision retained in this for 1972 and 1973.

Mr. MAYNE. Well, I am sure you are aware that this matter of the feed grain base is set according to a historic base. It has been a very controversial subject for many years, has it not?

Mr. BRUNTHAVER. Yes, sir.

Mr. MAYNE. And many farmers who have always been engaged in feed grain production all of their lives, and their ancestors before them in the great corn growing areas of the country have felt that they were unfairly discriminated against by the Department's adherence to this historic base. Now, that is also true, is it not?

Mr. BRUNTHAVER. Yes, that is correct.

Mr. MAYNE. In particular those feed grain producers who were co-operating with the Department by having good soil conservation programs and not having many acres in corn in the base period of 1959-60. And they were caught that year with a very small corn acreage, and have been condemned to a small base ever since, have they not?

Mr. BRUNTHAVER. That is correct.

Mr. MAYNE. And you will recall that when we were discussing the new program last year that I was extremely anxious to try to set up some kind of a mechanism that would give some relief to these long-time feed grain farmers who have been discriminated against. Do you recall that?

Mr. BRUNTHAVER. That is correct. The pool has been established—

Mr. MAYNE. Now, how many acres—I think you said that there are approximately 60,000 to 75,000 acres that will be affected by this bill.

Mr. BRUNTHAVER. That is correct. This is more or less than maximum. We do not expect every farmer to request a base, but this is the maximum that could be affected, yes, sir.

Mr. MAYNE. Do you suppose you could give us some estimate of how many acres are on file with the ASC county offices throughout this country from feed grain farmers asking for this type of relief and asking for an increase in their feed grain base acres?

Mr. BRUNTHAVER. Sir, I do not think we have accumulated those numbers. We do not know them.

Mr. MAYNE. Well, for your information I have inquired out in just one State, my State of Iowa, and I find that in my own county alone, Woodbury County, and there are 99 counties, but just in Woodbury county the appeals in that one office have been averaging over a hundred per year. These appeals come from feed grain farmers who have always been feed grain farmers, who feel they are entitled to this same type of relief which this bill provides. In Iowa as a whole, the appeals from the counties to the States have been running at least 600 per year, with an estimate of between 7,000 and 10,000 appeals a year at the county level just in the State of Iowa alone.

Now, it is hard for me to see, Doctor, why those farmers, who have always been feed grain farmers, should be forced to wait, as they have for 11 years now, without getting any relief, and here is a group up in Montana and Utah that the Department is so solicitous about. You want to give them these additional acres when the real feed grain producers, the real corn producers of this country are the stepchildren of the Department in this matter. Would you care to comment on that observation?

Mr. BRUNTHAVER. Yes, sir; let me make two points in this regard. First, the feed grain base allotment means a great deal less to farmers under the 1970 act, than it did previously.

Mr. MAYNE. Does that not apply just as much to these beet producers as to the corn producers?

Mr. BRUNTHAVER. Whereas the allotment before dictated how much corn a man could produce, it no longer serves that function, and is used only to determine what the set-aside requirement will be, and what the payment under the program will be, so it does mean less.

Second, of course, the whole reason for our support of this bill is that these people are caught in an emergency type situation. Some of these farmers have put down heavy fertilizer applications expecting to plant sugar beets and are not able to do so.

Mr. MAYNE. Will you tell me how you arrived at this figure 60,000 to 75,000 acres? What is the breakdown on that?

Mr. BRUNTHAVER. Well, this is our calculation of the sugar beet acreage in the effected States. About 30,000 of this is in southern Minnesota, and approximately 17,700 acres are in the Hardin, Mont., area, 13,000 in West Jordan, Utah, which about 9,000 will be absorbed by another plant, so leaving about 4,000 acres affected there, and we have eastern Maine.

Mr. MAYNE. How much?

Mr. BRUNTHAVER. We have showing 12,500 acres.

Mr. MAYNE. Those figures do not add up to 60,000, let alone 75,000; 17,700 in Hardin, Mont., 4,000 in West Jordan, Utah, and 12,500 in eastern Maine.

Mr. BRUNTHAVER. And 30,000 in—

Mr. MAYNE. 30,000 and 30,000, is that your figure?

Mr. BRUNTHAVER. 30,000 in Minnesota.

Mr. MAYNE. What happened to the plant in Montezuma, N.Y.? Did the Department consider that? There is a plant that went out of production there too.

Mr. BRUNTHAVER. I am not sure of the status of the plant.

Mr. MAYNE. Well, right now it is closed, is it not?

Mr. SENECHAL. I think I can elaborate on that, sir. The reason this one was not included was because it was closed before the date specified in the bill. The bill specifies that the plant must have gone out of production after January 1, 1970, in order for affected producers to be eligible. The New York plant has been closed for several years.

Mr. MAYNE. Well, Dr. Brunthaver, is it also your interpretation that if a plant had been closed prior to January 1, 1970, from the language of this bill it would not come within the act?

Mr. BRUNTHAVER. That is correct; yes, sir.

Mr. MAYNE. The bill states, "A processing plant which has ceased operation on or after January 1, 1970." Now, that certainly is not my interpretation of that language.

I think it clearly would, under this language, cover plants that had closed prior to January 1, 1970.

Mr. COFFMAN. We do not think so, Congressman, maybe at least we do not interpret it that way, and all of our remarks assume that the plant had to cease operation on or after January 1, 1970.

Mr. MAYNE. Would it not make it a lot clearer if you said closed after December 31, 1969?

Mr. COFFMAN. We would certainly have no objection to that.

Mr. MAYNE. Now, is the Department in any way abandoning its devotion to this historic feed grain base concept?

Mr. BRUNTHAVER. No, sir, not at all. We view this as an emergency situation for these farmers, and I have been asked to say that the support of this bill in no way indicates that we are willing to support future legislation of this nature involving allocation of additional allotments or bases to farmers affected by loss of markets for other commodities.

Mr. MAYNE. But, it is quite a departure from your past policy, is it not? To increase the base in this way?

Mr. BRUNTHAVER. Yes, sir.

Mr. MAYNE. Is the idea that you are espousing here to permit acres which were in sugar in the historic base period of 1959-60 now to be allowed to be added to this feed grain base?

Mr. BRUNTHAVER. We will look at the beet acreage in 1970 in the affected area.

Mr. MAYNE. Well, why not the beet acreage at the time of this historic base. That you hold all other farmers to? Why do you not go back to the base year that you make the Illinois and the Indiana and the Iowa farmers live up to?

Mr. BRUNTHAVER. Well, I'm sure that we do not have the acreage history on the individual farms for that period.

Mr. MAYNE. It is the sugar beet acreage that you are trying to replace with corn, is it not?

Mr. BRUNTHAVER. We do not have data on the sugar beet acreage in the period that you are referring to on these individual farms.

Mr. MAYNE. Nowhere in the Department there would be a record of what the sugar beet acreage was in those States?

Mr. BRUNTHAVER. Not on individual farms in 1959 and 1960, no, sir, I do not believe so.

Mr. MAYNE. Well, you would have the total sugar beet acreage though in each of those states, would you not?

Mr. BRUNTHAVER. Oh, yes. Yes, this would be in our statistical reports.

Mr. MAYNE. Well, should that not be the maximum amount, even under your theory that could be made available to feed grain production in addition to the feed grain base. Should it not at least be limited to what they had in sugar beets in 1959-60? Would that not be logical?

Mr. BRUNTHAVER. Sir, I do not believe I have an opinion on that.

Mr. MAYNE. Well, the idea is to give relief to sugar beet farmers who were growing sugar beets, but now because of the closing of the plant no longer have an outlet available, so they are going to be allowed to shift to collect feed grain payments, direct payments, and receive all of the benefits of the feed grain program because their feed grain base is going to be added to in those States? Well now, should we not apply this same historic base controlling here, the amount of acres that they had in sugar beets during the relevant base period as the amount which would now be added to the feed grain base of the State?

Mr. MELCHER. Would the gentleman yield on that point?

Mr. MAYNE. I will be glad to.

Mr. MELCHER. I can only speak for one area, and that is Hardin, and I would not know how many sugar beets were grown for the Hardin market at that particular time, but I would just assume that it was greater than it is now. For instance, the 1970 crop for the Hardin plant was reduced 13 percent in acreage from 1969. You might be posing for the Department a proposition of going back into that base, which I assume is what—

Mr. MAYNE. Fifty-nine to sixty.

Mr. MELCHER. Fifty-nine to sixty—and finding that there were more acres involved. There is 15,000 acres involved in Hardin now, or 17,000. When they get back into that period they find it is 20,000, or 22,000. So, if your idea is to protect corn base acres, I think you may be suggesting an enlargement. I do not object to that. Let me point out that I know only about one area, and that area alone.

Mr. MAYNE. Well, would the gentleman agree that it would be fair, at least in principle, to apply this same historic period if this bill is passed as is applied to the rest of the feed grain producers?

Mr. MELCHER. Well, I do not know whether it would be fair. I do not have an opinion on it right now. I think it might be to our advantage to go back where we planted more acres of beets.

Mr. ZWACH. Would the gentleman yield?

Mr. MAYNE. Yes, I yield to the gentleman, if that procedure is agreeable to the Chair, I will yield.

Mr. PURCELL. Sure.

Mr. ZWACH. I have been studying my area and I have gotten some facts assembled and I have to apologize as they are not all together, but I did get it all assembled. But, as I interpret this, and I am thinking now of my State, southern Minnesota, there will not be a single producer when he winds up here that should have a larger corn base than he had in 1959-60. We are not going to add anything to anyone's base that has started to grow beets since 1959-60. The only ones that I could see that will be affected are those that were growing sugar beets heavily in 1958-59, and, therefore, were not raising much corn, and did not have much of a base. I do not want anybody to get more of a base than they had in 59 and 60 if they were not raising beets. Do you get that point?

Mr. BRUNTHAVER. No, sir. I do not understand that. Let me comment on that, that in this bill it is my understanding that this bill would add acre for acre to the man's corn base to the extent that he had sugar beet acreage in 1970.

Mr. ZWACH. This is not the way I understood it. If that is what it does—that is, if a man in 1970 had 50 acres of corn and 200 acres of beets, I do not interpret it that now he will have a 250 acre corn base and get payment. This is not the way I interpret this bill, and that is not the way I would like to have it interpreted.

Mr. MAYNE. If the gentleman would yield back, I would have to agree with Dr. Brunthaver that I think this bill does exactly what you have just said you do not think you want to have happen, and I think that even worse than that, that this bill is doing it on the basis of 1970 rather than on the base period.

Well, Dr. Brunthaver, before I yielded to the gentleman from Montana, I think you said you did not have an opinion on that, as to whether it would be fair to apply the base period here. Now, after hearing observation of Mr. Melcher and Mr. Zwach, would you not feel that this would be more consistent and fair to all feed grain producers if this same base period were applied in the determination of what beet acres should now be put into feed grain base acres?

Mr. BRUNTHAVER. Sir, before I answer that I would like an opportunity to look at the numbers and see what kind of acreage we are talking about. If, in fact, we are talking about 25 to 30,000 acres in Hardin as opposed to 17, this would influence our thinking a great deal. If we are talking about zero averages, I just do not know the average numbers in the various plants areas in the States in 1959-60.

Mr. MAYNE. Well, I think that you will find that they are as follows: Someone in the Department gave these to my agricultural assistant who unfortunately is in Iowa today, and I cannot get from him the name of the person in the Department, but he said the Department records reveal that the acreage planted to sugar beets for Hardin, Mon. was in 1969, 17,700 as you have stated. But, back in 1959 it was only 9,418.

Mr. MELCHER. Would the gentleman yield?

Mr. MAYNE. I will be happy to.

Mr. MELCHER. There is obviously an error, and I wonder if it is not in the fact that he may be checked out in just one county. There are several counties involved, and my own county—that is Rosebud County—in 1959 probably grew twice as many acres of sugar beets for Hardin as they did in 1969 or 1970. The plant had never operated

under capacity, and the 9,000 acres would have operated that plant at less than half of capacity in 1959.

Mr. MAYNE. Well, apparently the same criteria, the same area was used by the Department official in giving the 9,418 figure for 1969 as was used in arriving at the 1969 figure of 17,700, which Dr. Brunthaver has also given.

Mr. MELCHER. If the gentleman would yield further, I will just state that there appears to be an error.

Mr. MAYNE. He was also given this figure for West Jordan, Utah of 13,097 acres for 1969, which is the same one Dr. Brunthaver gave, but then said it would be reduced to 4,000 because of the availability of another plant. But, for 1959 instead of 13,097 it was only 7,942 and for Chaska, Minn. 31,069 for 1969 which is substantially the same as Dr. Brunthaver's 30,000, and only 8,931 in 1959.

Mr. ZWACH. That is pretty close to the figures that I have roughly assembled.

Mr. MAYNE. And for eastern Maine which had 12,500 in 1969, which you are going, under this bill, to give to farmers in Maine. They did not even have a plant until 1966 and had zero sugar beet production in 1959. Now, that would mean a much smaller acreage if we do use uniformly the historic base. I would think at the very least the Department's recommendation ought to be confined to this lower acreage rather than an acreage based on 1970.

Now, you have said that this would add 60 to 75,000 acres under your original proposal to the National Feed Grain Base, is that correct?

Mr. BRUNTHAVER. Yes, sir.

Mr. MAYNE. This year you are trying to take about 18 million acres out of corn production, are you not?

Mr. BRUNTHAVER. That is approximately correct, yes.

Mr. MAYNE. And you figure to do that you should have the 20 percent set aside?

Mr. BRUNTHAVER. Yes, sir.

Mr. MAYNE. And as nearly as the Department can figure it, it will take 20 percent set aside to take 18 million out, right?

Mr. BRUNTHAVER. That is correct.

Mr. MAYNE. Now, what about next year? Suppose you want to take 18 million out again next year, and you have added 75,000 acres to this national base. To arrive at that result you would then need a smaller set aside than 20 percent, would you not?

Mr. BRUNTHAVER. Not necessarily.

Mr. MAYNE. And under the 1970 act which Congress, with the Department's urging has passed, you would in that event have no choice but to see the 32-cent direct payment eroded in those circumstances, is that not the case?

Mr. BRUNTHAVER. Well, sir, we are only talking about diversion of 12,000 acres here out of a total diversion of between 16 and 18 million. Certainly this amount would not cause us to go below the 20 percent if we determine next year that we need approximately 16 to 18 million diverted.

Mr. MAYNE. Well, it certainly would not be strengthening the case for a diversion of at least 20 percent to add additional feed grain base acres to the national base, would it?

Mr. BRUNTHAVER. I do not believe it would affect the decision.

Mr. MAYNE. I submit to you that it would, in fact, endanger the security of the 20 percent set aside, that you cannot achieve the same number of acres being set aside with 20 percent when you have an enlarged base. This is a matter of simple mathematics, and that would take direct payments out of the pockets of every feed grain producer in this country. Doctor, I do not think your simple statement that you do not feel that would probably happen is sufficient protection for the 32-cent payment and the 20-percent set-aside.

What do you estimate this bill will cost the Government?

Mr. BRUNTHAVER. We have estimated for 1972, fiscal 1972 that is, if all of the farmers affected would ask for the feed grain base, and would then participate and plant corn or sorghum, or would plant corn on this acreage that the maximum cost would be approximately \$700,000 for the 1971 year.

Mr. PURCELL. 1972 year you mean?

Mr. BRUNTHAVER. Yes, it would be the 1972 fiscal year but for the 1971 crop year.

Mr. PURCELL. 1971 crop?

Mr. BRUNTHAVER. Yes.

Mr. MAYNE. Is there going to be any requirement that farmers, to participate in this program, must plant some corn?

Mr. BRUNTHAVER. Yes, sir. This is written into the bill, that the man, to qualify for this acreage, must plant the entire base to corn, the same provision we have for establishing new farm allotments.

Mr. MAYNE. That is in 1971?

Mr. BRUNTHAVER. Yes, sir.

Mr. MAYNE. Feed grain base, wheat domestic allotment or cotton base acreage allotment shall be conditional upon the production of such commodity or such bases or allotment?

Mr. BRUNTHAVER. Yes, sir.

Mr. MAYNE. Or, when you come right down to it, this is essentially a bill for the relief of sugar growers, is it not?

Mr. BRUNTHAVER. That is correct.

Mr. MAYNE. Well now, why would it not be better legislation to put relief for sugar growers into the sugar act? Would that not seem to be the proper vehicle for helping sugar beet farmers?

Mr. BRUNTHAVER. That would be a possibility, yes.

Mr. MAYNE. Well, there are provisions in the Sugar Act, are there not, for giving payments to farmers, sugar producers who face hardship under circumstances involving crop failure and acts of God?

Mr. BRUNTHAVER. Sir, I am not aware of any provision in the Sugar Act that would give relief to these farmers affected by the plant closing.

Mr. MAYNE. Well, that was not my question. There are provisions, are there not, which would give abandonment and efficiency payments to sugar farmers if they suffer a loss as a result of some large natural disaster or act of God?

Mr. BRUNTHAVER. Excuse me, you are correct. Yes, sir.

Mr. MAYNE. Would it not be a simpler matter, and not so endangering to the feed grain program of this country if we amended the Sugar Act to extend that type of relief to this kind of situation where sugar plants go out of operation?

That could be done, could it not?

Mr. BRUNTHAVER. We would be willing to look into that possibility and offer a statement on it.

Mr. MAYNE. It seems to me that would be much preferable.

Now, you have proposed these amendments to take out cotton and wheat. They are being exempted from having their programs diluted. What was your other amendment that you proposed?

Mr. BRUNTHAVER. That was the basic amendment that we would like to see offered to H.R. 5981. We do not feel that we can support H.R. 4581, which is more restrictive, and would affect only the one area.

Mr. MAYNE. Thank you, Doctor.

Mr. PURCELL. The Chairman would recognize Dr. Melcher.

Mr. MELCHER. Thank you, Mr. Chairman.

Well, I want to commend Dr. Brunthaver and the Department for a very concise and to the point statement, and compliment them on their willingness to respond to an emergency condition for a group of farmers, or several groups of farmers as it works out, one of them being around Hardin. We would like to have this factory reopened. We would like to have it reopened for this year. We would like to grow sugar beets for this year, but there does not seem to be any likelihood that that is going to happen. The community and I are now involved in seeing whether there is any possibility of loan money, grant money, or both through the EDA or local sources to put the plant back in operation, make some improvements on it, and have somebody operating it for the next crop year. We do not know whether that is possible.

The two Senators and I have asked for a study to be made as quickly as possible. The Extension Service out in the State, and what is known as the USDA Committee for Rural Development, made a study of the effect of the plant closing and they found there was a \$5 million potential loss to farmers who are not going to be able to grow sugar beets anymore. They found for the whole community that there is a loss of \$10 million. That includes the loss to the growers and the loss to the community because of the employment that is involved, the freight, and other expenditure. It is a very serious blow to the community and particularly to the growers involved. The conclusion of the study is that corn is the best alternative, although it will not bring nearly as much income as sugar beets for the growers, and it will not be as good for the community, it is the next best thing.

We are not going to quit trying to get that plant back into operation.

I am not sure how many of these individual growers are going to want all of the corn base acres that they can get if it is acre for acre. I think most of them will want acre for acre, but I cannot speak for them. It could be no greater, apparently, than the number of acres of sugar beets that were planted recently.

I will try to get some quick figures, Wiley, on why you were told 9,000 acres of beets for the base year 1959. I do not think it is accurate because the plant just would not operate. They would have had to close the plant back in 1959, if that is all the acres of beets they were processing through it.

I have no objection to taking wheat and cotton out of this. We did not have it in the original bill. The Department had assisted us in writing that bill H.R. 4586, so taking it out of H.R. 5981 is fine with

me. I hope the committee will vote favorably on the passage of the bill.

Mr. MAYNE. Would the gentleman yield?

Mr. MELCHER. Yes, I would be glad to.

Mr. MAYNE. What would you think of providing this relief to your sugar farmers through amendment to the Sugar Act? I would be glad to support such an amendment. I just do not want to see the whole feed grain program, which is a matter of life and death in my State, perhaps jeopardized by what could be interpreted as a precedent for allowing relief to an outside group who are essentially not feed grain farmers. I would be glad to support relief to these people within the confines of the Sugar Act, and when the taxpayers of the country look at the bill they will not charge it to the feed grain farmers of the country.

They will put either the credit for it or the blame, as the case may be, to the sugar industry. We have enough problems trying to maintain support for the feed grain program in the country without adding to the cost of it something that everyone concedes is a special relief bill for sugar farmers.

Mr. MELCHER. Well, first of all, the bill does allow the Secretary wide discretion in setting the conditions on how the acreage would be utilized. Second, there would be no possibility that any of the corn that is grown in this area would affect the marketing of corn in the Corn Belt. The transportation costs are so great it would not get in competition in the Corn Belt.

Mr. MAYNE. You are talking about Chaska, Minn?

Mr. MELCHER. I am talking about my own area, and also Utah. I cannot speak for Chaska.

Mr. MAYNE. If the gentleman will yield, that is much the largest chunk of acreage, and that is 31,000.

Mr. MELCHER. I think probably the gentleman from Minnesota will point out that there has been a corn base there that has not been utilized and that still would be available. But I will allow him to handle that.

But lastly, and most importantly, what we have before us right now is this bill, the most practical solution to an emergency situation for a relatively small number of farmers. It has to be done timely or we would deny these people an opportunity to stay solvent. Just to say, well, we will work it out in the sugar act would only say to the growers in Hardin, and the growers in other areas, that we are not going to give you any relief this year. At a time when you are really up against the wall, and you are really in trouble, and you have a real emergency, we cannot act fast enough to help you at all this year. Unless we pass this bill now, and unless we can convince the rules committee, on which our good friend here sits, to bring the bill to the floor, we are not going to be doing anything anyway for these people.

Delay in any way now is absolutely turning our back on these growers this year. This is the year that they need the help. To pass it over on the grounds that something might be done in the sugar act later on is just the same as saying to them, "Well, too bad, fellows, we are too busy, and we are too tied up to try to respond to an emergency."

Mr. SISK. Mr. Chairman, would my colleague yield?

Mr. MELCHER. I would be delighted to.

Mr. SISK. Dr. Brunthaver, do you have any information as to any precedents in connection with this? I remember very well certain specific matters some years ago, in connection with cotton. Is this an unusual procedure where we have a very small acreage affected? I believe that we are quibbling over nothing. Don't we have enough precedents for meeting emergencies where farmers, in small groups in small selected areas, have run into serious problems of this kind? Aren't there a number of precedents?

Mr. BRUNTHAVER. There may be some. The only one that I am familiar with is the Tulalake area where additional wheat acreage was granted to the farmers in the affected area.

Mr. SISK. As I recall in the 16 or 17 years that I have been here there have been many cases where we have taken emergency action, due to a flood, or other cause.

I know, of course, there is the question of acts of God in the case of flooding. But I think it has been the normal proceeding on a one-time basis to help a small group of people who were caught in a bind helpless to do anything without legislation. It was on that basis that I spoke of the legislation and I thought you may have some precedents. Apparently you do not.

That is all. Thank you. And I thank my colleague for yielding. It is his time.

Mr. MELCHER. And I thank you, Mr. Chairman.

Mr. PURCELL. Mr. Zwach?

Mr. ZWACH. Mr. Chairman, I agree with my colleague and Mr. Melcher, and we all want to raise beets, and we hope to be back in the beet business as soon as possible, but I think if you will let me read this first paragraph, I don't believe that it says that every acre that is now in beets has to go to corn. It says that:

Notwithstanding any other provision of law, and subject to such terms and conditions as he determines appropriate, the Secretary of Agriculture is authorized to establish corn feed grain bases.

It seems to me that he can do that.

Now, let me point up our southern Minnesota situation. The best figures that I can get are that about 20,000 of the 30,000 acres that are now in beets were not raising beets when the base period was established in 1959. Now, those gentlemen have got their historic base. They should not be given an advantage over their neighbors because they grew beets. They should not have the old historic base plus the beet acreage because it would give them much advantage over the nonbeet growers.

So, the 20,000 acres I would interpret as having nothing coming. Now, we go to the other, roughly, 10,000. The Redwood County has 3,000 acres and they are going to Mason City, Iowa. I do not think that they should be given any consideration for additional corn. They have their base, and they still have their beets, so we are only talking about 7,000, or 8,000 acres of beets that came in since 1959.

Mr. PURCELL. Would the gentleman yield to me?

Mr. ZWACH. Yes.

Mr. PURCELL. Dr. Brunthaver, in connection with just what Mr. Zwach was saying now, wouldn't this give the Department latitude to apply this in a sensible way, taking into account all of the factors that the present beet growers find themselves under; for example, if this one

group can go into a beet plant in Iowa, you could consider that under the bill, could you not?

Mr. BRUNTHAVER. Yes, sir.

Mr. PURCELL. And then you would not be bound by an arbitrary way?

Mr. BRUNTHAVER. Yes, sir; that would be my understanding.

Mr. COFFMAN. Mr. Chairman, we have been assuming that this would be a swap of his sugar beet acreage for his corn acreage. If he is still going to grow sugar beets he is not going to get a corn base for that.

Mr. ZWACH. But if he does not raise sugar beets, will he get all of those beet acres added to his corn base?

Mr. COFFMAN. He will have to give up his sugar beet acreage in order to get the corn base, but it would permit him to add to his corn base that he now has, if he gave up his sugar beet acreage. It would do that; sir.

Mr. ZWACH. I certainly do not want that, because then the sugar beet growers that have come in, you know, since, and had their full base in 1959, they still have it. Now, if they are going to add to that all of his beets, he is going to have a more advantageous position over all of his neighbors who did not grow beets. His payment is going to be much bigger, and he is not entitled to that. Beets have been good business. That is why they want to be back in them.

They are better than anything else. That is why they want to be back in them. They should not have their base enlarged because they were in beets, but they should have their historic base, and those that came into beets before 1959, we may have to work out an average for them, an average for the county, but I certainly do not want those fellows to have a much bigger base than their neighbors who never grew beets, and get a much better corn payment.

This would not be fair.

Mr. COFFMAN. Well, there will be ample authority under the bill, Congressman Zwach, for the Secretary to limit the acreage.

Mr. ZWACH. If I thought you were going to do otherwise, give them all of that base and pay them 32 cents a bushel on all of this corn, I would have to vote against this bill because it is unfair to the nonbeet growers.

Mr. MAYNE. Will the gentleman yield?

Mr. ZWACH. Yes.

Mr. MAYNE. Well, if I understand you correctly, what you are saying is you would have no objection to those 10,000 acres which were in beets prior to 1959—

Mr. ZWACH. Yes, if they have no or a very small corn base.

Mr. MAYNE (continuing). Being given this treatment, but it is the 20,000 since that you do not want to have added to the corn base?

Mr. ZWACH. They have got their historic base.

Mr. MAYNE. That is exactly the position I am urging upon the Department, that if they insist on going ahead with this they should at least be uniform and follow the historic base for these farmers, just like they do for all the rest of the people who are getting payments under the feed grain bill.

Mr. ZWACH. Would you not say that you could interpret it that way, under the broad provisions of this bill?

Mr. BRUNTHAVER. I am sure that the Department would not object.

Mr. ZWACH. And the payment would be much, much less, and the equity would be then fair. Otherwise, you are going to get favoritism to the beet grower, and that is not our intent. We just want him to have that equity with regard to the other.

Mr. BRUNTHAVER. I am sure that the Department would not object to operating the program in this manner if this was the sense of this committee and the Congress.

Mr. PURCELL. Would the gentleman yield to me just a minute?

Mr. ZWACH. Yes.

Mr. PURCELL. I address this question to you: Now, do these beet farmers not now have a corn base on the grounds you are talking about?

Mr. ZWACH. All of them, Mr. Chairman, that were not growing beets in 1959-60, when this historic base was established, have their regular corn base.

Mr. PURCELL. And that is all you are wanting them to keep?

Mr. ZWACH. That is all their neighbors have who do not grow beets. That is all they get paid on.

Mr. PURCELL. What you are really talking about are those people who were growing beets when the base years were selected and established?

Mr. ZWACH. Yes. They, perhaps, instead of having 100 acres had 50 acres of corn, and did not have their full base. It seems to me that is the only just approach we can take to this.

Mr. PURCELL. All right. I will recognize Mr. Mayne for one question.

Mr. MAYNE. Dr. Brunthaver, when you said you said you would have no objection to administering the bill in that way, would the Department have any objection to an amendment making it clear that the bill should be administered in that way, restricting it to the historic base acres, as is done with others? Do you have any objection to that?

Mr. BRUNTHAVER. Sir, I do not think that we would have objection.

Mr. ZWACH. Now, if the gentleman would yield, that is just for my area. I do not know that that fits my colleague, but I feel that that is just as equitable to the nongrower and the grower.

Mr. MELCHER. Well, Mr. Chairman—

Mr. PURCELL. I will recognize you.

Mr. MELCHER. I do not know how it would affect us. It would depend on what the acreage was. Personally, I recognize that when the Department is looking at several different areas and several different conditions it does need some latitude. The conditions are going to be different in the various areas of the country. Realizing that this has to be worked out quickly, I felt that the language that was in here, leaving it to the discretion of the Secretary, was fine.

Now, if we want to legislate to direct the Secretary to do this in these areas, I would want to see what the amendment was and see how it would affect us.

That is all I have.

Mr. ZWACH. Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Bergland?

Mr. BERGLAND. No; I have no questions, Mr. Chairman.

Mr. PURCELL. Mr. Sisk?

Mr. SISK. It seems to me, and it is only a suggestion because I am not involved, but I believe it should be left up to the discretion of the

Secretary. We know the implications and the intent of Congress but I do not know what problems you are going to get into with amendments.

I think in this emergency situation we are talking about meeting a disaster to these particular people. I think I would leave it up to the flexibility of the Secretary, Mr. Chairman, and I would hope that you could get into the draft some language on an amendment to make it work.

Mr. MAYNE. Would the gentleman yield?

Mr. SISK. I will yield.

Mr. MAYNE. It would be my suggestion that the Department draft the suggested language that would accomplish the purpose that Mr. Zwach and I have been concerned with here. And it seems to us that an even more outrageous situation would be that in Easton, Maine, where they had absolutely no sugar beets back in 1959, and under this bill as presently worded there would be 12,500 acres added to the feed grain base in Maine, and perhaps in another—

Mr. FINDLEY. They had no feed grain base, you mean?

Mr. MAYNE. Well, they had no sugar beets, and I do not know about the grain base, but they had no sugar beets in production then, and similarly another 11,000 in Montezuma, N.Y., which might be added to the feed grain base here with no historic basis for it at all.

I would like to suggest that the Department draft language that would limit it to historic base.

Mr. PURCELL. Mr. Findley?

Mr. FINDLEY. Mr. Chairman, Mr. Sisk, there is a question as to whether there is any precedent for special relief measures like this, and it reminds me of a comment that his colleague of yesterday on the Rules Committee once made—Clarence Brown, Sr. He said that back in the 1940's Monday, Wednesday, and Friday was always set aside as a special cotton relief legislation day in the Rules Committee, and he said after a few years, they progressed to the point where it was only Tuesday and Thursday.

I think we all recognize the emergency and the effectiveness of the gentleman from Montana on behalf of his constituents, and I really do salute him for that. I would like to ask Dr. Brunthaver for a little clarification of your statement that these sugarbeet farmers are caught in an emergency.

You indicated they have already put down their fertilizer. Is there anything in the statute book that would keep these farmers from planting every acre that they own to feed grains this year?

Mr. BRUNTHAVER. No, none whatsoever. The only point of that statement was that to the extent that they have put an investment in fertilizer, that can perhaps be used only by corn, as opposed to wheat or barley or something like that.

Mr. FINDLEY. But if they would be cooperators under the feed grain program and set aside percentage of that acreage to which fertilizer had been added, would this be prudent management on their part? Can they ordinarily fertilize and set aside acres?

Mr. BRUNTHAVER. I'm afraid not, sir.

Mr. FINDLEY. So, it wouldn't be any more prudent, in meeting the emergency which they find themselves in—applying fertilizers which they cannot now plant to beets—to plant that entire acreage to a crop that they would get cash in the market; is that not true?

Mr. BRUNTHAVER. They would be free to do that; that is correct. The only point of my statement was that they had lost the sugar payments and this would give them an opportunity to pick up some additional payments under the feed grain program.

Now, admittedly, they would have to set aside land, and I think everybody here recognizes that this is not a big help to the farmers, because increasing his feed grain base under the 1970 act simply means that he has to divert more land. Admittedly, he gets a little more payment, but the payment is just about consistent with the cost of the idling of the land, so that it is not a big help under this bill.

Mr. FINDLEY. But, I recognize these farmers do face an emergency, and they have to do something differently than they had planned on doing. One alternative readily at hand that they can accomplish without any legislation is simply to plant corn, isn't it?

Mr. BRUNTHAVER. That is correct, and they would be free to do that.

Mr. FINDLEY. And this is a procedure that thousands of farmers throughout the country do outside of the program and figure that they can make money at it. So, that is why I raise the question as to just why you come to the conclusion that this is an emergency situation confronting these farmers, and the implication is that the only escape is for us to pass this bill.

Mr. BRUNTHAVER. Your point is well taken.

Mr. FINDLEY. Do you have any further comment on that?

Mr. BRUNTHAVER. No.

Mr. ZWACH. Would the gentleman yield?

Mr. FINDLEY. Sure.

Mr. ZWACH. Now, really it is true that they can plant fence row to fence row. We do not want that, though. We think that is going to bring an ocean of corn, and we would like to have these people in the program. Really, what we are doing is making it possible for them to get in the program and get a program payment about like the average neighbor of theirs and be part of our program to try to hold production somewhat in line with supply.

Mr. FINDLEY. This is a curious way to hold production in line with supply if you open up new base acreage and encourage people to add more production.

Dr. Brunthaver, if this bill is not passed, what is your expectation that these farmers will do?

Mr. BRUNTHAVER. Well, sir, they will be free to do almost anything that is to their advantage in this particular area.

Mr. FINDLEY. If they want to plant corn, would it not be reasonable to assume they would plant corn?

Mr. BRUNTHAVER. I would think in the Minnesota area they would plant corn; yes. I am not sure about the Hardin area. In the Maine area, this probably would go into potatoes.

Mr. FINDLEY. Have you determined to your satisfaction why it is that the processing plants for sugar beets are not operating in these areas?

Mr. BRUNTHAVER. No, sir; I do not know exactly. I have heard that these plants were small, and less efficient than some of the other plants.

Mr. FINDLEY. It is not from a lack of market for domestically produced sugar beets, is it?

Mr. BRUNTHAVER. No, sir.

Mr. FINDLEY. It is my understanding that the demand for domestic sugar production is such that the program can well absorb all that can be produced in this country.

Mr. BRUNTHAVER. That is correct.

Mr. FINDLEY. Under the present processing arrangements?

Mr. BRUNTHAVER. That is correct.

Mr. FINDLEY. I have also heard that the fundamental reason for the failure of these plants is poor management. Is there any basis for that assumption, to your knowledge?

Mr. BRUNTHAVER. I am not aware of the individual management situations in these plants.

Mr. FINDLEY. These questions may seem perhaps unfair, but I do not really think they are, because here the Congress is being asked to pass what amounts to a relief program, a sort of indemnity arrangement, an indemnity that arises not from causes that the farmers have experienced in production of dairy products, for instance, where they have been indemnified because in good faith they have used a chemical that proved to be contrary to public health interest.

I think we really ought to explore why the emergency has occurred and determine the reason for the closing of the plants. If it is poor management, would it really seem to be good public policy for the Congress to be meeting the cost of that poor management?

Mr. MELCHER. Would the gentleman yield?

Mr. FINDLEY. Surely.

Mr. MELCHER. I think that I can shed some light on this, having spent quite a few hours with some of the sugar plant officials from my area in my office in the last few weeks. They point out that the plant at Hardin is too small and I think maybe this is true in other areas, and it must be enlarged and modernized to be a really profitable plant.

It requires investments. The return they are making off of their operation of these processing plants scattered over several States is such that they simply are not able to put capital investment into the plants to make necessary changes. They were faced with making a decision of getting a return like 3 or 4 percent, and they could not afford to go into the money market and borrow money at 7 and 8 percent, or higher, as it was a few months ago, and make these improvements.

So, faced with that alternative, they decided to close their plant in Hardin.

Thank you.

Mr. FINDLEY. Surely.

Dr. Brunthaver, this, as you have acknowledged earlier, is a shift away from historic base in determining feed grain base acres. Would it not be more equitable for us to open up the whole question of historic base for all farmers and not just for a selected few?

If we were to open up the question for the planting year 1970 for those in a particular region of the country, it would seem to me prudent and fair to open it up for the Nation in its entirety to establish a new historic base, perhaps 1970-72. Do you have any comment on that as an alternative way to meet this problem?

Mr. BRUNTHAVER. Sir, my only comment would be that in the act of 1970 there is provision to establish a feed grain pool which will be

distributed to the individual States on a pro rata basis, and this pool can be used by the committee to either adjust for inequities or to add to all farmers' feed grain base. So, I think we do have a mechanism for correcting partially at least, inequities that may have existed due to the base period.

Mr. FINDLEY. I have an amendment ready which would require that any increase in the Federal grain base, as a consequence of this legislation, be offset by reductions in the feed grain bases elsewhere within the State in which this occurred. This, I think agrees with the traditional attitude of the Department on adjustments. It is my understanding that you have sought to maintain within reasonable limits a base acreage on a State-by-State basis. I will be glad to read you the language of the proposed amendment. Do you have any comment on the concept?

Mr. BRUNTHAVER. No, sir. I understand the concept. We have studied this particular point and have decided against it.

Mr. FINDLEY. Why did you decide against it?

Mr. BRUNTHAVER. This would take base away from existing producers in a particular State, unless the pool was sufficiently large to grant the extra base needed for the farmers affected. We felt it would be more equitable to add to the total base as opposed to taking away from other farmers.

Mr. FINDLEY. Do you know what the pool in Montana amounts to at the present time?

Mr. BRUNTHAVER. No, sir, I do not.

Mr. FINDLEY. Is it anywhere near the figure involved here?

Mr. BRUNTHAVER. Certainly not at this point in time, since the provisions of the 1970 act will not come into effect until this year. It would only be after this year that we would begin to pick up bases and allotments under this program.

Mr. FINDLEY. I represent a district which has quite a diversified agriculture. One part has a lot of commercial corn, and the other side of the same district has a lot of feed corn, and not much in the way of sales. I checked with the commercial corn area, and the center of that is Sangamon County, and found that so far this year, the ASCS Committee there has had more than 100 applications either for new feed grain base acres, or for additional acres.

And in my home county, which is the other type of corn, the applications are in excess of 50 already this year, and I know from personal knowledge that some of these applications come from veterans of Vietnam who have come home, wanted to get started in farming, and want to have a feed grain base, and they want to cooperate in the program. Do you have any objection to an amendment to this bill which would give the Secretary authority to establish a feed grain base, or a wheat, a domestic allotment, or a cotton allotment equal in size to the average farm base or allotment for these crops in the county in which the veteran will produce the crops?

Mr. BRUNTHAVER. Sir, I am not authorized at this point to comment on that amendment. I would be glad to take it to the Department, to study it and to present it to the Secretary.

Mr. FINDLEY. Taking the case of a returned veteran who wants to get started in farming, is another example of hardship, and yet in this case the farmer has not been getting the benefits or the respective

farmer has not had the benefit of the sugar program, which is considerable. Offhand, I do not know of any comparable commodity to sugar in that the farmer, that is when a processing plant continues to function, has a guaranteed price. He is assured of that, and a premium price compared with any other market in the world for that commodity, and in which he is also given a direct payment out of the U.S. Treasury in return for it.

He has to set aside not 1 square inch of acres. Do you have any comment on that? Sugar producers really have been rich without much effort——

Mr. SISK. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. Surely.

Mr. SISK. I would certainly take issue with implication that these sugar growers are rich. They are not all that rich because this sugar beet business has not been all that good. They have had all kinds of problems. Guaranteed income to acres, as my good friend knows is dependent upon production.

Mr. FINDLEY. Management.

Mr. SISK. If you are growing 4 tons to the acre as gainst 16 or 20 tons to the acre, there is a lot of difference. In my own area where we had a new sugar plant open in 1962, we had losses. It has not been nearly as productive as I would like.

I agree that if we are able to overcome the insects and pests by using effective and safe pesticides and production stays up to, say, 12, 13, 16 tons per acre, it is a good business.

Mr. FINDLEY. There has to be reasonably good management, I am sure, under that program, but like feed grains, for example, there is no Government-assured market or Government-assured market price for products of that acreage.

Dr. Brunthaver, the last I knew the Department estimated that the payments to farmers under the feed grain program as 88 percent for resource adjustment as opposed to payments for income supplement. Is that still a fairly accurate percentage division?

Mr. BRUNTHAVER. Yes, sir. I think that is an accurate assessment of the situation.

Mr. FINDLEY. Well, this, too, tends to reinforce my feeling that the emergency confronted by these farmers out there is, therefore, considerably exaggerated. All they need to do to meet this emergency is to simply plant corn, if they have the will to do it, and then when that day comes, as I hope it will, that the sugar beet plant is back in operation, they can return to sugar beet production.

Thank you, Mr. Chairman.

Mr. RARICK. Mr. Chairman?

Mr. PURCELL. Mr. Rarick.

Mr. RARICK. Mr. Chairman, I would like to make one statement perhaps to clarify something which may have been rather misleading from the gentleman from Illinois in his comment that the sugar farmer receives receipts from the U.S. Treasury. I do not know of any agricultural commodity other than sugar that does not cost the U.S. taxpayer. I think in reference to your comment it would be safe to say, would it not, that this is money that has been collected in excise taxes, and it is not U.S. taxpayers' dollars that is going to the farmer?

Mr. FINDLEY. Would the gentleman yield?

Mr. RARICK. Sure.

Mr. FINDLEY. There is an excise tax on processing for sugar, and that comes to a considerable sum which is approximately the amount of the direct payment made to sugar growers, but it is also true that if you did not have the payments to growers, the U.S. Treasury would be that much better off.

Mr. RARICK. The gentleman was present the other day when Mr. Murphy testified that annually the sugar tax, excise tax, remaining unreturned to sugar producers and benefiting the taxpayer amounts to some \$500 million a year.

I wanted to clarify that this was not the taxpayers' money. The Sugar Act is an unusual program, and sometimes I am as exasperated as you, I do not know how it works, but it does, the sugar people like it, and it does not cost the taxpayers directly.

Mr. FINDLEY. Would the gentleman yield?

Mr. RARICK. Yes.

Mr. FINDLEY. I just hate to leave unchallenged on the printed record the thought that the sugar program does not cost the taxpayers any money. It is true that the act provides two different forms of excise taxes as well as the import duty on sugar. It is also true that direct payments are made to growers on sugar, and I think the record also ought to show that there is no direct correlation between the excise tax and the payments to the sugar producers.

They need not balance any more than the proceeds from the processing tax on wheat for food has to balance off the cost of payments to the farmers.

Mr. RARICK. I have no quarrel with your statement. I did not want an indication that the Sugar Act was costing the taxpayers by direct taxes on income.

Mr. MELCHER. Mr. Chairman, are we ready to move to the bill now?

Mr. PURCELL. Well, we will go into executive session in a minute. Are there any other questions?

(No response.)

Mr. PURCELL. If not, gentlemen, thank you, and the subcommittee will go into an executive meeting for the purpose of considering this bill.

(Whereupon, at 3:30 p.m., the subcommittee moved into executive session.)

PRELIMINARY CORN PAYMENTS; ADVANCE GRAIN AND WHEAT PAYMENTS

MONDAY, APRIL 5, 1971

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

The subcommittee met, pursuant to notice, at 10:05 a.m. in room 1301, Longworth House Office Building, Hon. Graham Purcell presiding.

Present: Representatives Purcell, Foley, Jones of North Carolina, Melcher, Bergland, Link, Denholm, Mayne, Zwach, Sebelius, and Kyl.

Also present: Representative Kazan, Mrs. Christine S. Gallagher, chief clerk; Mr. Lacey C. Sharp, general counsel; Mr. Hyde H. Murray, associate counsel.

Mr. PURCELL. The subcommittee will please come to order. We have two bills this morning both involving advance or preliminary payments under the feed grains program.

(H.R. 895 by Mr. Mayne is similar to H.R. 855 by Mr. Kyl, H.R. 1140 by Mr. Scherle and H.R. 7203 by Mr. Zwach.

(H.R. 5707, by Mr. Price of Texas, is similar to H.R. 5293 by Mr. Scherle, H.R. 5475 by Mr. Obey and others, H.R. 6545 by Mr. Matsunaga, H.R. 6633 by Mr. McCormack, and H.R. 7202 by Mr. Zwach.

(H.R. 895 and H.R. 5707 follows:)

[H.R. 895, 92d Cong., first sess.]

A BILL To insure that participants in the feed grain program will receive a preliminary payment of 32 cents for corn

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 105(g) of the Agricultural Act of 1949, as amended by the Agricultural Act of 1970, is amended to read as follows: "The Secretary shall make a preliminary payment to producers, as soon as practicable after July 1 of the year in which the crop is harvested, of 32 cents per bushel for corn, with comparable rates for grain sorghums and, if designated by the Secretary, barley, and the payment so made shall not be reduced if the rate as finally determined is less than the rate of the preliminary payment."

[H.R. 5707, 92d Cong., first sess.]

A BILL To require advance payments to feed grain farmers participating in the feed grain program

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 105 of the Agricultural Act of 1949, as amended by the Agricultural Act of 1970, is amended by adding the following new subsection (j):

"(j) Notwithstanding any other provision of this Act—

"(1) As a part of the preliminary payment provided in section 105(g) of this Act, the Secretary shall make payments of not less than 16 cents per bushel

for corn, with comparable rates for grain sorghums and, if designated by the Secretary, barley, to participating producers as soon as possible in advance of determination of performance.

"(2) With respect to any additional land diversion or public access payments made under sections 105(c)(2) and (3) of this Act, the Secretary shall make not less than 50 per centum of such payment to eligible producers as soon as possible in advance of determination of performance."

Mr. PURCELL. We have two of our colleagues that will testify this morning, and any representative of the Department, and also a witness from the Farmer's Union.

The first witness we will hear from this morning is one of our own members, and we are, of course, delighted to have you at the table, Mr. Mayne. We will be glad to hear your message, and you may proceed at this time, please, sir.

STATEMENT OF HON. WILEY MAYNE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. MAYNE. Thank you, Mr. Chairman and members of the Subcommittee on Livestock and Grain.

The purpose of my bill, H.R. 895, is to delete the following language from the feed grain section of the Agricultural Act of 1970, which appears in section 105(g) of title V).

If the set-aside in effect under Subsection C is less than 20 per centum of the feed grain base, the preliminary payment rate under this subsection shall be reduced proportionately.

This unfortunate language very unfairly discriminates against the feed grain farmers of our country in that it gives the Secretary of Agriculture discretionary power to lower Government payments drastically, whereas no such discretionary power is given the Secretary insofar as other commodities are concerned. I think it was well established, as my colleagues will recall during the testimony which was offered in the hearings on the Agricultural Act of 1970 last year, and the preceding year, that a 32-cent direct payment is, indeed, vitally necessary to the effective operation of an adequate production adjustment program in feed grains. Without such a 32-cent preliminary payment, I think the record is clear that sufficient participation in the program necessary for adequate production adjustment could not be assured. This was certainly recognized by this subcommittee and by the full Committee on Agriculture, and in the bill as originally passed by the House. It was discussed at the same time considerable attention was being paid to the needs for substantial incentives to encourage participation in the wheat and cotton programs. Some of us thought that wheat and cotton were being treated more generously, but eventually the 32-cent direct payment for feed grains was accepted as going a least part of the way toward a fair treatment for the feed grain farmer.

You will recall under title IV of the act the wheat farmer is authorized to receive 75 percent of the face value of the wheat certificates shortly after July. The value of the certificate is the difference between the market price of wheat and 100 percent of parity. Under no circumstances can the amount of preliminary payment for wheat be reduced. The cotton farmer, under title VI, is eligible to receive a preliminary payment of 15 cents per pound also soon after July. Again, under no circumstances can the preliminary payment be reduced.

This 32-cent payment was supposed to be similarly absolute; and while it was not in my judgment and that of some of the other members of the committee sufficiently generous to furnish the incentive we would like, and certainly not as generous as that for the other commodities, it was essentially accepted in a good faith, bona fide effort to get an overall agreement on farm legislation last year.

It was definitely understood that this 32 cents was ironclad and could, under no circumstances, be reduced, and that is the way we passed the bill in the House.

When the bill got over to the Senate, this very objectionable language was added. It is language which destroys the attempt to achieve a rough equality of treatment between the three commodities. This language is, indeed, a trapdoor which can be sprung to plunge the feed grain farmer down to a much lower payment. The feed grain farmers are the only ones who are subjected to this uncertainty. The clause provides that if the Secretary of Agriculture elects to establish a set-aside of less than 20 percent of the feed grain base, the 32-cent payment will be reduced proportionately.

This is discriminatory language which singles out feed grain farmers and has the potential for doing great damage to the program and to the feed grain producers. If it is triggered by the Department, it would release additional acres for feed grain production while simultaneously decreasing the amount of support the farmer is entitled to receive.

While it is true the overall guarantee of \$1.35 per bushel would remain in effect, the trapdoor clause would inevitably result in decreased compensation for participating farmers. This bill I am offering will not increase the cost to the Government, but will merely require that feed grain expenditures remain near present levels. The annual cost of the feed grain program has been projected by the Department at about \$1 billion to \$1½ billion per year for the years 1971 through 1973. The cost of the program will increase above the minimum \$1 billion figure annually if extra diversion is allowed over and above the minimum established.

H.R. 895 will in no way increase these cost projections. It is designed to insure the 32-cent payment, which is one of the most, if not the very most, attractive feature of this program. The 32-cent payment is encouraging the record signup which is underway at the present time.

I feel very strongly, Mr. Chairman, and members of the committee, that if the 32-cent payment is eroded there will not be sufficient participation and this program would not furnish adequate crop production adjustments. This would doom the feed grain section of the bill to failure.

Thank you, Mr. Chairman.

Mr. PURCELL. Thank you, Mr. Mayne.

Are there any questions of Mr. Mayne by any members of the committee?

Mr. ZWACH. Mr. Chairman?

Mr. PURCELL. Mr. Zwach.

Mr. ZWACH. I do not specifically have a question, except that I want to commend the gentleman for bringing this to our attention. If there was anything clear in the months and months and months of hearings

that we had on the bill, that was that this 32 cents would be solid, and this would be paid, and it was with amazement that we found, after the passage of this law, this particular section in the law. Where it came from, I do not know, but it was in there.

And, Mr. Chairman, this year there was some likelihood, there was a possibility that the set-aside would be less than 20 percent, the compulsory set-aside, and already for this crop year we could have been affected by this section. It is imperative that this amendment be added; that the law be corrected to assure what we were assured of at the time that this was enacted by the House, and I commend the gentleman and I give the bill my whole support.

Mr. PURCELL. Any other questions?

Thank you, Mr. Mayne, and if you will, we will be happy to have you join us back up here.

Now, our next witness is Mr. David Obey from Wisconsin, and we appreciate very much your being with us this morning, Mr. Obey, and we will be glad to hear from you at this time.

STATEMENT OF HON. DAVID R. OBEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. OBEY. Thank you, Mr. Chairman. As I indicated to you before the meeting, I am fast running out of voice, and so I will croak out a few remarks here and insert my remarks in the record, and make myself available for any questions you might have.

If I could just say very briefly: the purpose of this bill, as I am sure all of you are aware, is simply to provide for advanced payments again under the feed grain program.

I sat as a member of the Appropriations Committee a month ago and watched the Secretary of the Treasury, and the Bureau of the Budget people, and Mr. McCracken, and they were all discussing the fact that we were going to hit a gross national product this year of about \$1.065 billion. That would mean we would have a substantial recovery economically this year. I think it is pretty apparent that the economy is still in trouble, especially in rural areas, and I think that anything we can do to help our people in rural areas avoid a tight credit crunch this spring will provide them with a little optimism that Congress cares and will act to help get our rural economy moving again.

I very much appreciate the rapid pace this committee has set in holding hearings. When you have been around here as short a time as I have, you are always delighted when you get a public hearing at all on one of your bills; if it is a bill which is of direct concern to your district you are even more delighted, and so I want to thank the members of this subcommittee for their rapid consideration of it.

I would just point out one thing, if I could, one section from my statement that I would like to emphasize, and that is simply that we are not asking for special treatment for farmers which is not accorded to anyone else. As we all know, we provide progress payments for defense contracts, and it would seem to me that this is along the same lines, and that it would operate to the benefit of not only the recipient, but the entire area as well, where the individual resides.

With that I will stop.

Mr. PURCELL. I could not tell whether you had gotten to the end or just quit. Your voice is giving you a great deal of trouble.

Mr. OBEY. That is about all I can say, Mr. Chairman. I'm afraid my laryngitis has caught up with me.

Mr. PURCELL. All right. The entire statement, Mr. Obey, will be inserted in the record at this time.

(The statement referred to follows:)

STATEMENT OF HON. DAVID R. OBEY, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF WISCONSIN

Mr. Chairman, I am pleased to appear before this committee this morning on behalf of H.R. 5475, a bill introduced by 23 of my colleagues and I, which would provide advance payments to farmers under the wheat and feed grain programs.

Under this legislation, payments to farmers who sign up for either of these programs would have to be made within 60 days following sign-up, and such payments would have to be equal to no less than 50% of the total payments to be made.

Mr. Chairman, in the past years farmers had used the advance payments they received shortly after signing up for the wheat and feed grains programs to pay for seed and fertilizer and for other expenses which they must meet in the spring. When advance payments were ended, as they were in 1970, and payments were withheld until after the beginning of the fiscal year on July 1, many of us predicted that farmers would be forced into borrowing untold millions of dollars at record high interest rates in order to pay for their seed and fertilizer and general operating expenses.

These predictions, unfortunately, were true.

In 1970, the total interest charges in short- and immediate-term farm loans totaled \$2 billion, a total reached from a combination of higher rates on new loans and a substantial increase in the amount of credit used.

Certainly we cannot say that the 18% increase in interest charges between 1969 and 1970 was due totally to the end of advance payments. Interest charges in 1969, when advance payments were available, were 15% over those for 1968. But the ending of these payments did contribute to a credit squeeze which has been and will continue to plague rural America.

If farmers have to borrow money this year they are still likely, says the USDA, to find interest rates in the 7 to 8.5% range. And there is little doubt that their costs of production will increase, just as they did—\$2 billion worth—last year. In fact, the USDA predicts that the cost of producing an acre of corn will increase from \$43 in 1970 to \$45.55 in 1971. The cost of producing 1 acre of wheat will increase from \$15.88 this year to \$16.49 next year.

So, what this all means, Mr. Chairman, is that farmers are in a financial bind which we can ease—even if only to a small extent—by putting in their pockets in the spring months money which they will rightfully and legitimately get anyway just a few months later.

This is the reason of our legislation. Its effect would be to once again make advance payments available to our farmers in the spring months, when they need them the most.

Mr. Chairman, last year there were over 1.6 million farms participating in the feed grains program, including 55,308 in Wisconsin. Almost 1 million participated in the wheat program, including over 4,200 in Wisconsin.

Signups for this year's program will continue for a few more days and we do not know how many farmers will enroll, but we do know that problems have already arisen with these programs as they passed the Congress late last year in the Agriculture Act of 1970.

Farmers who had in the past planted acreage to grass and conserving crops are being forced to plow them up in order to protect their bases and qualify for price support payments. Older farmers who are living on the land they farmed for years are being forced to either plow again—and new tractors are rather expensive—or lose part of their already meager incomes.

It is quite clear then that all is not well in rural America. Farm incomes fell last year, while wages, taxes, and interest rates rose. The farm economy is shaky, and this has more than just casual implications for the troubled national economy as well.

We have heard talk about bolstering that economy with payments to railroads and airlines. We already give advance payments—called progress payments—to defense contractors who are paid before their work is completed.

Surely if we can afford progress payments to those who are involved in the construction of our national defense, we can also afford them for those who grow the food which sustains us.

The legislation we are presenting today would do much to help millions of farmers throughout America, and I urge you to give it careful consideration.

Mr. PURCELL. Are there questions of Mr. Obey?

Mr. MELCHER. Mr. Chairman?

Mr. PURCELL. Mr. Melcher.

Mr. MELCHER. I have no questions, but I do want to associate myself as a coauthor of this bill, with our good friend from Wisconsin, Congressman Obey. Besides listening to him this morning, I have read his entire testimony, and I fully concur with his reasoning and with his assertions. I want to compliment him for presenting so succinctly and so concisely some of the problems that farmers face in America and for bringing this bill before the subcommittee to help alleviate some of these problems. As David said: Give them a little bit of hope this spring to show that we are concerned, and that we are going to give them help in this very trying time.

Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Bergland.

Mr. BERGLAND. Mr. Chairman, I am delighted to be a cosponsor of this bill with my colleague from Wisconsin. There is no question that I do have a commitment. I spent 7 years in the administration of ASCS farm program from 1961 to 1967. During that period the advance payment feature was used commonly, and it was a great boon to the farmer who was hard pressed in the spring of the year, when taxes were due and payable, and they are going up all the time, when they are pressed hard to secure the necessary credit at the high rates of interest to finance the necessary farming operations.

During my 7 years in the Department I never was aware of a single instance in which the advance payment created any sort of an administrative problem. It simply worked extremely well and provided the farmers the money they needed when they needed it the most, and I commend you, Mr. Obey, for your leadership in this.

Mr. PURCELL. Any other questions?

Mr. ZWACH. Mr. Chairman?

Mr. PURCELL. Mr. Zwach.

Mr. ZWACH. I want to voice my support of this bill. I opposed the previous administration when it tried to cut out the sign-up payments, and I opposed it again in the present law. I still feel that at the time a producer makes the contract to perform that it is not amiss at that time to make a partial payment to each participant, and I certainly can bear witness to the fact that in the springtime in countryside America, credit is very tight; producers are getting all input and reaping nothing, and it is a time of the year when an input of money is of considerable help, and it does not affect the Government that much.

Mr. LINK. Mr. Chairman?

Mr. PURCELL. Yes, Mr. Link.

Mr. LINK. As a cosponsor of House Resolution 4575, it is my desire to share with the committee and with the Honorable Mr. Obey, and

I commend him for his foresight and presentation, a message that I bring to the committee from a county meeting of the National Farmer's Organization in my home State this past Saturday evening. These people are tremendously concerned with the credit needs of the farmers.

The president of the National Farmer's Organization in North Dakota, who drove 100 miles to attend this county meeting, told me personally that he knows of instances where some farmers at this time lack the credit needs to pursue their spring planting operations. With this type of limited credit, it seems to me that the least this Congress can do is to approve the provisions of this bill and give, as has already been said here, some ray of hope to the operators who are faced with such limited credit.

I fully endorse and lend my support to this bill.

Mr. PURCELL. Thank you, Mr. Link.

And, Mr. Obey, let me say that I have been made very familiar with the difficulties, or at least the interpreted difficulties that administratively are claimed to be connected with this, and Mr. Zwach, I think, pointed out that there was an effort made in the previous administration to stop making these advanced payments, but as I remember it, this was never accomplished. And, I understand that it is spending next year's money this year, so to speak, but it is so important to the farmer, and it is not costing any more money in the long run, other than the interest on money which, of course, is not insignificant, but it would be my hope that we could get this legislation passed, and I intend to support it, and I appreciate very much your being here today.

Thank you.

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

Mr. PURCELL. Our next witness is Mr. Glenn A. Weir, Director, Grain Division, Agricultural Conservation and Stabilization Service.

We are delighted to have you, Mr. Weir, and we will be glad to hear from you at this time.

Before you start, Mr. Weir, if I might, I have a statement from Congressman Marvin L. Esch, and I will ask unanimous consent to insert this paper, a page and a half, in the record at this point.

Without objection this will be inserted.

(The document referred to follows:)

STATEMENT OF HON. MARVIN L. ESCH, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MICHIGAN

Mr. Chairman: I want to first take this opportunity to commend you and your colleagues for holding these hearings on a bill that is crucial to the American farmer. What happened last year when advance payments were withheld is all too fresh on everybody's mind.

It was then, you will recall, that farmers across the country were forced into paying record high interest rates and borrowing untold millions to pay for seed, fertilizer, and their many other heavy expenses. Prior to that farmers had been able to sign up for these programs and use the cash payments to meet their spring obligations.

This is a crucial time of the year for the farmer. It is now, in the weeks ahead, that he must make very critical choices on what and how much to plant, whether or not to invest in new equipment, what types of seeds to use, whether or not to make this or that purchase with respect to fertilizers and insecticides. In just about every instance the choice he makes is dictated by the price he must pay. If the farmer looked at it any other way, his future as a farmer would be severely limited.

Because the need is so critical, I am very pleased to join with Congressman Obey and others in this bill to make advance payments to farmers in the wheat and feed grain programs.

Under this proposal, payments to farmers who sign up for the program would have to be made within sixty days, and such payments must be equal to no less than fifty percent of the total payment to be made.

Without advance payments it becomes clear to even the most casual observer that we will end up putting the farmer in another vise. He cannot afford a policy that would abandon advance payments.

The farmer's income continues to decline, but everything he pays for is constantly going up. This includes taxes, rates of interest, and the wages he must pay. I hesitate to use that overworked cliché. "The Forgotten American"—but if there was ever a "Forgotten American", it is the American farmer.

The time for reversal of present trends is now. Common sense dictates the restoration of advance payments. It is my fervent hope that the Chairman of this Subcommittee, and his colleagues, will not lose sight of the desperate plight of these people. Furthermore, I believe that if given the opportunity, we will find the overwhelming majority of the Members of Congress will vote on the side of the farmer, and support this bill.

Mr. PURCELL. I have a statement from our colleague, Congressman Bob Price, and will ask that it be inserted in the record at this point.

Without objection it will be done.

(The document referred to follows):

STATEMENT OF HON. ROBERT D. PRICE, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF TEXAS

Mr. Chairman and distinguished fellow members of the subcommittee on livestock and grains, I would very much have liked the opportunity to personally testify in support of my bills providing cotton, wheat, and feed grain farmers with advance payments. But inasmuch as hearings on my bill, H.R. 5707, were scheduled with almost no notice, I am bound by earlier commitments I have made to the science and astronautics committee of which I am also a member. Thus, my formal appearance before this subcommittee will consist of my having the following statement inserted in the hearings record. In addition, in the next few days I will be talking to each of you regarding the need for Congress to swiftly enact my advance payments proposals.

The statement follows:

As you know, under current U.S. Department of Agriculture regulations, producers who participate in the farm program cannot receive Federal payments for cotton, wheat, and feed grains until after July 1, of this year. At that time, they will become eligible to receive payments of $7\frac{1}{2}$ cents per pound on cotton and half the estimated face value of wheat certificates. They will also be able to receive 32 cents per bushel on corn and 29 cents per bushel on grain sorghum.

I have introduced legislation entitling farmers to receive advance payments on all these crops and would urge quick committee approval on the whole package. At the same time, though, I realize that the subcommittee on livestock and grains is confining its consideration today to my bill pertaining to feed grain producers, H.R. 5707, and that cotton legislation is channeled through the cotton subcommittee. But since, in a very fundamental sense, the arguments for providing advance payments to feed grain producers apply equally to cotton and wheat producers, I would urge the subcommittee to consider this problem in its larger perspective, and act accordingly.

My proposal is a simple one; namely, that feed grain farmers be entitled to receive at least half of their July allotted payments this April, shortly after the soon to be upon us program sign up time.

If the payment time were moved up, it would have varying consequences for the Federal Government, the farmers and the consumer. From the Government's point of view, it would merely mean that part of the funds it owes feed grain farmers by law would be parceled out a few months earlier than would otherwise be the case.

From the farmer's point of view, advance payments would provide some additional liquid capital when he needs it most, at the beginning of the growing season. This is the time when he has to make major operating decisions on such vital matters as labor, capital equipment, operating machinery, fertilizers, pesticides, seeds, and so on.

Without ready capital or access to adequate financing, the producer is quite handicapped in his efforts to run an efficient and a productive farming operation. This is a problem plaguing farmers in this period of tight money and tight rural credit. For no matter what monetary policies are being pursued at the Federal level, farmers, as a group, are among the first to feel the pinch of restrictive monetary policies and among the last to benefit from expansionary ones.

Finally, from the consumer's view point, providing advance payments to feed grain producers would not really increase the costs of the Federal farm program inasmuch as the Government legally owes the money anyway. Furthermore, consumers will reap direct benefits if advance payments are granted, because to the extent that advance payments help producers make timely decisions vitally affecting the operating efficiency and productivity of their farms, then to that extent consumers will continue to enjoy high quality food at reasonable prices.

In closing, I would urge the subcommittee to swiftly take action on my proposals so that the advance payments question can be expedited through Congress. Farm financial needs are simply too great to be ignored.

STATEMENT OF GLENN A. WEIR, DIRECTOR, GRAIN DIVISION, ASCS; ACCOMPANIED BY VICTOR A. SENECHAL, CHIEF, PRODUCTION ADJUSTMENT BRANCH, COMMODITY PROGRAMS DIVISION, ASCS; KENNARD O. STEPHENS, DEPUTY ASSISTANT SALES MANAGER, EXPORT MARKETING SERVICE, ASCS; AND CLAUDE T. COFFMAN, DEPUTY GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE

Mr. WEIR. Mr. Chairman, members of the committee, my name is Glenn Weir, Director of the Grain Division, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture.

I am today accompanied by Victor A. Senechal, Kennard O. Stephens, and Claude Coffman.

Mr. Chairman, I have two statements that cover advance payments and the 32-cent guarantee. What is your pleasure? Should I start out with the H.R. 855, H.R. 895, and H.R. 1140, which is the 32-cent guarantee?

Mr. PURCELL. Yes. It would really make no particular difference, but I would suggest that you let H.R. 895 and that series of bills be referred to first; please, sir.

Mr. WEIR. Very well, Mr. Chairman. I might add that the reports on these two statements, on these two groups of bills, has been cleared in the Department. The testimony that I am giving is based on those reports, and I do apologize for the Department that it is not available at this time. It will be made available to the members of the committee as soon as it is signed. It has been cleared, as I said, and this testimony is based upon it.

Mr. Chairman, and members of the committee, I am happy to have the opportunity to discuss H.R. 855, H.R. 895, and H.R. 1140 with you.

Provisions of these bills would require the Secretary to make a preliminary payment of 32 cents per bushel for corn, with comparable rates for other feed grains, even if the set-aside requirements in effect were less than 20 percent.

The Department recommends against enactment of legislation of this nature.

Section 105 of the Agricultural Act of 1949, as amended by the Agricultural Act of 1970, provides that the Secretary shall make a pre-

liminary payment to participants at a rate equal to 32 cents per bushel for corn with comparable rates for grain sorghum and, if designated by the Secretary, barley. If the set-aside requirement in effect is less than 20 percent of the feed grain base, the preliminary payment rate shall be reduced proportionately.

We believe it is appropriate to point out that our position with regard to the provisions of this bill differ from our testimony before the House Committee on Agriculture about a year ago relative to the 32-cent preliminary payment for corn. At the time of our testimony before the committee, all indications were that the upward trend in feed grain yields would continue. We did not foresee a short-supply situation for feed grains. However, when the gravity of the corn blight problem became evident last summer, it became necessary for us to restructure our thinking regarding farm legislation which would take into account situations of short supply as well as oversupply.

The Secretary has already announced a set-aside requirement of 20 percent for 1971. Thus, participants are assured of 32 and 29 cents per bushel preliminary payment for corn and grain sorghum for the 1971 crop year under the current provisions of the act.

Any reduction in set-aside means that the participant is asked to contribute less in terms of idling productive cropland and thereby can receive a lower preliminary payment and make up the difference from production on the extra land. Regardless of the set-aside percentage and preliminary payments issued, feed grain participants are guaranteed a return per bushel of not less than \$1.35 for corn and \$1.24 for grain sorghum, in case of additional production and possible lower prices.

The feed grain program is essentially a production adjustment program. To continue and, in fact, expand payments when the need for production adjustment is diminished is to change the basic purpose of the program from production adjustment to income supplement.

The estimated cost of assuring participants 32 cents per bushel corn payment and comparable rates for other grains with a reduced set-aside will vary depending upon the participation at various set-aside levels. In addition, a reduced set-aside would not warrant the exclusion of barley from the program. A 10-percent set-aside with guaranteed payments of 32 cents per bushel for corn, 29 cents per bushel for grain sorghum, and 25 cents per bushel for barley is estimated to cost between \$1,310 and \$1,380 million. This cost would be substantially the same for the next 5 fiscal years.

Although I would point out that within the next remaining 2 years of the program it would be the amount as I stated before. Additional payments as a result of the proposed amendment would be about \$350 million per year.

In addition to the increased annual costs that would occur as a result of the provisions of this bill, the cost per acre set-aside would increase in proportion to the reduction in set-aside below 20 percent. Provisions of this bill would also have the effect of increasing participation at a time when less set aside is required, thereby increasing the acres diverted and tending to have a countereffect on the production adjustment desired.

Mr. Chairman, I will be glad to answer questions concerning this statement.

Mr. PURCELL. All right, sir.

Mr. MAYNE?

Mr. MAYNE. I have no questions.

Mr. PURCELL. Mr. Foley?

Mr. FOLEY. No.

Mr. PURCELL. Mr. Zwach?

Mr. ZWACH. No questions.

Mr. PURCELL. Mr. Jones?

Mr. JONES. No questions, Mr. Chairman.

Mr. PURCELL. Mr. Kyl?

Mr. KYL. No questions, Mr. Chairman.

Mr. PURCELL. Mr. Melcher?

Mr. MELCHER. No questions, Mr. Chairman.

Mr. PURCELL. Mr. Bergland.

Mr. BERGLAND. No questions.

Mr. PURCELL. Are there any questions? Well, Mr. Weir, I believe this is the first time you have appeared before us, and I know that there is some disagreement with your statement, but apparently you have done such a superb job of explaining it that even the most enthusiastic backers of the other side are quiet. Please do not think this is the habit of this committee.

I suppose then you may go to the next statement that you have.

Mr. WEIR. Mr. Chairman, members of the committee, this statement covers H.R. 5293, 5475, 5707, and 6441.

While the provisions of these bills are not identical they are similar in that they require the Secretary to make advance preliminary payments to wheat and/or feed grain program participants within 60 days following signup, or as soon as possible in advance of determination of performance.

The advance preliminary payment requirement of these bills would result in an unacceptable additional expenditure in fiscal year 1971 with no offsetting reduction in payments until the provisions of these bills expire, or advance payments are discontinued. This is contrary to our fiscal objectives and therefore, we oppose enactment of these bills.

Payments are made to farmers for their participation or certification of participation in farm programs. Such proposals as advance payments would disburse Government funds to intended participants even before certification of performance or before substantial completion of the farmers' obligations with the Government. The timing of payments should be related to performance of contracts and not toward replacing or circumventing the normal agricultural financial institutions.

The proposal of advanced preliminary payments would make it necessary to issue three payment drafts to producers, (1) advance preliminary payments, (2) balance of preliminary payment, and (3) final payment. Such procedure would complicate payment operations and substantially increase county office workload.

This represents the Department's views on these bills, and I will be happy to try to answer questions on this set of bills.

Mr. PURCELL. All right.

Mr. Bergland.

Mr. BERGLAND. Thank you, Mr. Chairman.

Mr. Weir, the advance payment feature was common up until last year. Can you tell me how much money was advanced to growers when the program was in effect at the time of signup?

Mr. WEIR. We can provide that. I do not have those figures with me. I believe, Congressman, we can provide that for the record.

Mr. BERGLAND. All right, sir; would you do that, please.

(The information referred to above follows:)

PAYMENTS TO PRODUCERS UNDER THE FEED GRAIN AND WHEAT PROGRAMS—1961-70 CROP YEARS, ADVANCE PAYMENTS, TOTAL PAYMENTS AND PERCENT ADVANCE PAYMENTS

[Dollars in millions]

Crop year and type of payment	Feed grain			Wheat		
	Advance payment	Total payment	Percent advance	Advance payment	Total payment	Percent advance
1961:						
Acreage diversion.....	\$333.2	\$782.5	42.6			
Price support.....						
Certificates issued.....						
Total.....	333.2	782.5	42.6			
1962:						
Acreage diversion.....	353.7	842.4	42.0	\$65.1	\$285.2	22.8
Price support.....						
Certificates issued.....						
Total.....	353.7	842.4	42.0	65.1	285.2	22.8
1963:						
Acreage diversion.....	188.6	461.7	40.8	48.5	163.2	29.7
Price support.....		382.4			79.2	
Certificates issued.....						
Total.....	188.6	844.1	22.3	48.5	242.4	20.0
1964:						
Acreage diversion.....	373.0	886.4	42.1		32.5	
Price support.....		282.0				
Certificates issued.....					409.8	
Total.....	373.0	1,168.4	31.9		442.3	
1965:						
Acreage diversion.....	400.7	946.3	42.3		38.1	
Price support.....		430.8				
Certificates issued.....					508.8	
Total.....	400.7	1,377.1	29.1		546.9	
1966:						
Acreage diversion.....	296.0	707.9	41.8		27.2	
Price support.....		536.7				
Certificates issued.....					651.8	
Total.....	296.0	1,244.6	23.8		679.0	
1967:						
Acreage diversion.....	129.8	327.1	39.7			
Price support.....	214.7	536.7	40.0			
Certificates issued.....					726.4	
Total.....	344.5	863.8	39.9		726.4	
1968:						
Acreage diversion.....	312.9	738.3	42.4			
Price support.....		626.4				
Certificates issued.....					746.5	
Total.....	312.9	1,364.7	22.9		746.5	
1969:						
Acreage diversion.....	375.5	915.8	41.0		71.5	
Price support.....		727.7				
Certificates issued.....					791.7	
Total.....	375.5	1,643.5	22.8		863.2	
1970: ¹						
Acreage diversion.....		767.7			62.5	
Price support.....		735.9				
Certificates issued.....					808.4	
Total.....		1,503.6			870.9	

¹ Payments made through Feb. 28, 1971.

Mr. BERGLAND. Now, the policy of discontinuing advance payments was adopted last year?

Mr. WEIR. Yes.

Mr. BERGLAND. And there as a substantial amount of money transferred from that fiscal year into the following fiscal year, the advance payments that had been scheduled were not made last year?

Mr. WEIR. That is true.

Mr. BERGLAND. This provided some relief in your fiscal position; did it not?

Mr. WEIR. Well, there was no money budgeted for advance payments in the last fiscal year.

Mr. BERGLAND. Thank you very much. That is all.

Mr. JONES. Mr. Chairman, I would like to comment.

Mr. PURCELL. Mr. Jones.

Mr. JONES. Mr. Weir?

Mr. WEIR. Yes, sir.

Mr. JONES. Is it not true that the change in the advance payments was nothing more or less than the budgetary approval?

Mr. WEIR. It is a budgetary problem. No funds for advance payments were included in the budget for the 1970 program. This had come up before. When this administration took office, it found that the budget submitted to the Congress on January 15, 1969—prepared by the previous administration—stated that the advance payment rate was being reduced from the 50-percent level of previous years to 25 percent for the 1969 program, and that no advance payments would be made for the 1970 program. This fact had not been included in the announcement of the 1969 program provisions the previous December. President Nixon felt that farmers were entitled to proper and sufficient notice of changes in the ground rules. Therefore, on February 5, 1969, he announced that advance payments would be made for the 1969 program only, and at the 50-percent level.

Mr. JONES. Well, what I am saying is: I was of the impression this was year before last that the change was made. Am I mistaken in that, year before last?

Mr. WEIR. No advance payments were provided for the 1970 program. This was announced in December 1969.

Mr. JONES. Well, in any event, I would like for this to get in the record. When the change was made, according to inaccurate calculations and multiplications and interest it cost the farmers of my district approximately \$187,000 in pure interest, in having to borrow money to plant their crops and other expenses which they expected this money to cover, and I do not know what the interest would amount to nationwide, but certainly it is of prime concern, and was then and is now, for the small- and middle-sized farmer who is dependent upon credit to plant his crop, and I would just like to get that in the record because I feel it is very important.

Mr. PURCELL. Mr. Mayne.

Mr. MAYNE. Mr. Weir, could you tell us about what proportion of the payments were made as preliminary payments under the previous program?

Mr. WEIR. You mean under the programs in the past?

Mr. MAYNE. Yes; when we had the preliminary payments. This was at signup time, was it not?

Mr. WEIR. Yes; advance payments were made to farmers who requested them at signup time.

Mr. MAYNE. Yes, and about how soon after signup time was that preliminary payment received under the old procedure?

Mr. WEIR. As soon after the request as a sight draft could be prepared and mailed.

Mr. MAYNE. Now, about how much of the total payment was received at that time as a preliminary payment; what percentage?

Mr. WEIR. The farmer could receive half of the estimated payment.

Mr. MAYNE. Now, you are taking into consideration both the mandatory diversion and the voluntary diversion when you say that?

Mr. WEIR. The advance was made only on the voluntary or additional diversion.

Mr. MAYNE. Yes. So, if we were following the program as it was before this year, there is not any voluntary diversion this year, so there would not be any preliminary payment; would there?

Mr. WEIR. That is right, no advance payment.

Mr. MAYNE. At all, would there?

Mr. WEIR. That is right.

Mr. MAYNE. Now, if you can consider the total payments, not just the voluntary diversion, but also on the mandatory payments in previous years, is it not true that this preliminary payment, received shortly after signup time, would only amount to about 20 percent of the total payments?

Mr. WEIR. In recent years advance payments have been close to 20 percent of all payments.

Mr. MAYNE. So, the farmer would only get about a fifth of his money at the signup time, and then how long would he have to wait for the other four-fifth or 80 percent of his money under the previous setup?

Mr. WEIR. The final payment was made after the producer certified that he had met program requirements—usually late in the summer or early in the fall.

Mr. MAYNE. How often did he get his money in the summer, Mr. Weir?

Mr. WEIR. In some States there were payments in the summer. In the northern States payments were naturally made later. The vast majority of participants in the 1969 and earlier programs were paid after September 1.

Mr. MAYNE. Well, certainly in the Midwestern corn belt those payments were not received earlier than September, and sometimes ran even into October; did they not?

Mr. WEIR. That is true.

Mr. MAYNE. Yes. Now, do I understand correctly that under the law as it is at present that the farmer is not going to have to wait until September or October to get 80 percent of his money on these direct payments, but is going to get it all the first week in July?

Mr. WEIR. Just as soon after July 1 as the drafts can be printed; yes, sir. In many cases this will be the full payment.

Mr. MAYNE. Well, then, there are some very concrete advantages, at least in this aspect of the feed grain section of the 1970 act; are there not?

Mr. WEIR. Yes, sir; we think so.

Mr. MAYNE. Thank you.

Mr. PURCELL. Mr. Sebelius.

Mr. SEBELIUS. Mr. Chairman, I apologize for not being here at the beginning of the hearing, but I have another subcommittee around the corner. But, I would like to say to Mr. Weir, as a farmer in Barber County out in Kansas, he does not know it but, the Kansas Legislature reapportioned and he is now one of my constituents. I welcome him here to appear before the committee this morning, and associate myself to a certain degree with the questions of Mr. Mayne as to the amount of net dollars over the period of time that has been paid the farmer under the old system, and what is again proposed here in the advance payments. It was my understanding that the advance payment was originally thought up to help lure the men to sign up, and this year the signup is way ahead of schedule in larger numbers.

Now, I am not against advanced payments. I sponsored all of the advance payment bills. But I think the experienced people tell me in my district that in the way of dollars in July, if they were to average it out and pay interest on it, they got more money under the old system than they get now.

Now, I have no questions of the witness.

Mr. PURCELL. Any other questions?

Mr. Foley.

Mr. FOLEY. Mr. Weir, on the first page of your second statement you say that the payments should be related to the performance of contracts and not to the replacement or circumvention of normal agricultural institutions. What do you include under the rubric of "agricultural financial institutions?"

Mr. WEIR. Well, I suppose you could say particularly the banks, the local banks and lending institutions that farmers ordinarily would use in borrowing money for putting in their crops.

Mr. FOLEY. Do you include the Farmers' Home Administration?

Mr. WEIR. I suppose so; yes, sir.

Mr. FOLEY. The Department has recently corresponded with a number of us who are interested in increasing appropriation for the Farmers Home Administration in order to meet the rising financial strains on that agency. As I understand it, the Department is not anticipating any increased appropriation request for the FHA. Is that your understanding?

Mr. WEIR. I can not answer that, Congressman. FHA, as you know, is a separate agency of the Department.

Mr. FOLEY. I wonder if you could supply that for the record?

Mr. WEIR. Yes, sir; we will.

(The information referred to above follows:)

The Farmers Home Administration has recently received an increase of \$33 million for emergency loans making a total of \$100 million available for fiscal year 1971.

Legislation has been introduced in the House of Representatives (H.R. 3142, 5028, and 5029) and the Senate (S. 290 and S. 578) to authorize the making of operating loans on an insured basis. If enacted, this legislation would permit the making of operating loans through the sale of such loans to private investors rather than having to use Treasury borrowings. Hearings have been held on the Senate bills. This legislation has a high Presidential priority and its enactment, hopefully, will make it possible to increase the lending level for this vital program.

Mr. FOLEY. I am a little concerned about your statement because I think most of the committee members are conscious of the pressures

that have been brought on producers all over the United States. It is increasingly difficult for them to make adequate financial arrangements at reasonable interest rates. The advanced payment feature in the past, I think, is conceded to have been very helpful to producers seeking to meet these obligations, so I am a little concerned about your statement here; it seems to indicate a concern for the health of the banks rather than for the health of the producers; is that a fair assumption?

Mr. WEIR. Congressman Foley, the statement was an effort to point out that the banks are also in the business of supporting the farmers and the farm program, and that, as is stated in the testimony, that advance payments would to a certain extent replace the local banks as sources of financing crop production.

Mr. FOLEY. So, it is a fair assumption that you oppose advance payments both because of your concerns about increased appropriations pressures on the Department, and because the Department thinks it would have the unfortunate effect of reducing the interest received by private banks in financing producer loans; is that correct?

Mr. WEIR. I would not say that it was an unfortunate circumstance, but the local banks are part of the farming community and have been used for financing most farmers. I would say it was one of the reasons to oppose this, the enactment of this legislation. The primary reason, certainly not.

Mr. FOLEY. But, it was one?

Mr. WEIR. It was a reason, as shown in the testimony.

Mr. PURCELL. Mr. Link.

Mr. LINK. Mr. Chairman, thank you. Mr. Weir, has the Department been approached by the so-called normal agricultural financial institutions to take the position that you are herein opposing advanced payments?

Mr. WEIR. Not to my knowledge, Mr. Congressman; no.

Mr. LINK. In that same statement, Mr. Weir, you say this: "The timing of payments should be related to performance of contract." Would you regard the signing of a contract as a partial performance of a contract, of an agreement?

Mr. WEIR. The signing of this agreement?

Mr. LINK. The signing of this agreement; does this not constitute a partial performance?

Mr. WEIR. No, it does not constitute performance. The farmer is not bound by that contract. He is free to change his mind and remain out of the program. Is that the point you were getting at?

Mr. LINK. Well, the point I am getting at is this: I think we are all aware that it is not uncommon for the Government and the private sector to advance payments on contracts before they are fully completed. This is true; is it not?

Mr. WEIR. I have no comment on that.

Mr. LINK. And would it not be logical in this case to consider this as usual recognition in the normal course of honoring contracts, that here is a case where a farmer has signed up, a bona fide agreement with his Government, and that he should be entitled to the same consideration that Government agencies accord other sectors who contract with the Government to perform certain services or certain contracts?

Could we not assume that this would be fair in this case as well?

Mr. WEIR. Congressman, the context in which you are using, that it is a bona fide contract with the producer, and if he goes ahead and certifies that he will complete or has completed the contract and planted, then the payment is made. Up to that time, when he certifies, he can either forgo his planting or continue and abide by the contract that he signs; and until he has certified that he has planted the crop and fulfilled the other requirements that he has signed up to do, then he is under no obligation to continue the contract.

But, what we are saying here is that if at the point that he certifies that he has started the contract, has planted the grain, then we are ready to honor his contract with a payment after July 1 of the full preliminary payment.

Mr. LINK. Mr. Weir, you are not suggesting that the farmer can possibly receive a partial payment and then withdraw from fully fulfilling his contract and then not be liable for repayment of that?

Mr. WEIR. No.

Mr. LINK. He would be liable; would he not?

Mr. WEIR. Right.

Mr. LINK. Are there any cases where the Government has lost anything from people who have not or have then decided not to pursue or complete their contract?

Mr. STEPHENS. Yes, there have been some cases. If the farmer fails to return the payment, it is put on the bad debt register. The amount owed is deducted from future payments. If the farmer moves away, the debt may never be collected. There are not many cases like this, however.

Mr. LINK. You would not regard this as a major problem or a serious objection in this case?

Mr. WEIR. No, sir; it is not a serious problem.

Mr. LINK. Thank you.

Mr. PURCELL. Mr. Bergland, do you have a question?

Mr. BERGLAND. Yes, Mr. Chairman.

Mr. Weir, to pursue a point that was raised by Mr. Foley, I talked with my county banker last week, and he said never in his 25 years of banking in my community has he had so many farmers accounts pressed as hard as they are this year, and he just appealed to me to do everything I could to provide some relief, because farmers are being crowded financially. Advance payments were discussed with him. He personally was very, very much in favor of providing the cash that could be provided through an advance payment concept to give some relief to the people who are being pressed terribly hard this year.

And so, I just wanted to go on record as having talked with one banker, at least, who feels very strongly about the need for the advance payments.

Tell me, when the advance payments were used, in fact, were they financed out of the authority that is vested in the charter of the Commodity Credit Corporation?

Mr. WEIR. Yes, sir; that is right.

Mr. BERGLAND. In fact, the Commodity Credit Corporation does have the authority under its charter to advance a payment?

Mr. WEIR. Yes, sir, if the program legislation authorizes it.

Mr. BERGLAND. And so the decision on the advance payment is a discretionary decision with the Secretary?

Mr. WEIR. Not under the present law, Congressman. Under the present law there is no provision for advance payment, only the preliminary payment.

Mr. BERGLAND. If the advance payment were allowed under the law, it could be financed under the borrowing authority of the Commodity Credit System, as has been in the past?

Mr. WEIR. That is right.

Mr. BERGLAND. It would not require a change in that corporation's authority?

Mr. WEIR. No; it would require no change.

Mr. BERGLAND. Thank you very much, Mr. Weir. That is all, Mr. Chairman.

Mr. PURCELL. Mr. Melcher.

Mr. MELCHER. Mr. Weir, if it is the policy of the administration to hope for a little looser money supply, and particularly in agriculture, wouldn't this type of legislation, to require advance payments, be in line with the policy to loosen up the money supply?

Mr. WEIR. Mr. Melcher, I am neither a banker nor a fiscal expert and I cannot answer that.

Mr. MELCHER. Thank you, Mr. Weir.

Thank you, Mr. Chairman.

Mr. PURCELL. Well, Mr. Weir, I want to question you as a farmer. Did you ever get advance payments?

Mr. WEIR. No, sir.

Mr. PURCELL. Why not?

Mr. WEIR. Well, I hesitate to say that I did not need them, but I never took advantage of advance payments, either for feed grains or wheat.

Mr. PURCELL. Well——

Mr. WEIR. This does vary over the country.

Mr. PURCELL. You are familiar with, and I do not know anything about your part of Kansas in detail, but I would assume, or just asking: did the people in your farming community take advantage of the advanced payments when they were available?

Mr. WEIR. Some did, yes, sir. However, my farm was in the winter wheat country. Advance payments were not available until spring, after planting expenses had been taken care of, in the feed grain area, of course, there are spring planted crops.

Mr. PURCELL. Well, you are familiar that there is a desire on the part of mainly the feed grain area of this country for advance payments? They have sounded to be at least, let us say, a popular kind of exercise when they were available. Are you familiar with that?

Mr. WEIR. Yes, sir.

Mr. PURCELL.. And even if it were 20 percent, that is 20 percent less money that the farmer would have to borrow; is it not?

Mr. WEIR. That would be true.

Mr. PURCELL. And under the circumstances that we found ourselves in, moneywise today, do you think this is an insignificant amount of money not to have to borrow it for your crops?

Mr. WEIR. When you borrow money, any amount of money is significant.

Mr. PURCELL. And apparently there has been some attitude manifested that just 20 percent would not help too much anyway, but 20

percent is that much more, and 20 percent is more than nothing; is it not?

Mr. WEIR. That is right.

Mr. PURCELL. Now, just for the record, although this law to apply this now would have to be amended, and I know the answer, but last year under the old law, it is a fact, is it not, that this administration changed the administrative policy of making advance payments; is that correct?

Mr. WEIR. Yes, sir; that is right.

Mr. PURCELL. And I thought the reasons were budgetary but maybe it was to help the bankers then; I do not know. Do you know of any other reason beside budget and banking that had this administration change the rules when they had the authority to change them?

Mr. WEIR. No, sir; I think it was entirely budget.

Mr. PURCELL. It was not for the bankers last year?

Mr. WEIR. No, sir.

Mr. PURCELL. It is just for them this year?

Mr. WEIR. No, sir; and I would explain that it is not for them this year, but that is only one of the things that was taken into consideration.

Mr. PURCELL. Well, have you had any complaints in the Department from bankers not wanting advanced payments made for now or any other time?

Mr. WEIR. Not to my knowledge.

Mr. PURCELL. So, as far as you know, it is not the banking fraternity; it is somebody down at the Department of Agriculture that sets this as a significant factor?

Mr. WEIR. To me it is not a significant factor. It is one of the reasons.

Mr. PURCELL. It was significant enough that you put it in your statement; was it not?

Mr. WEIR. It is in the statement; yes, sir.

Mr. PURCELL. So now, are you familiar with last year when this bill was being considered that there was an effort made to have advance payments provisions for feed grain and any other commodity in a bill that was being proposed?

Mr. WEIR. Yes, sir. However, the new legislation provides for a substantially larger payment shortly after signup.

Mr. PURCELL. And the Department opposed successfully, did they not?

Mr. WEIR. That is right. They opposed an advance payment in addition to a preliminary payment in July.

Mr. PURCELL. Now, you are opposing changing this law to make it possible for the farmer to get up to 20 percent of the money that he will have coming to him anyway at the time he signs up?

Mr. WEIR. Yes, sir; we are saying that he should make a fulfillment of his contract by planting and certifying that he has done so before he is eligible to receive money.

Mr. PURCELL. And in the fact of the Government carrying on multimillion dollar businesses with other segments of the economy in which they get partial payment in advance on a contract?

Mr. WEIR. I am not aware of any of that in agriculture, Mr. Chairman.

Mr. PURCELL. No; I think you have taken care of it pretty well in agriculture. I am talking about other areas of the economy, and you know and we all know, do you not, that if you are going to build an airplane you do not wait until you get the whole thing built before they get any money? Are you aware of that? You are; are you not?

Mr. WEIR. Yes, sir.

Mr. PURCELL. I have nothing else. Are there other questions?

Mr. KYL?

Mr. KYL. Mr. Chairman, thank you.

I am afraid what happened is that some lawyer down in the Department prepared a speech for you, and as is frequently the case with lawyers, he has overtried the case. This business of bankers and banking really has nothing to do with the basic argument that you bring here today; does it?

Mr. WEIR. I think—

Mr. KYL. It is in the statement.

Mr. WEIR. It certainly is not a significant point. The part on the last three lines of the testimony about circumventing normal agricultural financial institutions. Well, it is a fact, although it is not a significant point in the testimony.

Mr. KYL. All right. Is it not also true that people borrow money in July, August, and September, and there is some advantage to having a good bank account after July 1 so a farmer can have a little more leeway in marketing his new crop and so on and that, therefore, there are advantages under the present law for the farmer, as well as disadvantages?

Mr. WEIR. I think that is true.

Mr. KYL. Now, this law under which we operate was passed by the biggest margin we ever had on an agricultural bill; is that right?

Mr. WEIR. That is true.

Mr. KYL. And it is a little foolish, then, for Members of Congress to sit up here and say, "Somebody did this to us;" right? You do not have to answer that question.

Is it not also true that the previous administration cut off these payments, that this administration renewed them the first year because they felt they would be breaking faith if they did not do it?

Mr. WEIR. That is exactly right.

Mr. KYL. I do not have anything against this situation here on this advance payment, but the law did not specify we had to have advance payments; did it?

Mr. WEIR. No.

Mr. KYL. And the payment that was made was a partial payment?

Mr. WEIR. That is correct.

Mr. KYL. And now a greater percentage was paid earlier than it was in the past.

Mr. WEIR. That is right; a much larger payment will be made in July.

Mr. KYL. You would prefer that this business about the bank was not even in this statement; right?

Mr. WEIR. That is right. I say that is an insignificant point.

Mr. KYL. That is all, Mr. Chairman.

Thank you.

Mr. PURCELL. Mr. Zwach. Are you going to ask leading questions?

Mr. ZWACH. No; I would just like to clear up this banker thing. I do not think there is a banker in my district that does not favor the proposition that every producer get as much payment as he can as early as he can, because our bankers are in trouble getting enough money to finance agriculture. Prices are too low; parity is at 70 percent. You can see what kind of a situation producers are in, and their bankers consequently, have difficulty financing them. I would hope that we are not proceeding under this kind of an assumption, because my bankers are strong for prepayments. I have letters to that effect.

Mr. PURCELL. Well, Mr. Weir, just one or two more questions.

Most of us have probably had more experience asking folks questions than we have had answering them, and it is a little easier to sit on this side of this table. We all know that. But, just for the record again, the previous administration did not succeed or did not have nerve enough to cut off advanced payments and ever go through a crop year. They did cut it off budgetwise, and by that time the present administration had won, and they reinstated it for 1 year, but if I remember correctly we were successful in getting the previous administration to not have gone through a growing season without advanced payments after one had started.

Does your history and recollection correspond with mine?

Mr. WEIR. Mr. Chairman, may we check this and put it in the record. I know that there were no advance payments under the wheat program in 1967 and 1968.

Mr. PURCELL. Well, I think maybe we are belaboring history more than is justified here.

Are there any other questions?

Mr. BERGLAND. Mr. Chairman, I have just one question. Mr. Weir, when the advance payment feature was in effect, can you tell me, or provide for the record, the percentages of farmers who signed up in the program and exercised that option? How popular a device was it?

Mr. WEIR. We do not have that figure with us.

Mr. STEPHENS. We do not have it with us. I am not sure we have it by farmers. We do know how much of the total, and we certainly can give you this. The dollars and the percent of the total payment that was requested and paid out as advance payments.

Mr. BERGLAND. Do you have that information with you now, Mr. Stephens?

Mr. STEPHENS. No; but I know that the Department paid out about 40 percent of the diversion payment each year. Farmers had the option of getting 50 percent of their additional diversion payment, and usually the Department paid out about 40 percent of this payment in advance.

Mr. BERGLAND. In other words, nearly everyone who signed up in the program did exercise the option to take advantage of the advanced payments?

Mr. WEIR. A large percentage of those signing to divert in addition to the minimum did request an advance.

Mr. BERGLAND. Thank you very much.

Mr. PURCELL. All right. Mr. Mayne.

Mr. MAYNE. That is 40 to 45 percent of the voluntary diversion payment?

Mr. STEPHENS. Yes, sir.

Mr. MAYNE. Thank you.

Mr. PURCELL. Mr. Foley.

Mr. FOLEY. Mr. Weir, I am one of those lawyers Mr. Kyl mentioned. I certainly know that there is a legitimate purpose for what we, in the law business call "Rehabilitating the witness." We in the committee, however, have no way of determining the administration's position except to read the statement of the Department, and to listen attentively to the oral statements of the Department witnesses.

Accordingly, I am constrained to ask you if you are still standing by the statement which you have presented to the committee this morning?

Mr. WEIR. As the statement is written, yes, sir; and as the testimony is written; yes, sir.

Mr. FOLEY. You are not at this point trying to revise the statement that you have submitted?

Mr. WEIR. Definitely not.

Mr. FOLEY. You and the Department stand by it and by the statements that you have made and the answers that you have given in answer to my questions and the questions posed by other members of the committee?

Mr. WEIR. That is right.

Mr. FOLEY. That is all I wanted to say, Mr. Chairman, except to comment that I think all of us on the committee are delighted that we have a very distinguished new member, Mr. Kyl. I am sure that if he had been on the committee last year he would have noted that this subcommittee passed out with a majority vote the bill which included mandatory advanced payments.

Some of us were so disappointed with the result of the full committee's action on that issue, among other things, that we voted against reporting the final bill, and some of us voted against the final version. Others of us voted for the final version because we felt that it was the last grasp and that the only choice was between the administration's so-called farm bill and no bill at all.

Mr. PURCELL. Are there any other questions or speeches?

Well, I guess that we have concluded with the statements and questions, Mr. Weir, and we appreciate your being here very much.

Mr. WEIR. Thank you very much.

Mr. PURCELL. Off the record.

(Discussion off the record.)

Mr. PURCELL. Our next witness is Mr. Johnson, Mr. Reuben Johnson of the Farmers Union.

Mr. FOLEY (presiding). Mr. Johnson, we are very happy to have you here and welcome you to the subcommittee this morning.

**STATEMENT OF REUBEN L. JOHNSON, DIRECTOR OF LEGISLATIVE
SERVICES, NATIONAL FARMERS UNION**

Mr. JOHNSON. Mr. Chairman, thank you very much.

I am Reuben L. Johnson, Director of Legislative Services, National Farmers Union. Our address is 1012 14th Street NW., Washington, D.C. 20005.

Delegates to our convention here in Washington in February called for advance payments in feed grains, wheat, and cotton programs. Without in any way increasing the cost of these programs, producers could be given badly needed assistance in meeting costs of preparing land, fertilizing and seeding at the time they normally borrow heavily. We urge approval of H.R. 5475.

Our delegates also called for "restoration of the so-called 'small farmer provisions' of the 1965 Farm Act." We, therefore, urge you to approve H.R. 2501.

H.R. 895 amends the Agricultural Act of 1970 to prevent lowering the preliminary payment in the event set-aside requirements are less than 20 percent. As we understand the situation, under the language of the act, if the set-aside were to be set at 10 percent of the feed grains base, the 32-cent preliminary payment on corn could be also reduced by one-half or to 16 cents. Protection of a full 32-cent payment on corn with protection of a comparable rate on grain sorghum is in the interest of feed grains producers. Therefore, we urge your approval of H.R. 895.

Mr. Chairman, coming back to the advanced payments question, I wonder if I could have your permission to insert in the record a balance sheet of agriculture for the United States. It shows here assets and claims for the years 1956, 1960, 1963, 1966, 1967, 1968, 1969, 1970 and 1971. In 10 years the indebtedness of producers has nearly tripled.

In 1960 the total indebtedness was \$11.4 billion. In 1971 the preliminary figure total indebtedness is \$29.4 billion. I ask to insert this balance sheet, which is taken from the Agricultural Finance Outlook, February issue, a USDA publication, because I think it might be well for the record to show that farmers are increasing their indebtedness and that, therefore, any means by which they would be able to get payments in advance would greatly alleviate what has become a heavy burden of the farmers in the increasing indebtedness they have imposed upon themselves in an effort to try to stay apace of technology and try to keep their farm operations in profitable directions.

Mr. FOLEY. Is the balance sheet, Mr. Johnson, limited to one or two pages?

Mr. JOHNSON. One page.

Mr. FOLEY. Without objection it will be included in the record.

(The document referred to follows:)

BALANCE SHEET OF AGRICULTURE, UNITED STATES, JAN. 1, SELECTED YEARS, 1956-71¹

[In billions of dollars]

Item	1956	1960	1963	1966	1967	1968	1969	1970	1971
ASSETS									
Physical assets:									
Real estate	102.9	130.2	143.8	172.5	182.5	193.1	202.6	209.0	212.4
Non-real estate:									
Livestock ²	10.6	15.2	17.3	17.5	18.9	18.8	20.2	23.5	
Machinery and motor vehicles	19.3	22.2	22.7	27.1	28.9	31.1	33.1	34.3	
Crops stored on and off farms	8.3	7.7	9.3	9.7	10.0	9.6	10.6	10.8	20.4
Household furnishings and equipment	10.5	9.6	9.0	8.6	8.4	8.7	9.6	10.1	
Financial assets:									
Deposits and currency	9.5	9.2	9.2	10.0	10.3	10.9	11.5	11.9	
U.S. savings bonds	5.2	4.7	4.4	4.1	3.9	3.8	3.7	3.7	24.4
Investments in cooperatives	3.3	4.3	5.3	6.5	7.0	7.4	7.8	8.2	
Total ⁴	169.6	203.1	221.0	256.0	269.9	283.4	299.1	311.4	317.2
CLAIMS									
Liabilities:									
Real estate debt	9.0	12.1	15.2	21.2	23.3	25.5	27.1	28.4	29.2
Non-real estate debt to Commodity Credit Corp. ⁵	1.9	1.2	2.0	1.4	1.2	1.4	2.7	2.7	1.8
Other reporting institutions ⁶	4.4	6.7	8.5	11.1	12.4	13.7	14.5	27.0	29.4
Nonreporting creditors ⁷	3.5	4.8	6.0	7.9	8.8	9.8	10.3		
Total liabilities	18.8	24.8	31.7	41.6	45.7	50.4	54.6	58.1	60.4
Proprietor's equities	150.8	178.3	189.3	214.4	224.2	233.0	243.4	253.3	256.8
Total ⁴	169.6	203.1	221.0	256.0	269.9	283.4	299.1	311.4	317.2

¹ For 48 States only, 1971 preliminary.² Beginning with 1961, horses and mules are excluded.³ Includes all crops held on farms and crops held off farms as security for CCC loans.⁴ Total of rounded data.⁵ Nonrecourse CCC loans secured by crops owned by farmers and included as assets in this balance sheet.⁶ Loans of all operating banks, the production credit associations, and the Farmers Home Administration, and discounts of the Federal intermediate credit bank for agricultural credit corporations and livestock loan companies.⁷ Loans and credits extended by dealers, merchants, finance companies, individuals and others.

Source: Agricultural Finance Outlook USDA, February issue.

Mr. FOLEY. Are there any questions for Mr. Johnson?

Mr. BERGLAND. Mr. Chairman, I want to commend Mr. Johnson and the Farmers Union for taking an interest in this, and I share your views and certainly support your contentions.

Mr. FOLEY. Mr. Johnson, apparently there are no further questions and we want to thank you again for your appearance today in support of this legislation.

Are there any other witnesses in the hearing room this morning?

STATEMENT OF JERRY REES, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS

Mr. REES. Mr. Chairman and members of the subcommittee, I am Jerry Rees, executive vice president, of the National Association of Wheat Growers.

Our association strongly urges passage of H.R. 5475 to provide advance payments to producers under the feed and wheat programs.

Last week our executive committee met in Washington, D.C., to establish priorities with regard to directives of the membership. One of the priority items established was enactment of legislation providing advance payments.

Wheat producers and others in agriculture are grasping for every means available to ease the cost-price squeeze. The language of H.R. 5475 is most helpful in establishing a meaningful opportunity for the

Secretary of Agriculture to utilize legislation to assist producers. The bill authorizes payment within 60 days following signup but does not limit his authority to make the payment at an earlier date. Payment could be made at signup, 3 months ahead of the current schedule. By providing that payment shall not be less than 50 percent of any payment, the legislation allows the full July preliminary payment to be advanced thus reducing the administrative necessity for making three payments: Advance, preliminary, and final.

Establishment of advance payments would not increase the amount of payments earned by producers or increase Government cost. They would be helpful, however, in reducing high interest costs to producers.

Credit needs for agriculture are dramatically increasing. In 1970 farmers owned in excess of \$55 billion in both mortgage and short-term debts, an increase of 134 percent over 1960 debt.

With total wheat and feed grain payments estimated to reach \$1.8 billion for the 1971 crop, savings in interest cost to producers would be significant and we urge adoption of advance payments legislation for both wheat and feed grains.

I thank you for this opportunity to appear before the subcommittee.

Mr. FOLEY. Are there any questions for Mr. Rees? Thank you very much, Mr. Rees. We appreciate your appearance today.

Mr. Frederick, do you desire to testify?

STATEMENT OF ROBERT FREDERICK, LEGISLATIVE DIRECTOR, NATIONAL GRANGE

Mr. FREDERICK. Mr. Chairman, the National Grange is in support of the bills pending before the subcommittee.

Mr. FOLEY. Perhaps you should begin by identifying yourself.

Mr. FREDERICK. I am Robert Frederick, legislative director of the National Grange, headquartered here in Washington at 1616 H Street, NW.

It has long been Grange policy to be in support of advance payments at the time of sign-up for both wheat and feed grain programs, and we also support the other bills pending.

With the chairman's permission, we would like to file a short statement covering the bills.

Mr. FOLEY. Without objection it will be permitted.

(The document referred to follows:)

STATEMENT OF ROBERT M. FREDERICK, LEGISLATIVE DIRECTOR, THE NATIONAL GRANGE

I am Robert F. Frederick, Legislative Director of The National Grange, with offices at 1616 H Street, N.W., Washington, D.C.

The National Grange is a farm family, community organization with deep roots in rural America and agriculture. We are the nation's oldest farm organization, with a membership of over 600,000, located in 40 of our 50 states.

We appreciate this opportunity to express the Grange's support for the bills pending before this Subcommittee. The National Grange has championed family farm agriculture throughout our 104-year history.

As an indication of National Grange agriculture policy, please permit me to quote the resolution passed at the 104th Annual Session of the National Grange:

"ADMINISTRATION OF FARM PROGRAMS"

"In all farm program administration, there should be maximum participation and involvement of people at the community, county, state and national

levels. The times demand both dedication and involvement in the implementation of farm programs.

"The Secretary of Agriculture honored us with his presence at the National Grange convention one year ago and stated that the objective of this administration is to maintain farm income. The achievement of this objective is of paramount importance to farmers. We therefore call for action by the Secretary that will protect farm income, strengthen the family farm structure and expand markets for U.S. farm products. We urge that the Secretary use the discretionary authority as may be granted him in the Act of 1970 to achieve these objectives.

"We further recommend:

"That substitution and freedom to plant provisions, except for set-aside and conserving base acres, give reasonable flexibility to areas and individual producers.

"That exercise of this substitution for any given year shall in no way reduce the producer's historic base.

"That the Secretary of Agriculture shall carefully weigh the impact on other commodities of making payments not related to the planting of a definite percentage of the crop for which payment is being made.

"That preliminary payments under the 1970 Agricultural Act to participating producers be made immediately after July 1 to ease the producers' financing arrangements for the crop season.

"And that program information for each crop season be made available to producers by July 1 for fall-planted crops and January 1 for spring-planted crops."

"PARITY"

"The parity concept relates agriculture prices to the price structure of the total economy and is the only realistic guideline in establishing price supports and compensatory payments in agriculture legislation.

"We therefore urge that the goal of agricultural legislation and the implementation and administration of said legislation be directed toward attaining 100% of parity for agricultural commodities."

"PAYMENT LIMITATIONS"

"We reaffirm the Grange position that supply-management programs for agriculture must involve producers of all size farm units in order to achieve maximum results.

"We therefore urge careful evaluation of the \$55,000 per commodity limitation contained in the 1970 Agricultural Act in relation to its impact on program participation and the effectiveness of supply-management in the voluntary wheat, feed grains and cotton programs."

H.R. 5475 AND RELATED BILLS

Advance Payments

Our reasons for supporting these amendments briefly are: First, the advance payments would be received at a time of relatively great need as far as the farmer's production expenses are concerned. If the payments were made after the spring sign-up and preceding the market receipts for the wheat by several months, this would be an economic advantage of no small consequence to the farmer, who finds himself in a hard-pressed credit situation at this time.

Our second reason for support is that we believe it would be an additional factor to strengthen the program and to increase compliance in the program. We also are convinced that the larger the number of wheat and feed grain growers complying in the program, the better the program will be and the easier to administer. The planning that is a part of the programming would be simplified considerably as well.

Since these payments are basically made as a reward for compliance in the programs, it does not seem to us to be particularly reasonable to assume that the farmer has not complied at the time he has planted his acreage within his allotment. The change in Departmental procedures to permit certification of compliance, with only spot checking to determine whether or not the farmers were in compliance, indicates that the Department itself is convinced that, in general, the farmer is to be trusted when he certifies that he has complied with his acreage allotments.

H.R. 1140 AND RELATED BILLS

Farm legislation, to be effective, must be based on average production of a given crop. Therefore, we cannot accept legislation that is designed to allow the exception to such production patterns to determine the amount of the price support. This is what the present law requires the Secretary to do if the set-aside is less than 20% of the feed grain base. We agree that the Secretary has the authority, and rightly so, to adjust the amount of the set-aside; however, we cannot agree that the feed grain price support, guaranteed by the government, should fluctuate like a yo-yo simply because of a lower set-aside requirement.

The farmer needs the assurance that if he signs up for the voluntary program he will receive the price support payment specified by the legislation. Such payment should not be tied to the amount of set-aside, which will be changed from year to year, depending upon supply and demand. The cost to the U.S. treasury should be secondary to the economic well-being of feed grain producers and the over-all well-being of American agriculture.

Farmers cannot plan ahead and fully utilize the "freedom to plant" the crops of their choice if they do not know in advance what the feed grain payment will be the following year.

At the present time our feed grain reserves are dangerously low because of the partial crop failure due to the infestation of corn blight during the 1970 growing season. A little additional cost to the government, if feed grain prices increase past the \$1.35 per bu. guarantee, will be a cheap price to pay for rebuilding adequate grain reserves for this nation and the world.

American agriculture presently has only 78% of the purchasing power of other segments of the economy. The 32¢ per bu. (on half the feed grain base) guarantee to corn producers, with a comparable rate for grain sorghum and, if designated by the Secretary, barley, will provide the lagging farm economy some additional stimulus.

H.R. 2501 AND RELATED BILLS

The National Grange supports H.R. 2501 and H.R. 856, as introduced by Mr. Miller and Mr. Kyl, and similar bills to provide for small farm participation in the feed grain program.

The effect of this amendment to section 105 of the Agricultural Act of 1949, as amended by the Agricultural Act of 1970, would permit a feed grain farmer with a small feed grain base to divert 100% of that base to conserving crops; provided his feed grain base was less than 25 acres.

The farmer electing to divert his entire feed grain base, under the amendment, would protect the historic feed grain base for the farm even though he received the feed grain payment. Under the present law he can do the same, but in three years he loses his feed grain base and therefore his payment, and he would no longer find it advantageous to participate in farm programs.

In our judgment, the present requirement that a feed grain producer must plant 45% of his feed grain base, in order to protect the feed grain base of the farm and at the same time continue to receive feed grain payments, works an extreme hardship on thousands of feed grain producers who own farms with less than 25 acres of feed grain base.

In addition the provision of the new law that removes the opportunity for a farmer to divert 100% of his feed grain base, in our opinion, moves in the opposite direction of the intent of the legislation to improve and maintain farm income—without stimulating additional production.

Again we must emphasize that domestic farm legislation must be determined by normal cropping conditions, not upon crop failures that result in reduced supplies. The Secretary has other tools in his kit to stimulate needed production in years that he determines that the demand will outstrip supply because of past crop failures and the possibility of further crop reduction.

We base our judgment of the new provision on the following criteria:

1. A farmer who elected in the past to retire his acreage, with payment, rather than contribute to surpluses, will not longer be able to do so—he can, but in three years he has lost his feed grain base and also the payment.

Contrary to the Department's statements, a program that forces a farmer to forego the benefits of the feed grain program for staying out of production, or the alternatives of losing his base by a reduction of 20% in each of the years of 1972 and 1973 or planting 45% of the feed grain base, is not "freedom of choice".

The other alternative of having established sufficient vegetative cover on the farm since 1965 and requesting the county committee to preserve his feed grain base and not participate in the program—is only a partial answer because the farmer is contributing to the feed grain program by reducing supply but is not being compensated for his contribution. Further, in keeping his farm in permanent grass, he is contributing to the conservation of our resources and the reduction of soil erosion without compensation for his efforts.

2. In denying the feed grain producer the right to divert 100% of his feed grain base, and continue to receive payment, the provision is forcing that producer back into the market place with either 45% of his feed grain base production or, after three years, his total production, thus contributing to feed grain surpluses which we have had in very year, with the exception of 1970, the southern leaf blight year.

In many cases they are marginal producers with inefficient production methods. They will be producing for storage and not the market and in the long run will increase, rather than decrease, overall farm program cost. Their other alternative is to lease their base to a more efficient producer who would contribute to the surplus of feed grains, further increasing the total cost of farm programs.

3. Farmers in the past who have elected to divert 100% of their feed grain base, with payment, have been part-time farmers, retired farmers, or farmers who have made the decision to leave farming and seek other vocations. In each case they use the payments to maintain their farms in grass and to add to their total net income.

True, there have been abuses of this feature of the Agriculture Act of 1965, as reported by the G.A.O. However, such abuses can be eliminated by close supervision of the programs of such farms by the local ASCS Committees. When they discover that a farmer is using diverted acres for other income, the payments could be stopped and provisions made in the Act to require the farmer to repay such payments as he received in advance of fulfilling his contractual agreement. Such repayments could be prorated according to the length of time the farm was in compliance.

The Grange is a strong and firm believer in farm programs and does not support abuses of such programs. We further support the administration of such programs in the best interest of agricultural producers—and to the total benefit of rural America.

4. With the public clamor for conservation and the protecting of our rivers, lakes and streams from pollution, we cannot see how this Congress can support a program that will end in the breaking of permanent grassland by the plow. This will be the result of forcing small feed grain farmers to plant.

Soil erosion remains the biggest factor in water pollution. The silt that will be carried from the farms that have been in grass will add to the pollution problem. This factor alone is sufficient justification for supporting this amendment to the Agricultural Act of 1970.

The National Grange supports H.R. 2501 and similar legislation to benefit the small family farm. We feel that this is one way in which the present legislation can be improved to the benefit of more farmers, rural residents and, therefore, rural America. In addition, it will aid in the conservation of our natural resources and maintain farms in grassland for future agricultural or recreational use to the benefit of the general public.

We would also like to suggest to this Committee an additional amendment that would be of benefit to family agriculture.

We would suggest amending the set-aside provision of the Act by exempting from the set-aside requirements farmers who have feed grain bases, wheat and cotton allotments, of 25 acres or under.

In requiring small farm owners to make the same percentage of set-aside as much larger farm units, it seems to us that we are asking a far greater contribution to farm programs from the small family farm, because making a 20% set-aside of a 25-acre base or allotment could change an economic farm unit into an uneconomic farm unit. This is not likely to happen when you reduce a much larger unit of production by 20%. In addition, the larger operator may be a bigger contributor to the creation of surpluses because of better production methods, resulting in higher yields per acre.

An amendment of this type could help to maintain family agriculture and provide a greater opportunity for keeping the family farm a viable part of rural America. We believe that it is of benefit to the national welfare to keep as many people employed in rural America as possible, even to the extent of some

form of income supplements, in order to reverse the migration patterns of many of our states.

We support the bills pending before this Subcommittee because we believe that they are better solutions than direct income supplements to family agriculture, as the farmer is being justly compensated for his contributions to agricultural programs and the conservation of our natural resources.

Mr. FREDERICK. Would it be possible, Mr. Chairman, to include in the statement remarks referring to today's hearing as well as statements on tomorrow's hearing?

Mr. FOLEY. Without objection we will be happy to have your statement on all of the bills that are being heard today and tomorrow.

Mr. FREDERICK. And the small farm amendment to be included.

Mr. FOLEY. If you prefer to make it a single statement, without objection it will be received.

Are there questions of Mr. Frederick?

Mr. DENHOLM. Mr. Chairman, may I inquire of the witness: Who do you represent?

Mr. FREDERICK. The National Grange.

Mr. DENHOLM. How many farmers do you represent?

Mr. FREDERICK. Our total membership is in excess of 600,000, and about 50 percent of those members are actually engaged in agricultural production, and about 100 percent of those will be classified as family farms, under the classification of family farms, so we would like to refer to them as commercial family farms.

Mr. DENHOLM. What occupations are the other 50 percent of your membership engaged in?

Mr. FREDERICK. The National Grange is a rural-urban community fraternal organization. We have members that are a cross-section of urban communities and suburbia, and we have doctors, lawyers, merchants, people who reside in rural America who have left agriculture but still have a strong interest in agriculture.

Mr. DENHOLM. Are these doctors, lawyers, and merchants interested in the farm program?

Mr. FREDERICK. Yes; they are.

Mr. DENHOLM. Is their interest the same as the other 50 percent that are actually engaged in the business?

Mr. FREDERICK. Yes. The national policy of the Grange is set and started at the grassroots level, the local community granges, and then it goes to a county grange which we refer to as a "Pomona Grange," where the resolution on policy statements are debated. They then go on to the State Grange at the State session and the grassroots resolutions are debated and referred to committees and adopted by the delegate body of the State, and then they come to the National Grange, and through the committee process once again, and then the delegates at their annual session adopted the National Grange policy.

It is a very democratic way to establish the policy of the National Grange.

Mr. DENHOLM. Well, do the people that are not substantially engaged in farming—do they attend your meetings and participate in the policy decisions of your organization?

Mr. FREDERICK. To the best of my knowledge they do, sir.

Mr. DENHOLM. Are they in favor of subsidy payments to farmers?

Mr. FREDERICK. The National Grange position on subsidy payments is that they have been opposed to subsidy payments if they would in-

terfere with the operation—the financial operation of the family farm and create difficulties for farmers carrying out objectives of farm programs.

It has a very general policy statement and not a “for or against” as far as limitation of payments is concerned.

Mr. DENHOLM. Well, do you have an opinion as to whether or not subsidy payments have helped the family-type farmer?

Mr. FREDERICK. Last year when we testified on the Agricultural Act of 1970 we had as one of our witnesses Mr. James Ingerson, master of the Kansas State Grange, who operates a family farm of 280-some acres, and if you want to check the last year's records of the hearings on the general farm programs, Mr. Ingerson's statement is in the record saying that as a small family farmer, the subsidy payments he received practically represented his net profit for the year's operations.

Mr. DENHOLM. Well, is the statement of Mr. Ingerson indicative of your organization—are you saying the membership of your organization endorses the farm programs we have had in the past?

Mr. FREDERICK. Yes, sir.

Mr. DENHOLM. And you want those programs continued?

Mr. FREDERICK. Yes, sir.

Mr. DENHOLM. You believe then they were good for the family farmer?

Mr. FREDERICK. This is the Grange's position; yes, sir.

Mr. DENHOLM. What has happened to the family farmer in the last 35 years?

Mr. FREDERICK. Through technology and a lot of advancement in technology, requiring larger units of production, a lot of the small family farms have had an exodus from rural America, unfortunately. I do not believe that this can be attributed directly or indirectly as a fault of the farmer programs.

Mr. KYL. Would the gentleman yield?

Mr. DENHOLM. Yes, I will yield, Mr. Kyl.

Mr. KYL. I would like to add a word because I do have Grange units in my congressional district and have worked with them, and first, I do not think that the off-farm members of the Grange have ever dictated or tried to dictate any farm policy to the farm members.

In other words, this is a farm organization and a good one. It has this advantage, in view of the fact that it is a community organization. I think it offers the kind of an organization that all of us are going to have to be especially interested in, in this whole business of rural development and redevelopment, because it combines communities; the person in the little town with the man who lives on the farm outside of the town.

I think the gentleman would be extremely pleased to have groups of this kind in his area, and would enjoy working with them and would profit from the experience. It is a splendid organization.

Mr. FREDERICK. Thank you, Mr. Kyl.

Mr. FOLEY. The Chair would like to associate himself in this instance with the remarks of the gentleman from Iowa. I think that it is a very fine statement, and one that the chairman would like to concur with.

Are there any questions of Mr. Frederick? Any other questions?

Mr. DENHOLM. Yes; Mr. Chairman.

Mr. FOLEY. I am sorry, Mr. Denholm, The Chair recognizes you.

Mr. DENHOLM. I do not argue, and I presume when my colleague, Mr. Kyl, referred to the gentleman, that you were talking about me, and that I would like to have this organization in my district.

Mr. KYL. Yes.

Mr. DENHOLM. I would like to have any farm organization in my district that would help the communities, and all I was trying to find out from this witness is what kind of a farm program this organization endorses, because I did not conclude from your general statement, and you said yourself, I think, that it was a rather loose policy statement.

Mr. FREDERICK. Pardon me, sir. I said in regard to payment limitations it was a loose strong resolution, giving the extreme committee of the National Grange, the national master, and the legislative department flexibility, and not taking a hard, fast rule, either for or against limitation of payments. And if the gentleman wishes, I would be glad to supply for the record of this hearing the Grange's policy statement adopted last year, in 1969, regarding limitation of payments.

Mr. DENHOLM. Well, I think if I may edit just a bit here, and I do not want to give a speech, that the idea to pay any farmer for doing nothing is wrong, and apparently you do not agree with that?

Mr. FREDERICK. I think that is a misconception of the idea of what payments are for, sir.

Mr. DENHOLM. Well, if the payments were for nothing, that is what I said, and that is what the limitations of payments goal is, to limit, and that is that you either do or do not support policy programs that provide for payment to people for nonproduction and for not doing anything. The Congress limited those payments in the last session of Congress to the sum of \$55,000. Well, I say I think that is wrong, and now what is your position?

What is your position and the farm organization that you represent on the limitation of payments in any amount for doing nothing?

Mr. FREDERICK. Well, as I said, sir, I do not believe that the payments received by farmers are paid to farmers for doing nothing.

Mr. DENHOLM. What are they paid to them for?

Mr. FREDERICK. In the opinion of the Grange, the payments make up the difference between, or at least a part of that difference between, what the farmer is able to get in the marketplace for commodities that he grows, and the 100 percent of parity which he should be receiving for the produce.

Mr. DENHOLM. Is that what the limitation of \$55,000 is all about?

Mr. FREDERICK. It limits the amount of payment going to any one farmer.

Mr. DENHOLM. That is correct, but for doing what?

Mr. FREDERICK. I think it is a matter of how you look at what the payment is for. We feel the thing is there for what he is producing and his contribution to supply management, and not for not producing.

Mr. DENHOLM. Well, does the payment go for set-aside acres and the participation of the feed grain program payments?

Mr. FREDERICK. Would you repeat the question again?

Mr. DENHOLM. Does the payment go for set-aside acres; that is, idle acres; and the feed grain program payments?

Mr. FREDERICK. To my knowledge, I do not believe there is any payment for set-aside under the present new law.

Mr. DENHOLM. Well, do you think that it all goes for payments as the difference between market and parity or for some other purpose?

Mr. FREDERICK. This is what we feel the payments are for, to make up the difference between what he can get in the marketplace on the open market and what he should be receiving as 100 percent of parity for that which he produces.

Mr. DENHOLM. For example: Would you cite some examples of where this payment is made?

Mr. FREDERICK. Not offhand, I cannot.

Mr. DENHOLM. I cannot either. I have no further questions.

Mr. FOLEY. Mr. Frederick, perhaps I misunderstood the answer to the question. Mr. Denholm was asking about your position with respect to so-called farm subsidies, and in the answer to at least one of those questions you referred to limitations of payments.

It was with respect to limitation of payments that you described the statement position of the National Grange as somewhat loose?

The statement position of the National Grange with respect to wheat certificates, feed grain payments, and cotton payments cannot be characterized as "loose," can it?

Mr. FREDERICK. I would not think so.

Mr. FOLEY. Rather, you have specifically endorsed the principals of the farm programs that we have enacted in the past, particularly the 1965 Food and Agriculture Act which was strongly supported by the Grange group?

Mr. FREDERICK. Yes, sir. It was, sir, and I verified that, I thought, in my reference to the loose statement, that it was the resolution on limitation of payments only.

Mr. FOLEY. Yes, and last year the National Grange supported the so-called coalition bills?

Mr. FREDERICK. Yes, sir. The National Grange policy regarding the farm program of 1969 was almost verbatim to the coalition farm bill.

Mr. FOLEY. Thank you, Mr. Frederick. Are there further questions?

Mr. DENHOLM. Mr. Chairman, I want to thank you for clearing the record on that, and I also want to thank the witness for testifying and straightening out the record. I did not mean to confuse you, and it was not my intention.

Mr. FREDERICK. I did not think I was confused. Maybe I was.

Mr. FOLEY. I do not know that anyone was confused, except the Chair, but I wanted to make sure that the record was clear about what I am sure the witness was attempting to explain.

Mr. FREDERICK. Thank you, Mr. Chairman.

Mr. FOLEY. If there are no further witnesses, the subcommittee will stand adjourned.

Mr. MAYNE. I would like to ask unanimous consent that all interested members have 10 days in which to file a written statement.

Mr. FOLEY. Without objection, all members will have 10 days to file written statements with the committee with respect to any of the legislation before the committee.

(The following statements were subsequently filed with the committee:)

STATEMENT OF HON. JAMES ABOUREZK, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF SOUTH DAKOTA

Mr. Chairman, I would like to offer my wholehearted support for the legislation you are considering to make advance payments under the wheat and feed grains programs mandatory (H.R. 5745).

The record on this matter is well known. Virtually every representative of Mid-West farm states favors this legislation because he understands what it would mean to his constituents.

At a time when parity levels are sinking, when population is declining all over our rural areas, and thousands of farmers are faced with financial disaster, the least we can do is to provide our farmers with the payments they need to avoid having to make large, costly loans in order to do their spring planting.

Until recently, Mr. Chairman, advance payments were made as a matter of course. When the Agriculture Department made its very unwise decision to save a few dollars by abandoning advance payments, the Senate responded by passing legislation which would make them mandatory. Unfortunately, the conference struck this provision from last year's bill at the insistence of Secretary Hardin. I believe that trying to save a few pennies on advance payments is to put extra dollars into the pockets of the bankers from whom the farmers must borrow to make up for lack of their advance payment.

Last year over 1.6 million farmers participating in the wheat and feed grains programs paid a substantial portion of the 2 billion dollars in interest charges on short and immediate term farm loans. We can only guess how many of these farmers found those interest charges to spell final defeat in their long desperate battle to stay on the land. But we do not have to guess about the effect of the legislation for which I am testifying today. That legislation would reduce the amount of loans which would have to be made by farm families and would substantially aid them in securing the kind of return for their labor which they deserve.

Mr. Chairman, I urge you to act promptly and favorably to restore advance payments to farmers participating in our wheat and feed grains programs.

STATEMENT OF HON. MARK ANDREWS, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF NORTH DAKOTA

Mr. Chairman, I want to express my appreciation for this opportunity of appearing before your Subcommittee in support of legislation to make advance payments under the wheat and feed grains program available to farmers in the spring months.

As you know, Mr. Chairman, this matter of advance payments is a matter of major importance to our farm families in their efforts to resolve the rising credit needs they are facing as a result of too low farm prices. Getting the payment in the spring, when he needs it the most, rather than in the fall, when he has crops for sale to pay for his debts, would add to the incentive for the farmer to participate in this program, and at no additional cost to the government. Actually, the success of a voluntary production control program is dependent on attracting a high percentage of potential producing acres into program participation. In other words, if you don't get the farmers to participate, the program isn't worth the paper it's printed on. By the act of officially indicating his intention to commit his farm to compliance with program regulations, a producer makes his first contribution to the success of the program. I feel that upon request, the farmer, because of his commitment to the program, should then be eligible to receive advance payments and that is exactly what this legislation will do. Under this bill, payments to farmers who sign up for either the wheat or feed grains program will have to be made within 60 days following sign-up, and such payments would have to be not less than 50 percent of the total diversion payment.

Mr. Chairman, there is precedent for advance payments in other commodity programs, and certainly it would be a relatively inexpensive method of providing financial assistance when a farmer needs it most, when field work begins in the spring.

We hear a lot these days about the cost-price squeeze our farmers are facing, and let me assure you that this is not a myth. An annual trip to the bank is commonplace for our farmers in order to arrange for a loan to provide for spring

operating expenses. When winter breaks and the growing season begins, a whole series of farming costs is faced by the producer within a relatively short period. As soon as the fields are dry enough for the operating of machinery, there is weed control and top dressing to be done in the winter wheat areas, and seed bed preparation, fertilizing and seeding to be done in the spring wheat areas. In many places, the first steps of summerfallow preparation must be undertaken. All of this when payment of winter overhaul bills and the property taxes have greatly reduced our farmer's cash assets. Farmers annually face the spring necessity of a loan, often carrying a very high interest rate. An estimated 800 million dollars will be earned through domestic marketing certificates by wheat farmers in the 1971 crop year. If early payments were made on 50 percent of 800 million dollars, it would amount to 400 million. If, in turn, the early payment would make unnecessary the borrowing of that sum from the banks for four months at 8 percent, it would save our wheat farmers nearly 11 million dollars in interest charges alone.

Similarly, feed grain payments for the '71 crop year are estimated in the neighborhood of one billion dollars. An early payment of 50 percent of this amount would save these farmers almost 14 million in interest at the above rate over a four month period.

Of course, not all of our producers are equally hard-pressed, and it is not likely that there would be a 100 percent request for early payment by complying farms. However, it is my feeling that there is a real need for such an option for the wheat and feed grain communities.

I don't think there is any question but that the addition of this financial tool will help many of our wheat and feed grain producers weather this transition period between the years of surplus-depressed prices and the hoped for time when world demand for wheat and feed grains and an aggressive marketing program will allow the market-place to return a price more appropriate to the farmer's cost of operations.

In summary, it is my sincere feeling that this legislation offers a definitely needed measure of financial assistance to our producers during that period of the year when their solvency is at a low ebb, while at the same time their seasonal demands for operating capital intensify. I urge this Subcommittee to give a favorable report to this legislation.

Thank you again for this opportunity to testify on this most important matter.

STATEMENT OF HON. LES ASPIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

I am hopeful that the Subcommittee on Livestock and Grains will act favorably and swiftly on behalf of HR 5475. The restoration of advance payments to producers under the feed grain and wheat programs is one step in the direction of helping those in our farming population cope with the financial burdens which afflict them.

The American farmer has been victimized by inflation and rising production costs. The United States Department of Agriculture estimates that the cost of producing one acre of corn will increase from \$43 as of 1970 to \$45.55 in 1971. The production cost for one acre of wheat is projected to be \$16.49 in 1971 as compared with \$15.88 one year ago.

The removal of advance payments by the Administration in 1970 has placed a further burden on an already hard-pressed rural America. Farmers last year were forced to borrow for seed, fertilizer, and other operational necessities at high interest rates. In fact, in 1970, total interest on farm loans totalled \$2 billion. This represents an 18% increase over 1969.

The farmers' credit squeeze has reverberations throughout rural America. Businessmen are forced to extend credit to the farmer, often on a long-term basis. Small-town merchants and suppliers who are operating on a marginal basis may be forced out a business altogether.

The decision to remove advance payments has resulted in no real dollar savings. The action has merely deferred payment to the next fiscal year. Unfortunately, it is the farmer who is victimized by this bookkeeping technicality and is deprived of his money when he needs it the most—during the spring planting months.

Let us note that advance payments are not without precedent—defense contractors are presently receiving them for projects which are not yet completed. Surely, American agriculture is entitled to similar support.

I urge swift renewal of advance payments to farmers under the feed grain and wheat programs as a measure vitally important to millions of American farmers.

STATEMENT OF HON. JOHN CULVER, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF IOWA

Mr. Chairman, I am pleased to have this opportunity to submit testimony to your subcommittee in defense of mandatory advance payments for feed grains.

Farm program legislation enacted in the years I have served in the U.S. House of Representatives has not been achieved with ease. The members of your committee know full well the difficulties encountered as you attempt to shape legislation that will be of benefit to our farmers and acceptable to a Congress which has a decreasing rural constituency. Problems of equity and justice to farmers are not solved by the simple passage of legislation, however. The manner in which farm legislation is administered by the U.S. Department of Agriculture is equally as important.

Because of this administration's reversal of the long-followed practice of making advance payments to participants in the feed-grain program, I joined with my colleagues from the farm belt to introduce H.R. 5475, which would require the Secretary of Agriculture to make advance payments to the co-operators in both the feed grain and wheat programs within 60 days after they agreed to take part in the programs. Such payments were not made in 1970 and farmers, faced with the need to buy higher priced seed, farming equipment and labor in order to get their crops in, had to borrow at inflated interest rates in a tight-credit period. The spring payments made under the previous administration made it possible for them to avoid this additional high cost-of-production burden.

Eliminating this advance payment does not save the Department of Agriculture any money. It simply transfers the expenditure from one fiscal year to the next. This is a bookkeeping procedure which can only give a false impression of economy, a shadow and not the substance. But it is an added expense to the farmer when he has to go into the money market. In former years, the Farmers Home Administration stood ready to help farmers with operating loans, but this year operating loan funds have been exhausted and the administration, though urged to ask Congress for supplemental funds, has not taken the steps necessary to meet the farmer's financial need.

Farm incomes fell last year while wages, taxes and interest rates rose. The Department of Agriculture has predicted that the cost of producing an acre of corn will increase from \$43 in 1970 to \$45.55 in 1971. The cost of producing an acre of wheat is expected to increase from \$15.88 to \$16.49 by the end of this year.

Unless the administration ceases to ignore the troubled economic conditions of our farm economy, there will be even more serious consequences not only in rural America, but throughout the country.

Passage of this bill to make advance payments to farmers under the wheat and feed-grain programs mandatory within 60 days following signup would be an important step, and a sign that there is concern in Congress for the plight of the farmers.

I respectfully urge committee approval of this matter and subsequent enactment of this legislation by the Congress.

STATEMENT OF HON. LEE H. HAMILTON, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF INDIANA

Mr. Chairman, as a co-sponsor of H.R. 5475, to provide for advance payments to producers under the feed grain and/or wheat programs, I urge prompt and favorable action on the bill.

Under this legislation, payments to farmers who sign up for either the feed grain or wheat programs would have to be made within 60 days following signup, and such payments would have to be not less than 50 percent of the total payments to be made.

All is not well in rural America, Mr. Chairman, and this measure is one way in which the Federal government can help. In the face of falling farm incomes,

but rising wages and taxes, the reinstitution of advance payments discontinued in 1970 would be a welcome boost to people left behind.

It is estimated that \$1 billion in feed grain payments will be made this crop year, and \$800 million in wheat payments. With advance payments, half of each of these figures would be available at seeding time, rather than at harvest time, when funds are available from crop sales anyway.

If advance payments are not made available, the farmer will have to borrow funds at estimated rates of 7 to 8.5 percent. For many farmers, credit will not be available at any rate.

Government payments, as a component of farm income, were five times as important in 1969 as they were in 1960—3.8 percent of farm income in 1969 vs. .7 percent in 1960. In the Ninth Congressional District of Indiana, 53 percent of the feed grain farmers enrolled in the Federal payments program in 1970 and 49 percent of the wheat farmers enrolled. Both figures are higher than the statewide averages of 49 percent and 43 percent, respectively.

We already give advance payments, called progress payments, to defense contractors who are paid before their work is completed. Surely those who feed us deserve the same consideration as those who defend us.

STATEMENT OF HON. WILLIAM R. ROY, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF KANSAS

Mr. Chairman, I appreciate this opportunity to appear before you today on behalf of H.R. 5475, a bill introduced by 23 of my colleagues and I, which would allow advance payments to farmers under the wheat and feed grain programs.

This bill will require the Secretary of Agriculture to make preliminary payments of not less than 50 percent of the total payments to farmers within sixty days subsequent to sign-up for the program.

As you know, Mr. Chairman, the advance payments program was abandoned in 1970 after seven years of successful operation. These payments not only encouraged many farmers to sign up and divert acreage, but also allowed them to meet their planting and operating costs, which increase substantially in the spring. I believe that the suspension of these advance payments has not only contributed to the decline in the number of farms participating in the feed grain and wheat programs over the past year, but has also contributed to the credit squeeze that has been strangling our rural communities. In 1970, the total interest charges in short-and-immediate-term loans was \$2-billion, a total reached from a combination of higher rates on new loans and a substantial increase in the amount of credit used. This is an increase of 18 percent over charges paid in 1969.

Farm incomes continue to decrease while wages, taxes, interest rates, and operating costs continue to rise. For example, in January, 1971, the index of prices received by the farmer was 271, the same as in 1947-49. However, the index of prices paid by farmers in January of this year was 399. How long can we expect the farmer to tolerate this inequitable financial imbalance?

I am not, of course, asserting that advance payments will solve all the farmers' problems; I do feel, however, that without advance payments the entire rural community is harmed. Merchants and tradesmen, as well as farmers, must either suspend business transactions or carry over credit until program payments are made.

The Department of Agriculture has stated that, under the 1971 Feed Grain and Wheat Programs, farmers participating in the new set-aside program will receive preliminary price support payments "as soon as practicable after July 1, 1971". This is all well and good, but it does not, for example, assist the farmer in defraying the costs of seed and fertilizer which he must buy in the spring. I urge, therefore, that this Subcommittee consider this bill, and its companion measures, as expeditiously as possible so that our farmers will receive assistance *now*, when they so desperately need it.

STATEMENT OF HON. WILLIAM J. SCHERLE, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF IOWA

Mr. Chairman, distinguished members of the Livestock and Grain Subcommittee, my appearance here today is to express my support for H.R. 895 and

related bills. These include H.R. 1140, which was first introduced last year by me, the purpose of which would be to eliminate the trap-door provision of the present Farm Act and no longer assure a guaranteed minimum payment for feed grain participants.

More than ever before, American farmers need a strong advocate for their cause. While farmers represent only six percent of the nation, the population of areas which depend heavily on agri-business income raises the national percentage to thirty-five. For too long, rural interests have been represented in the Cabinet by one who speaks softly while holding the small end of the stick.

Early last summer, Secretary of Agriculture Clifford M. Hardin agreed to "a fixed preliminary payment (under which the final payment could not be reduced) of \$1.52 per bushel for wheat and 32¢ for corn (with comparable rates for grain sorghums and barley) and 15¢ per pound of cotton". Thus a potential feed grain participant was led to believe that under no circumstances would the preliminary payment be less than 32¢ per bushel for corn. This payment would be made as early as possible in July following the spring sign-up.

However, Senate members of the conference committee slipped a provision into the new farm law which could vitally affect the economic health of the Iowa agri-business community. A sentence had been added which nullified that solemn pledge to the feed grain participant. As it now stands—and will for the next three years—the 32¢-a-bushel floor could be eliminated if the Secretary announces a "set-aside" of less than 20%. In that case, the preliminary rate would be reduced "proportionately". Not only would the preliminary payment be less than 32¢ per bushel, but the final payment in March would TOTAL less than 32¢, unless the five-month corn price is \$1.03 or less. This is difficult to imagine since the corn loan price is \$1.05 a bushel.

This potential trapdoor in the promised floor price is particularly objectionable because it is blatantly biased only against the feed grain participant. There is no similar trapdoor provision for wheat or cotton.

I have introduced legislation to eliminate this provision. It is now pending before the House Agricultural Committee. There is no reason why the feed grain farmer should be singled out for such discrimination. The Secretary should have been diligent in protecting his promise to the midwestern farmer.

This statement is included in a letter to the full House Agriculture Committee from Secretary Hardin.

Both last August and October when the House passed the Farm Bill, many references to this were made by Members of the House. I hope this Subcommittee will support either H.R. 895 or H.R. 1140—it makes no difference to me which one since they differ only in style—in order that the feed-grain participants can have this trap-door provision eliminated. I ask permission of the Subcommittee to insert after my remarks Secretary Hardin's original letter to the House Committee; his second letter which arrived today; my letter to the Secretary asking for more details on why he changed his mind; and an article from my weekly newsletter discussing this matter.

I also support legislation which would allow small farmers (those with a corn base of 25 acres or less) to take their entire farms out of production. These owners of small farms, many of them low-income, older, or handicapped, depend heavily on these payments for their livelihood. By forcing these farmers, who took 8½ million acres out of production in 1970, to plant or perish, you may drive them into the already overcrowded urban areas. This is contrary to President Nixon's goal to reverse rural emigration.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., May 26, 1970.

Hon. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: In accordance with your suggestion, and in an effort to reach final agreement on farm legislation which will have the mutual support of your Committee and the Executive Branch, I am setting forth below our position

with respect to any further changes in the legislation on payments to encourage participation in the commodity programs. While the legislation in its present form is not that which would have been preferred by the Administration, we have worked long and hard to reach a position that would be acceptable to the Committee as well as to the urban interest in the Congress.

As you know, we had previously agreed to support legislation that would provide for payments which, together with average market prices, would assure farmers \$2.77 per bushel for wheat on the domestic allotment, \$1.35 for corn on fifty percent of the base acreage, and 35 cents for middling 1-inch cotton, micronaire 3.5 through 4.9, on a base acreage allotment of 11.1 million acres. A preliminary payment equal to 75 percent of the estimated final payment would be made as soon as practicable after July 1, and the payment so made shall not be reduced if the rate as finally determined on the basis of the average market prices for the first five months is less than the rate of the preliminary payment.

In order to meet the objection which has been raised by some that under this formula, increases in market prices might reduce the payments below the levels envisioned, we are prepared to agree to an amendment to the draft legislation, which would substitute for the estimated preliminary payment, a fixed preliminary payment (below which the final payment could not be reduced) of \$1.52 per bushel for wheat, \$0.32 per bushel for corn (with comparable rates for grain sorghums and barley), and \$0.15 per pound for cotton. We are prepared to support preliminary payments at these levels, however, only on condition that the final payment guarantees remain fixed at \$2.77 per bushel for wheat, \$1.35 per bushel for corn, and \$0.35 per pound for cotton. This would provide assurance of a specific support with the opportunity of additional payments in case of a lower market price.

If the Committee should prefer to provide for a final payment guarantee of parity for wheat, in lieu of a fixed preliminary payment, that would be acceptable, but we cannot agree to a change which would express the levels of the final payments for feed grains and cotton at specified percentages of parity.

Such a formula for feed grains would make the program less workable. The payments made under the feed grain program are approximately equal to the next best alternative opportunity the farmers may have for the land. As a result only about 50% of the feed grain farmers with 68% of the feed grain acreage participate in the program. To the extent that price support payments are increased as parity increases, the participation in the program increases and the need for additional voluntary diversion is diminished. To the extent that we are forced to increase the mandatory diversion to keep the costs of the program in line, it would result in an excessively large mandatory diversion for many individual farmers.

Such a formula for cotton would result in unduly escalated costs which would be unacceptable.

If prices should be stronger than we have anticipated, which the Committee in its session on May 12 seemed to consider likely, then farmers might do better with the preliminary payments certain than with a parity objective.

We would also be agreeable to increasing the base acreage allotment for the 1971 crop of cotton to 11.5 million acres.

Committee action taken on our proposals for the wool and dairy programs leave us with no outstanding issues on those programs.

Our agreement to support the bill with the changes indicated above is, of course, subject to the understanding that the legislation would contain reasonable payment limitations on wheat, feed grains, cotton and wool. The bill should also provide for continuation of Public Law 480.

I earnestly hope that with these final changes the Committee will be able to report out a bill which will have the support of all of us.

Sincerely,

CLIFFORD M. HARDIN.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., April 5, 1971.

Hon. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR MR. CHAIRMAN: This is in reply to your request of February 9 for a report on H.R. 895, a bill "To insure that participants in the feed grain program will receive a preliminary payment of 32 cents for corn."

The Department recommends against enactment of legislation of this nature.

Section 105 of the Agricultural Act of 1949, as amended by the Agricultural Act of 1970, provides that the Secretary shall make a preliminary payment to producers at a rate equal to 32 cents per bushel for corn with comparable rates for grain sorghum and if designated by the Secretary, barley. If the set-aside requirement in effect is less than 20 percent of the feed grain base, the preliminary payment rate shall be reduced proportionately. H.R. 895 would require the Secretary to make a preliminary payment of 32 cents per bushel with comparable rates for other grains even if the set-aside requirement in effect was less than 20 percent.

We believe it is appropriate to point out that our position with regard to the provisions of this bill differ from our testimony before the House Committee on Agriculture about a year ago relative to the 32-cent preliminary payment for corn. At the time of our testimony before the committee, all indications were that the upward trend in feed grain yields would continue. We did not foresee a short-supply situation for feed grains. However, when the gravity of the corn blight problem became evident last summer, it became necessary for us to restructure our thinking regarding farm legislation which would take into account situations of short supply as well as oversupply.

The Secretary has already announced a set-aside requirement of 20 percent for 1971. Thus, producers are assured of 32 cents per bushel preliminary payment for corn for the 1971 crop year.

Any reduction in set-aside means that the participant is asked to contribute less in terms of idling productive cropland and thereby can receive a lower preliminary payment and make up the difference from production on the extra land. Regardless of the set-aside percentage and preliminary payments issued in case of high production and resulting low prices, feed grain participants are guaranteed a final payment such that their total return will be not less than \$1.35 for corn and \$1.24 for grain sorghum.

The estimated cost of assuring participants 32 cents per bushel corn payment with comparable rates for other grains with a reduced set-aside will vary depending upon the participation at various set-aside levels, and whether or not barley is included in the program. A 10 percent set-aside with guaranteed payments of 32 cents per bushel for corn, 29 cents per bushel for grain sorghum and 25 cents per bushel for barley is estimated to cost between 1,310 and 1,380 million dollars. This cost would be substantially the same for the next five fiscal years. Additional payments as a result of the proposed amendment would be about 350 million dollars per year.

The Office of Management and Budget advises that there is no objection to the presentation of this report and that enactment of this legislation would be inconsistent with objectives of the Administration's program.

Sincerely,

CLARENCE D. PALMBY,
Assistant Secretary.

APRIL 6, 1971.

HON. CLIFFORD M. HARDIN,
Secretary of Agriculture,
U.S. Department of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: Your letter to Chairman W. R. Poage of the House Agriculture Committee, undated but received yesterday, is more than "different" from your earlier letter to the Committee regarding "a fixed preliminary payment" of 32 cents per bushel for corn that "could not be reduced." Your rationale that a "restructuring" of your thinking became "evident last summer" really means that you changed your mind sometime in the summer months of 1970. Would you please provide for me the exact date and a copy of any memorandum and/or letter in which this "restructuring" took place.

When the Farm Bill was debated on the House floor on August 4 and 5 last year, there were several references by members of both political parties that "a fixed preliminary payment of 32 cents per bushel of corn" was in the bill. Some of these statements can be found on pages H 7672, H 7683, H 7684, and H 7731. Also included in that House debate was a copy of your statement confirming the fixed preliminary payment for corn at 32 cents per bushel (H 7684). At no time during that debate was there any evidence apparent that you had reneged on your original stand.

If you will check the Congressional Record for October 13, 1970, which most people would consider to be beyond even the most liberal definition of summer, at least two Members of the House (H 10061, H 10062), during consideration of the conference report on the Farm Bill, said that "payments may not dip below 32 cents per bushel for corn" and "there is the provision that these payments will be no less than 32 cents per bushel for corn." No one challenged these Members during that debate. Nor am I aware of any public statement by you in regard to any sudden change.

You also state that the "gravity of the corn blight problem" was a factor in your "restructuring." Why then did you turn down a request by experts in the corn disease prevention field for an emergency supplemental appropriation of \$1,500,000 in order that adequate research could be done in this growing year?

On top of this, your chief of Congressional Liaison just last week in my office told me that the Department had not made any final decision on whether to support H.R. 895 or my companion bill H.R. 1140, both of which would eliminate the trap door provision in the fixed preliminary payments for feed grains.

Now, Mr. Secretary, either your "restructuring" last summer remained a very closely guarded secret, or someone has misled you into believing that your change of view was being conveyed to Congress and to the general public. I trust you will convey to me a better reason for your sudden shift. The feed grain producers deserve a better explanation as to why they were so misled.

Sincerely,

WILLIAM J. SCHERLE,
Member of Congress,
7th Iowa District.

P.S.—I would have contacted you yesterday afternoon, but my sources at the Department said you were at the ball game.

CONGRESSMAN BILL SCHERLE REPORTS

(April 14, 1971)

TURNABOUT IS NOT FAIR PLAY

The feed grain producers are again feeling the warped wrath of Secretary of Agriculture Cliff Hardin. He suddenly reversed his previous position and is no longer committed to an earlier pledge that the preliminary payment for a bushel of corn would not be less than 32¢. Just last week the Secretary announced by letter that he and the Department had "restructured our thinking" and would no longer support that original concept. What really adds insult to injury is that Hardin said his reversal took place "last summer" when "the gravity of the corn blight problem became evident." As corn farmers, we are familiar with the "single cross", but we are not used to the "double cross."

I have asked the Secretary to provide our office with a copy of the statement he made last summer which contains his turnabout. When the House considered the farm bill last August and October, many Members spoke of the guaranteed 32¢ preliminary payment. No one in Congress rose to express any change in Hardin's policy. If the Secretary was sincere in his concern for the corn blight, why did he not send an emergency request for a million and a half dollars of supplemental funds as many experts recommended?

Those of us who are familiar with Hardin's tactics are more disappointed than shocked by this recent switch. It is apparent that he just does not have the desire to speak out on behalf of the food and fiber producers. Willing to accept any excuse to hurt rural America, his effectiveness on Capitol Hill has diminished to the point of no return. Rural America's faith in the USDA has faded—the Secretary has poisoned the well. It is only a matter of time before the folks at the other end of Pennsylvania Avenue get the word. When Hardin's latest epistle reached Congress on Monday, the Secretary was fiddling around at the tax-supported multi-million-dollar Kennedy baseball stadium. Meanwhile rural America continues to do a slow burn.

Fr. FOLEY. If there is no further business to come before the committee this morning, the committee will stand adjourned to meet tomorrow at 10 a.m.

(Whereupon, at 11:30 a.m. the hearing was recessed, to reconvene at 10 a.m. on Tuesday, April 6, 1971.)

PROVIDE FOR SMALL FARM PARTICIPATION IN THE FEED GRAIN PROGRAM

TUESDAY, APRIL 6, 1971

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

The subcommittee met, pursuant to notice, at 10:05 a.m. in room 1301 Longworth House Office Building, Hon. Thomas S. Foley (acting chairman) presiding.

Present: Representatives Foley, Abbitt, Sisk, Melcher, Bergland, Link, Denholm, Mayne, Zwach, Price, Sebelius, and Kyl.

Also present: Mrs. Christine S. Gallagher, chief clerk; and Lacey C. Sharp, general counsel.

Mr. FOLEY. The Subcommittee on Livestock and Grains will come to order.

The subcommittee meets this morning for the consideration of H.R. 2501 by Mr. Miller of Ohio; H.R. 4575 by Mr. Latta; H.R. 856 by Mr. Kyl; and H.R. 4561 by Mr. Jones of Tennessee.

(H.R. 856 by Mr. Kyl is similar to H.R. 2501 by Mr. Miller of Ohio, H.R. 4561 by Mr. Jones of Tennessee and H.R. 4575 by Mr. Latta. H.R. 856 follows:)

[H.R. 856, 92d Cong., first sess.]

A BILL To provide for small farm participation in the feed grain program

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 105 of the Agricultural Act of 1949, as amended by the Agricultural Act of 1970, is further amended by striking the period at the end of subsection (c) (1) and adding the following: " : *Provided*, That notwithstanding the foregoing, the operator of any farm which has a feed grain base of twenty-five acres or less which has not changed ownership since January 1, 1971, other than through (i) testamentary disposition or under the laws of intestate succession in the State in which the farm is situated or (ii) under circumstances which the Secretary determines will not circumvent the purposes of the Act, may, without reduction of the feed grain base on the farm, elect to set aside and devote to approved conservation uses 100 percentum of the farm feed grain base for any crop year for which this section is in effect."

Mr. FOLEY. The first witness will be the distinguished colleague of agriculture, Clarence E. Miller.

STATEMENT OF HON. CLARENCE E. MILLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. MILLER. Mr. Chairman, I appreciate having the opportunity today to appear before this committee and discuss my bill, H.R. 2501, to provide for small farm participation in the feed grain program.

First, let me say that this bill is designed to restore a small farm bonus provision under the voluntary feed grain program which was excluded from the language of the Agricultural Act of 1970. A small farm amendment offered by Senator Percy was approved by the Senate during debate on the farm bill but was later dropped in conference. Under authorizing legislation in previous years, special consideration was given to small farmers defined as those having a feed grain base of 25 acres or less. These regulations provided that a small farmer could divert his entire feed grain base acreage from production and could be paid diversion payments on the entire acreage. For the minimum required diversion the small farm payment was computed by multiplying 20 percent of the price support rate times the estimated feed grain yield times the number of diverted acres.

For additional diversion, he would receive—and this is the part he would not receive under the present act—a payment based on the estimated yield on the diverted acreage multiplied by 40 percent of the price support rate of \$1.35 times the number of additional diverted acres.

In other words, where a small farmer elected to divert his entire base he was not eligible for price support payment, but was able to receive diversion payments on both the required minimum diversion and additional diversion. Producers on other farms received no diversion payment on the required minimum diversion.

The 1970 act provides that participating producers who make the required set-aside of cropland, maintain their conserving base, and meet other program requirements will be eligible for price support payments on 50 percent of their feed grain base whether or not any acreage is actually devoted to feed grains. Although this price support payment for small farmers is greater than the diversion payments they received for required diversion in 1970, no payments are offered for additional diversion above the required 20-percent set-aside.

The new law also provides for the reduction of a feed grain base if the producer plants an acreage of feed grains less than the portion of the feed grain base on which payments are made available. If no acreage has been planted to feed grains for 3 consecutive years, the feed grain base is lost. Specifically, if the acreage is not cropped during this period, the base is reduced 20 percent the first year, 20 percent the second year, and 60 percent the third year and the farmer will be out of the program and his base will be placed in a national pool for redistribution. The producer in effect must plant at least 45 percent of his feed grain base to preserve history and keep his base from being reduced in future years. To perhaps better explain the differences between the old law and the new law as they affect small farmers, I have chosen an example farm with a 20-acre corn base to illustrate how payments are computed and what the new program's reduced benefits are in terms of dollars and cents.

EXAMPLE 20 ACRE CORN BASE (80 BUSHEL YIELD)

	1970	1971
Payment for diverting 4 acres (20 percent).....	¹ \$86.40	² \$256
Payment for diverting 16 acres (80 percent).....	³ 691.20	(⁴)
Total.....	777.60	256
Payment per acre idled.....	38.88	64

¹ 20 percent of \$1.35 equals 27 cents per bushel times 80 bushels times 4 acres.

² 32 cents per bushel times 80 bushels times 10 acres.

³ 40 percent of \$1.35 equals 54 cents per bushel times 80 bushels times 16 acres.

⁴ Not offered.

The example shows that a 20-acre corn base with 80 bushel yield. Now, the first line is payment for diverting 4 acres, and that of course, would be the 20 percent. The \$86.40 is computed by 20 percent of \$1.35, which is 27 cents per bushel, by 80 bushel yield times 4 acres and comes out to be \$86.40.

Now, what the man would not be receiving is what is on the second line: Payment for diverting the 16 acres which is the differential between the 20 percent and the total 20 acres that the man has as a feed grain base.

That particular payment is computed on the basis of 40 percent of \$1.35, which is 54 cents per bushel times the yield of 80 bushels, times the 16 acre differential, which comes to \$691.20.

Now, as you can see, his total payment, because of being able to divert the total 100 percent, was \$777.60, or payment per acre: \$38.88.

Now, when we come to the new program of 1971, which is in the righthand column, on the first line we see the payment for diverting the 4 acres; again the 20 percent. It shows that we would multiply 32 cents per bushel times the 80 bushel yield, times 10 acres or 50 percent of the total base, which comes out to \$256, which is certainly higher than the \$86.40 on the original 20 percent of 4 acres in the beginning.

But, when we reach line 2 the payment for diverting any acreage between the 20 percent and up to 100 percent, in the new program there is zero payments, which means the total payment under the 1971 program would be \$256, compared to \$777.60 under the 1970 program.

The payment per acre idle would be \$64, but that of course is on the 20 percent or on the 4 acres.

I would like to cite several additional examples selected at random from one of our counties in the 10th district which I feel further shows the disparity between the two programs. These participating farms, they complied with the program requirements; they planted no corn; diverted their entire corn base or feed grain base and received diversion payments.

EXAMPLE FARMS WITH FEED-GRAIN BASE OF 25 ACRES OR LESS

	Farm No. 1	Farm No. 2	Farm No. 3	Farm No. 4	Farm No. 5
Farmland.....	134	99	77	76	98
Cropland.....	101	77	70	38	60
70 corn base.....	20	25	27	12	23
Set-aside for corn.....	4	5	5.4	2.4	4.6
Conserving base.....	50	16	7	8	16
1970 feed-grain payment.....	\$700.20	\$1,003.95	\$1,119.60	\$420.12	\$899.83
1971 estimated feed-grain payment (ASC yield times 32 cents times 50 percent base).....	217.6	312.00	375.84	130.56	279.68
Difference.....	482.60	691.95	743.76	289.56	620.15

Mr. Chairman, I don't believe it is necessary to go through every one of the figures and facts that we have in that chart, but I would like to go across the bottom to show the differential between the 1970 grain payment and the 1971 payment.

On farm No. 1, with a corn base of 20 acres or feed grain base of 20 acres, the differential is \$482.60. Farm No. 2, \$691.95. Farm No. 3, \$743.76. Farm No. 4, \$289.56. Farm No. 5, \$620.15.

Let me comment that although title V of the Agricultural Act of 1970 contains no special provision for small farmers, it specifically does not prohibit the Secretary from formulating such provisions. I understand that the Department has not, nor does it intend to take such steps at the present time. Therefore, I feel that legislative action is necessary to make explicit the will of the Congress in this particular area.

By eliminating the small farm bonus provisions of previous years, I believe we will be working an unjust and severe hardship on thousands of small farm owners. I have found that the majority of the farmers in my district fall into this category and these farmers who participated in the feed grain program over the years have relied on these diversion payments to supplement a small fixed or retirement income.

With the exception of social security benefits, in most cases these payments are the only income these people have and it is used to pay their taxes, health care, personal debts, and farm upkeep and maintenance. We are talking about farms that once supported a family. But now these farmers are elderly, retired, many of them widows or people of poor health. In many cases they are physically unable to sustain a viable farming operation or are financially unable to come up with the capital outlays for the necessary farm equipment and machinery. It seems the equipment they do own is either worn out or outdated for today's operations.

Their base acreage is often so small, isolated, or hilly that it is unrealistic or not economically feasible to rent out the land. It is also very difficult to find someone to share the costs of such a small operation. In essence, without these payments under the present law, the farm will become a liability to these people who will be unable to support it or themselves.

However, with this supplemental income they can continue to live where they want to live and maintain their dignity as members of the rural-agricultural community. Since I introduced this bill I have received many letters from these small farmers describing their situations and the importance of these diversion payments in making ends meet.

I have listed some of the comments, Mr. Chairman.

I have 16 acres in and always depend on it for paying my taxes, etc. I am a widow and cannot farm with much success as my equipment is old.

Now the 1971 program upsets all my plans and will work a hardship on me and my neighbors to convert to a production basis again.

I am among one of the small farmers with a small income. Under the new 1970 agricultural act enacted last November, I will be nearly cut out of payment.

The small payments for diverted acreage help with the taxes which have recently been almost doubled.

As you know the money I get from this helps me a lot with my expenses. I am 71 years old and in poor health.

My husband and I have always lived on a farm and in 1969 we received a feed grain payment of about \$600. My husband died . . . and I am continuing to live at our farm home. I will be 63 years old next month and have arthritis,

so I am unable to do much except I do raise a garden. We used this payment to do things on the farm and it helped pay taxes and insurance.

With the price of labor I cannot pay to have grain farming done and with the prices of grains and hogs no one wants to share crop. And with these enormous taxes tell me how will I pay them?

The number of small farmers in southeastern Ohio who in previous years have met the feed grain program requirements, planted no feed grain, diverted their entire feed grain base, and received full diversion payments is quite sizeable. For example, in our largest and most prosperous agricultural county, 35 percent of the participating farms diverted their entire feed grain base of 25 acres or less.

We have in the Tenth Congressional District an additional 10 other counties where that particular percentage would be much higher.

As I have indicated, the deletion of the small farm provision from the 1970 act is going to present some very serious problems and hard decisions to thousands of small farmers as they begin to realize the change in program requirements. Many of these people may well have to sell their farm, move to town, and seek some other form of income supplementation, specifically welfare. This particular alternative was outlined by Secretary Hardin on September 24, 1969. He told us then that the family assistance plan was being offered as a new approach to meet the needs of small unit farmers instead of USDA commodity programs. Within 3 years these farmers will be out of the program and there is no adequate plan to take its place. Enactment of FAP or any welfare reform is clouded at best and its application to these people would be uncertain.

I have found it difficult to tell these people, as I am sure many of you would, that the grand plan is to move them from an agricultural program onto welfare. These small farmers I have talked to and who have written us are proud and independent people. They have devoted their lives to farming and still consider themselves to be farmers. Many have told me how they put their acreage in the "corn bank"—that is at least what they called them at the time—and to them they are still playing an important role in American agriculture. To many, I am sure, welfare would be unacceptable and an affront to their dignity.

The bill I have introduced, H.R. 2501, will do two important things. One, it will restore those features of the previous law giving small farmers diversion options in which they can divert their entire base and receive full payments. Two, it will preserve the historical feed grain base of these farms which will be reduced and eliminated over the next 3 years under the present act.

The bill is written to cover only resident operators of farms which have not changed ownership since January 1, 1971. It will permit eligible small farmers to divert 100 percent of their feed grain to conservation practices. I think it should be noted that title VIII of the 1970 act provided for a long term land retirement program which could possibly reach these people. The purpose of this program is to promote the conservation and economic use of land and at the same time assist those farmers who, because of advanced age, poor health, or other reasons, desire to continue living on the farm. Because only \$10 million was provided for these long term agreements, the program would be limited to only a small number of pilot farms and is insufficient to meet the needs of the vast majority of the farmers I have described. It is also my understanding that the Office of Management and Budget has frozen this fund this year.

In conclusion, let me say that as I recall our long meetings and deliberations in the 91st Congress on the farm bill, I believe the total impact and implication of our actions on the small farm was not helpful to the farmer.

But now, as the end of sign-up is nearing, these people are just beginning to realize how the new farm program will drastically affect their economic well-being. It is therefore important that we talk about these forgotten farmers if for no other reason than the fact that with such short notice they have received a great reduction in payments under the new law.

Mr. FOLEY. Thank you very much, Mr. Miller.

I certainly want to congratulate you on a very fine and carefully constructed statement. It reflects your deep interest in this particular problem, plus a good deal of work and concern.

Are there any questions of Mr. Miller?

Mr. Sebelius.

Mr. SEBELIUS. Thank you, Mr. Chairman.

What do they do with the diverted acreage when they divert them, Mr. Miller?

Mr. MILLER. What did they do or what do they do?

Mr. SEBELIUS. Yes; what did they do?

Mr. MILLER. Many would plant grass. As a matter of fact, I would have to assume from past performance the majority had grass.

Mr. SEBELIUS. Is this out with the keeping of the soil in washing and so forth in the hilly areas?

Mr. MILLER. Yes. As a matter of fact, they did practice the conservation that was needed and it did hold the soil, and at the present time it is still holding. That is why they are not sure what they can do this year and still receive some payment.

Mr. SEBELIUS. That is all, Mr. Chairman.

Thank you.

Mr. MELCHER. Mr. Chairman?

Clarence, would this bill be paying them, these farmers a Government payment not to grow something?

Mr. MILLER. Yes; this is correct.

Mr. MELCHER. You have made, I think, a rather eloquent plea for these farmers, and I think there is pretty good logic behind your proposal.

I notice in a bill that we reported out of this subcommittee a week or two ago by a vote of 11 to 2, and voted out of the full committee by 17 to 5, that in the minority report on that bill, which you signed, the statement was made that the bill would "pay farmers not to produce crops."

Do you think that the feed grain program is really designed for that purpose? Is that your feeling?

Mr. MAYNE. Would the gentleman yield?

Mr. MELCHER. I will be glad to yield a little later on.

Mr. MAYNE. I think you did not completely state what the minority said, and I wouldn't want Mr. Miller not to be aware of what the complete statement in the report was which you cited only partly.

Mr. MILLER. I do not have a copy of that before me at the present time. Could we have all of the statement?

Mr. MELCHER. The entire sentence:

It has never previously been the intent of Congress to pay farmers not to produce crops which they had not been producing prior to the passage of the legislation.

Mr. MILLER. Well, I am sure that the gentleman understands that is a different story, because at one time the people that we are talking about today did grow feed grains.

Mr. MELCHER. Yes, I am sure of that. I am not talking about that point.

I mean the intention of the feed grain program overall; the national purpose of it is not designed to pay people not to grow crops, or do you think it is?

Mr. MILLER. I do not think it is. As a matter of fact, I tried to make it clear in my testimony that it affects those people with only a 25-acre base or less. In the overall picture it is a small group compared to the total. They are people who have lived on the farm, who have raised a family there, who did grow feed grains, and are not now in a position to continue, and it is about the only cash income that they have in many instances.

The total program is not to supplement someone not to grow a crop. We are talking in this case, which is different than the bill that you are speaking of, of people who, if helped on the farm would not need to go to the cities. This is one thing today that has been considered by practically all of the committees of Congress: How can you keep the people in the rural areas so you do not have the continued problem and the buildup in the cities.

Mr. MELCHER. I think you have done a real good job of describing the need for a group of farmers who are not just restricted to your own State of Ohio or your own district. I think you have made, with considerable logic, this point.

But the point that I am arriving at is, when we are talking about the goal for the feed grain program we are talking about supply controls.

Mr. MILLER. That is right.

Mr. MELCHER. Therefore a statement to the effect that the feed grain program is to pay farmers not to grow a crop is really oversimplifying. It would contribute to a misunderstanding of what the purpose of the program is, would it not?

Mr. MILLER. It is very possible, but by the same token, is there not some truth to the statement that some farmers would be paid not to grow even though they never grew in the 1959-60 base period and they still would not be growing?

Mr. MELCHER. I am not just sure that I follow you completely on that. But I am going to just make this point: That in describing what we are attempting to do with the feed grain program and with the entire farm program, is to provide the opportunity for a continuation of farmers and farms as entities, and that the statement that "we are paying them not to grow a crop" is an oversimplification of what they do to comply with the feed grain program. That is if we were to limit their production and set some of their acres aside in conservation practices.

Mr. MILLER. I believe that the gentleman is talking about another bill, and not the testimony—the statement was not in here about not growing a crop.

Mr. MELCHER. I am talking about the feed grain program in general, because I think that there are needs and there are instance where we

should plan and strengthen or adjust the Agricultural Act of 1970. I think it is important that we look at areas that may need to be changed in the act, keeping in mind the overall purpose of the act is; that is: To provide the opportunity for farmers to continue as farmers and yet not burden the markets with great surpluses that require additional public funds for storage costs and deflate producers prices.

Mr. MILLER. I believe we are talking about two different things at this time, frankly. We are talking about one: People who did have a feed grain base on a very small farm, and they were able to divert the balance, which would be 80 percent of the feed grain base and receive a payment on that differential. We are talking about people that were in the program in the years 1959-60 and had the base and developed it at that time.

We are talking about people who, I believe, the Secretary of Agriculture had in mind who would fit into some type of a family assistance program that up until now has never been developed, and we are not sure where it stands.

But we are talking about the particular 25-acre base payment being cut this year. We are talking about the people being harmed this year.

The statement that the gentleman has made about people not growing, I believe, contained the language of growing something they have never grown; am I correct on that?

Mr. MELCHER. Yes; you are correct. I believe that is exact in essence; you are correct: "Had not been producing prior to passage of the legislation."

Mr. MILLER. Yes. I think we are talking about entirely two different things when we say this.

Mr. MELCHER. I think you are absolutely right. In fact, we are talking about two different bills, but I do believe there is a similarity. You have brought to our attention the hardship and crises involving one group, which I tend to view as needing correction, the same as you do.

The other bill has the similarity in that it is also a group who are facing crises and hardship, and I think also should have some help straightening out the problem that they face this particular year, too.

I thank you very much.

Thank you, Mr. Chairman.

Mr. FOLEY. Mr. Mayne.

Mr. MAYNE. I just wanted to commend the gentleman for his excellent statement which certainly shows the thorough attention to the needs of his constituents, which always characterizes his work on our committee, and for his broad grasp of the national scope of this problem.

Mr. FOLEY. Mr. Bergland.

Mr. BERGLAND. Mr. Chairman, I, too, want to commend our distinguished committee colleague for a very logical and carefully thought out presentation, and I endorse it and support it.

Tell me, Mr. Congressman, in the 10th District of Ohio, these people who have been foreclosed upon because of the elimination of the 25-acre provision, the ones for whom you are making your argument, do you think under the provisions this year, they will plant corn, and run the risk as we understand it of losing their history? What will they likely do? What will these old people do? Will they produce corn or will they not?

Mr. MILLER. Whether they should attempt to plant corn is the hardship that they have at the present time. They have not been able to find people who can plant the corn for them, because their base amounts to just a few acres. You have fence rows in between. Also it is not profitable for someone to move from one area, one small plot to another plot. For this reason we have the bill, attempting to resolve the problem for them.

They would like to plant some corn; they would like to preserve the history without the equipment. Many of them are elderly people who are not able to do this themselves, and not able to find someone who in turn can plant. They can automatically or will automatically lose history in the first year.

So they are in a very touchy situation right at the present time trying to find out what to do in order to preserve that history and at the same time wanting, of course, the full diversion if they can possibly have it.

Mr. BERGLAND. In other words, if this amendment is not passed these people will be trapped; they will lose their history in many cases because of their age, and their income will be down because of their inability to collect the payments as high as had been made customarily on the 25-acre provision.

But it would be true in some instances, without the passage of this bill, there would be more corn raised?

Mr. MILLER. It is very possible. Yes, those that could would raise corn. It would only be good business if they possibly could and had the machinery to go ahead and plant. In many instances we have found they are not in a position to do this.

Mr. BERGLAND. Thank you, Mr. Miller.

That is all, Mr. Chairman.

Mr. FOLEY. Any further questions?

Mr. ZWACH. Mr. Chairman, just to commend the gentleman from Ohio for making a good, sound presentation, particularly in an area that we should have another look at. I feel that way very strongly, and I think this subcommittee will give this further consideration.

Mr. MILLER. Thank you, gentlemen.

Mr. DENHOLM. I would like to commend our distinguished colleague on your statement, but I would like to inquire into your explanation a bit further on 2501.

You say there are a few important things this bill will do: restore those features of the previous law giving the small farmers diversion options in which they can divert their entire base and receive full payments. It is your testimony, I believe, this would be more acceptable to farm families than any kind of a welfare assistance plan would be; isn't that correct?

Mr. MILLER. Definitely.

Mr. DENHOLM. You believe that they could accept this with greater dignity than they could a welfare assistance program?

Mr. MILLER. Plus the fact that the Family Assistance Plan has not been moved that far down the road that we even know where it is or if funds would be available from that plan for these people.

Mr. DENHOLM. The fact of the matter is the proposed welfare assistance plan and the proposed agricultural plan, the 1970 Agricultural Act leaves these people out entirely; doesn't it?

Mr. MILLER. That is correct.

Mr. DENHOLM. When you do this, as my distinguished friend from Montana says, this not payment for nonproduction, but we don't like to say it is. How can we say that? Isn't this actually a payment for doing nothing?

Mr. MILLER. This was answered, I think, a few minutes ago. Yes, they would not be producing, but they were in the program and producing under the act in 1959 and 1960 in order to receive a base.

Now, the 20-percent set-aside which was not called set-aside last year, amounted to about the same. They were program participants because they did divert that 20 percent.

Now, the Secretary saw the need for the differential in payment on the other 80 percent and set forth a formula that was very helpful. Diverting the total acres or 100 percent was helpful to these people because it would be in many cases the only cash income for them for the year.

Mr. DENHOLM. Does your bill propose that it would only go to the operator and not to the landowner?

Mr. MILLER. It will be on the person residing on the farm.

Mr. DENHOLM. Well, that would be an owner or tenant; would it not?

Mr. MILLER. In most cases, no, because they are small farms and the farm owner is living on the farm.

Mr. DENHOLM. Suppose it was a landlord-tenant relationship; how would your bill affect the landlord?

Mr. MILLER. The person residing on the farm could receive the payments.

Mr. DENHOLM. All of it?

Mr. MILLER. The person residing on the farm.

Mr. DENHOLM. Well, supposing that you had an elderly person living on a small acreage and he owned the farm and had it leased to a neighbor and the neighbor did the work; he wouldn't participate in any of the benefits, the man that did the work, the operator?

Mr. MILLER. If I may doublecheck whether they are clarified all the way.

Mr. FOLEY. It says "an operator who resides on any farm."

Mr. MILLER. An operator who resides—

Mr. DENHOLM. On any farm.

Mr. MILLER. On any farm.

Mr. DENHOLM. Would that be his farm separate and apart from a leasehold he might have with an owner of a farm living on the land and drawing social security and retirement?

Mr. ABBITT. He has to have a feed grain base of 25 acres or less of the farm he resides, reading that language.

Mr. DENHOLM. I am attempting to clarify the intent of the proposed law, because many elderly farm people want to live on the farm as long as they can, and they want to rent their land. Who would get the payment under your proposal in such circumstances?

Mr. MILLER. Let me clarify it as to what the intent was. We may have to have a little change in the language. I am not positive at this time.

We found those people who had a feed grain base of 25 acres or less have small farms. They are residing on the farm, and the intent is to help those people who are landowners, and who are farm owner-opera-

tors. We find the majority of these people on the farms come under that classification.

Mr. DENHOLM. You wouldn't be thinking of a landlord-tenant relationship, then?

Mr. MILLER. It could cover an operator who resides on a farm, so it could cover a landlord-tenant operation.

Mr. DENHOLM. I do not understand who would get the payment under those circumstances.

Mr. MILLER. Well, we may have to change the language a little to make sure that there would be no doubt. I think that there would be a very few farms that we would be changing it for, but nevertheless it should be clarified.

Mr. DENHOLM. Very well.

Thank you.

Mr. FOLEY. Any further questions of Mr. Miller?

Mr. Sebelius?

Mr. Kyl?

No further questions.

Again, we thank you very much for your testimony, Mr. Miller.

Mr. MILLER. Thank you.

Mr. FOLEY. The next witness will be Mr. Glenn Weir, the Director of the Grain Division of the Agricultural Stabilization and Conservation Service.

We are pleased to welcome you back to the subcommittee, Mr. Weir.

**STATEMENT OF GLENN WEIR, DIRECTOR, GRAIN DIVISION, ASCS;
ACCOMPANIED BY VICTOR A. SENECHAL, CHIEF, PRODUCTION
ADJUSTMENT BRANCH, COMMODITY PROGRAMS DIVISION, ASCS;
KENNARD O. STEPHENS, DEPUTY ASSISTANT SALES MANAGER,
EXPORT MARKETING SERVICE, ASCS; AND ROBERT M. BOR,
DIRECTOR, FOREIGN AGRICULTURAL AND SPECIAL PROGRAMS
DIVISION, OFFICE OF THE GENERAL COUNSEL, U.S. DEPARTMENT
OF AGRICULTURE**

Mr. WEIR. Thank you, Mr. Chairman.

Mr. FOLEY. Mr. Weir, would you like to identify in your statement those who are accompanying you?

Mr. WEIR. Mr. Chairman, members of the committee, my name is Glenn Weir, Director of the Grain Division, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture.

I am accompanied by Mr. Victor Senechal, Mr. Kennard Stephens, and Mr. Robert Bor of the Department.

I am happy to have the opportunity to discuss H.R. 856 and H.R. 2501.

I do have a couple of additional statements to be added to the printed testimony that you do have.

As we read these two bills, they merely relieve the small farms of the planting requirements of the Agricultural Act of 1970 for the purpose of preserving history. However, from Congressman Miller's testimony it is apparent that payments are also intended to be included in these bills.

These bills would amend section 105 of the Agricultural Act of 1949, as amended by the Agricultural Act of 1970, to provide that an

operator who resides on a farm which has a feed grain base of 25 acres or less which has not changed ownership since January 1, 1971, other than through (1) testamentary disposition or under laws of interstate succession in the State in which the farm is situated or (2) under circumstances which the Secretary determines will not circumvent the purposes of the act, may without reduction of the feed grain base on the farm, elect to set aside 100 percent of the farm feed grain base for any crop year for which the section is in effect. The Department recommends against enactment of these bills.

We particularly recommend against the enactment if it is intended to provide diversion payments to producers on small farms who voluntarily set aside the entire farm feed grain base.

Under the Agricultural Act of 1970, a producer must plant at least 45 percent of the farm feed grain base to feed grain or an authorized substitute. Otherwise the base may be reduced as much as 20 percent each year and reduced to zero if there is no production for 3 consecutive years. For purposes of base preservation, any acreage of wheat in excess of the allotment will be considered planted to feed grains.

Additionally, any acreage of feed grain in excess of 50 percent of the feed grain base will be considered planted to wheat. A producer who makes the required set-aside but does not wish to plant feed grains or wheat, may forego the set-aside payment to avoid loss of base, if he feels that the base adds value to the land. If he feels that the base has no value in connection with the land, he can receive set-aside payments for the 3-year period while the base is being removed from the farms for redistribution to other farms where it will be utilized.

Base acreage removed from farms for failure to plant will be placed in a national pool and used to make authorized adjustments in feed grain bases on other farms the following year. The new programs are designed to move feed grain bases off farms where these crops are no longer produced and onto active grain farms. The Department is opposed to enactment of legislation which would perpetuate feed grain bases on farms where the bases are utilized not for crop production but for payment purposes only.

Under the 1971 feed grain program announced by the Secretary pursuant to the act, certain benefits will accrue to producers on small farms. All producers desiring to participate will be required to set aside and devote to approved conserving uses a specified percentage of their feed grain base. Producers who make the required set-aside of their feed grain base and maintain their farm conserving base will be eligible for a set-aside payment on 50 percent of the feed grain base for the farm.

Such payments are made available whether or not any acreage is actually devoted to feed grains. Feed grain bases and wheat allotments are no longer used to limit production. Farmers have much more opportunity this year to increase the acreage of crops which will give them the greatest financial return. A farm which meets its set-aside and conserving base requirements can devote the remaining cropland to feed grains, wheat, soybeans, and other nonquota crops in any combination.

Since the criteria provided in these bills for determining a small farm is the size of the base, a substantial percentage of the farms which would benefit from the provision of these bills would not nec-

essarily be small farms but rather commercial sized farms with small feed grain bases engaged in the production of crops other than feed grains. Additionally, many of the farms which would meet the small farm criteria are owned by individuals and entities not actively engaged in farming and are totally out of crop production. Payments made to these farms accomplish little production adjustment and make relatively little contribution toward increasing the income of low-income producers on small farms.

We are acutely aware of the precarious financial situation of many bona fide small farmers. However, special assistance under production adjustment programs would be difficult to justify in our primary mission of working to balance the supply of farm products with demand.

This concludes my testimony, Mr. Chairman, and we will be glad to answer questions.

Mr. FOLEY. Questions of Mr. Weir?

Mr. Abbitt.

Mr. ABBITT. Mr. Chairman.

What you say, in effect is that many of these farms will be large farms but simply have small feed grain bases?

Mr. WEIR. Yes, sir; they may be commercial-sized farms growing other crops but, would only have a small feed grain base of 25 acres or less.

Mr. ABBITT. Do you agree under the language of this bill that the operator, in order to come within this bill, must reside on the farm, that particular farm?

Mr. WEIR. Yes; that is right.

Mr. FOLEY. Mr. Kyl.

Mr. KYL. Sir, I don't want to ask you to supply this at the moment, but could you have someone send to the committee your evaluation of the figures which Mr. Miller has presented here to determine whether or not they are accurate?

Mr. WEIR. Yes, sir; we will be happy to.

(The information referred to above follows:)

The comparison of payments to small farms provided the Committee by Congressman Miller appears to be quite accurate. The method he has used is correct and the exact amount of the payment would depend on the program yield for the particular farms cited.

It is certainly true that the total payment which these farms would receive in 1971 will be less than was received in 1970, but the payment per acre diverted is substantially more—as the Congressman pointed out. It should also be noted, however, that a much larger acreage is available for planting in 1971 and that the returns to the farm from this production—if he has the facilities to plant it—could substantially exceed the difference in payments.

For example, the farm with a 20-acre base and an 80-bushel yield would receive \$521.60 less in total payments. However, the owner would have 16 acres on which he could produce 1,280 bushels of corn. If he received only the approximate loan rate in Ohio, the production would be worth \$1,420.

Mr. KYL. One further question, and again, rather than asking you people to do that this morning, I would like to have you supply the committee with any amendments to this bill which you think might make it satisfactory to eliminate the objections you have to it, if there is such a situation.

Mr. WEIR. Let me get this clear, Congressman.

Mr. KYL. In other words, you have some objections listed in your statement. After studying this further, are there possible amendments which would remove your objections to the bill as it now stands?

Again, I say rather than asking you to do that at this point I would at least like to have you give some thought to that so that we can get the information.

Mr. WEIR. We certainly will, Congressman, and the first point we brought up is that if the intention of the bill is to grant payments, our attorneys believe that it is not so written and that would be one of the things that you would want to discuss.

(Pursuant to the request that the department propose a bill that would be acceptable, proposals are being studied in the department and will be supplied to the committee at a later date.)

Mr. KYL. Yes.

I would like one other comment just to help clarify a point which has been made subject to questioning.

I believe it was Mr. Denholm who brought up this matter. In our particular area on the small farm, not a big farm with a small allotment, but a small farm, I think the statistics would show that when those lands are farmed they are farmed most often under a custom farming arrangement, rather than a tenant-landlord situation.

In other words, they hire the work done. It is on a daily work basis or machine basis, which most of the payments are made.

Thank you, Mr. Chairman.

Mr. FOLEY. Mr. Melcher.

Mr. MELCHER. Mr. Director, to the extent that the farms involved would decide not to raise corn—by setting aside that 20 percent of their base—to the extent of the number of farms that did that, they would contribute to avoiding surpluses, would they not?

Mr. WEIR. That is true. You mean the 20 percent setaside would represent a contribution to supply management?

Mr. MELCHER. Yes.

Mr. WEIR. Yes, sir.

Mr. MELCHER. But under the bills that we are considering, if the entire 20 or 18 or up to 25 acres were not put into production, corn or sorghum, they also would contribute to controlling supply would they not?

Mr. WEIR. Yes, sir, provided such farms would be in crop production in the absence of a diversion program. However, those farms which have been diverting and would likely not return to crop production in the absence of a program would be making no contribution to supply management.

Mr. MELCHER. Well, then the other side of the coin would be that if, because of the change in the law of 1970 we may find that they are getting farmers back into production that have been out of production; would that be true?

Mr. WEIR. In some cases I am sure that would be true.

Mr. MELCHER. I see.

Now, you were here a few minutes ago when I referred to another bill, 5981, and you have with you this morning Mr. Senechal. I would like to direct my question to him because I think the point with the other bill as compared to this one that should be clarified is that under 5981, irregardless of what the 1970 act says, no farmer could get a corn base or be allowed to be a participant in the farm program unless he were actually going to grow the feed grain; isn't that correct, Mr. Senechal?

Mr. SENECHAL. Yes, sir. I believe you have reference to 5981. This is a bill I think that you had introduced, Congressman, which would provide for establishing feed grain bases upon farms that were formerly sugar-beet-producing farms, but the processing plants had gone out of existence. This is the one you have reference to?

Mr. MELCHER. That is the bill I have reference to.

Mr. SENECHAL. Yes, sir; this bill, if I understand it as it is now written, would require that a producer, in order to receive a feed grain base under the authority of that bill, must produce that particular crop in order to keep that base.

In other words, the bill would provide a conditional base and if he didn't plant anything in the first year that it was given to him we would reduce his base acreage to zero. He would receive no payment.

Mr. MELCHER. This is a little bit different than the 1970 act, because somebody who has a feed grain base may not grow corn, but yet he retains his base for a period?

Mr. SENECHAL. Yes, sir; this differs from the regular farm that has a feed grain base in that the most that he could lose in any one year would be 20 percent of his base. It is very similar to the provisions that we have for new farm corn bases. I mean, the base acreages issued to new farms are conditioned upon planting feed grains in the first year of issuance.

Mr. MELCHER. One more question while I am on this line.

The Department support of 5981 is partially based on the proposition that if these people are going to go into corn (having no longer any chance to grow sugar beets) we would prefer that they are under the program rather than out of the program so that to a very limited extent this would contribute to supply production control?

Mr. SENECHAL. It is difficult for me to answer that one, but I believe your assumption is valid because the type of program that we have is a voluntary program; farmers can produce the commodity without being in the program. We have no quotas. If they are going to produce it anyway and if they can be encouraged to participate in a program, their production would be less than if they did not participate.

Mr. MELCHER. Thank you, Mr. Senechal.

Thank you, Mr. Foley.

Mr. FOLEY. Mr. Mayne.

Mr. MAYNE. Mr. Chairman, I will try not to extend this questioning too long with regard to H.R. 5981, which is now being gone into.

But I do feel it necessary to further explore some of the points that my distinguished colleague from Montana has been pursuing.

Did I understand correctly, Mr. Senechal, you said that the beet grower who would qualify under Congressman Melcher's bill would receive the direct payment for the first year, but then that determination would be made as to whether this would be reduced or eliminated altogether in the next year, depending on what the actual experience has been in the first year?

Mr. SENECHAL. No, sir; not quite correct, sir. The way the conditional base or allotment operates, it is given to him as a conditional acreage in the year it is assigned, and the size of the base depends upon the acreage that he plants.

In other words, the philosophy behind this being that we don't want to assign bases out solely for purposes of payment if the man is not interested in producing the commodity. So, it would mean for 1971, sir, if we issued a feed grain base, for example, of 20 acres to a producer and he planted zero; the base would be reduced to zero for 1971, and of course he would receive no payment.

Mr. MAYNE. Well, now, under the terms of H.R. 5981, however, the Secretary would be authorized, and I believe other testimony by representatives of the Department shows that it is the intention to grant, acre for acre, feed grain base acre for acres that were in sugar beet production; isn't that your understanding?

Mr. SENECHAL. If I recall the bill—I don't have it in front of me—but I believe the provisions of it indicated that the Secretary could assign, under terms and conditions that he so authorized, feed grain bases on farms that went out of sugar beet production because of loss of the factory.

So that conceivably it could be acre for acre, sir, but I don't believe that the bill itself would bind us to that. Also I believe that at the end of the bill, if I recall the language, it says that he would assign a conditional base acreage. I have been trying to explain, sir, what we meant by conditional base acreages.

One way I described it is that if he doesn't plant it, it is reduced. So that this follows the theory that it does not assign base acreage to a farm solely for payment purposes.

Mr. MAYNE. Were you here when Dr. Brunthaver testified?

Mr. SENECHAL. Yes, sir.

Mr. MAYNE. I think if you will examine that testimony you will find he did say it was going to be assigned acre-for-acre.

Mr. SENECHAL. This is impossible.

But I was just trying to quote the wording of the law which, I think, gives the Secretary authority to establish the terms of the conditions for setting bases.

Mr. MAYNE. Now, Mr. Weir, there was an answer that you gave to a question by Mr. Abbitt, and I am sorry that he has left, that I am not sure that I understood correctly.

Did you say that H.R. 2501, Congressman Miller's bill, on which you are testifying this morning, would require a person to be an owner of the farm before he would qualify for the benefits of this bill?

Mr. WEIR. I don't think so. I thought I quoted the language of the bill as it is written. If I did misquote it I didn't mean to.

The operator who resides on the farm—

Mr. MAYNE. Well, perhaps I didn't hear Congressman Abbitt correctly, but I thought he asked if the bill limited its benefits to an owner residing on the farm. I thought you said "Yes."

Mr. WEIR. Well, if he did, Congressman, I also misunderstood him, because I meant the operator. Just as it is worded in the bill.

Mr. MAYNE. Thank you.

Mr. FOLEY. The Chair doesn't wish to limit the questions of members, but the hearing is on H.R. 2501 and related bills. I hope, Mr. Melcher, that we will get back into the controversy on H.R. 5981 because we have had a little pro and con on that. At this time I think we ought to stay with the bill before us.

Mr. Bergland.

Mr. BERGLAND. Mr. Chairman.

Mr. WEIR, these small farms that under the present act are unable to participate in the program for a variety of reasons will lose their history. Where will this history go?

Mr. WEIR. It will go into a national pool and be reallocated.

Mr. BERGLAND. Be reallocated nationally?

Mr. WEIR. Right. Mr. Senechal, you make the regulations. Would you want to speak on this point?

Mr. SENECHAL. This acreage which is removed from farms that are no longer in the production of crops—and this would apply not only to feed grain acreages but also to cotton and wheat allotment acreages—will be reallocated to a national pool. This in turn will be reallocated to States.

The States, then, can use this acreage to increase bases and allotments to small farms or other operators that have small bases, or they can use it to some degree to establish new farm bases and allotments or any other purpose that they feel would be most appropriate in establishing fair and equitable bases to farms within their States.

Mr. BERGLAND. In other words, would it be fair to say that if this amendment were passed which, in effect, would keep the allotment or the base on farms that are unable to plant because of reasons of age or health or whatever, if this amendment is passed that we will have in fact, increased acreage in corn base next year.

Mr. SENECHAL. If this amendment is not passed?

Mr. BERGLAND. Right; as it now stands the acreage that is lost on the small farm will go to national pools and the national feed grain base next year will actually be increased?

Mr. SENECHAL. No, sir; the national base, Congressman, would not be increased. In other words, it would, you might say, shift positions. This acreage which comes off from the small farms would come into the national pool and this would be reallocated back to other farms, active farms in the Nation.

In effect, the total national acreage would remain the same, but the position might change. It would go from those that are not producing to those that are.

Mr. BERGLAND. I see. Thank you very much.

That is all, Mr. Chairman.

Mr. FOLEY. Mr. Zwach.

Mr. ZWACH. I think you made a good point when you said the legislation does not provide that it be limited to small farms, that it apply only to small bases. I request that you come up with an amendment that would make that restriction to the small farms so that a large farm with a small base wouldn't reap the benefits of this program.

Mr. WEIR. In other words, Congressman, you want an amendment from the Department that will identify—

Mr. ZWACH. A small farm.

Mr. WEIR. As compared to the large farm with a small base?

Mr. ZWACH. Under the old law it was so identified; was it not?

Mr. WEIR. I don't think so; no, sir.

Mr. ZWACH. Let's see if you can't identify that.

Mr. WEIR. Can you give us some guidance as to the criteria that should be used in arriving at such an amendment?

Mr. ZWACH. The purpose of Mr. Miller's amendment, the Congressman's amendment is specifically to apply only to small farms where they have a 25-acre or less base.

Now, I am not ready now to give you a criterion, but your lawyers ought to be able to restrict that to a small farm. This is what I am referring to.

Mr. WEIR. May I ask our attorney here to make a comment, if he would.

Mr. Bor.

Mr. BOR. We would be very happy to assist in drafting this kind of amendment, but it would be of great help to us if we would have an insight as to what may be intended by the term "small farm;" that is, the criteria that the members of the committee think should enter into a definition of a small farm.

Mr. ZWACH. I wouldn't want to speak for the gentleman from Ohio, but I think No. 1 would be a base of 25 acres or less.

Mr. FOLEY. Perhaps the Chair can suggest that the gentleman, along with the author of the bill, discuss the matter with the department after the hearing. If it is possible, perhaps the department would submit that, with the understanding it will be on a drafting basis only and not necessarily an indication of department support for the amendment.

Mr. Denholm.

Mr. DENHOLM. I might ask Mr. Bor, please, on page 1, first paragraph: You talk about interstate succession. I assume that is mistyped on my copy.

Mr. BOR. Well, actually that is a typographical error. It was designed to reflect what is in the bill, and the bill uses the term "interstate succession." It should not read "interstate," but "intestate."

Mr. DENHOLM. I wonder if you have some other unique terms I am not aware of in your statement?

Mr. BOR. No.

Mr. DENHOLM. I would like to ask Mr. Weir—I do not understand the 25-acre example of the small farm. Is the idea to take a grain base on small farms and manage the larger ones; is this what we are talking about?

Mr. WEIR. Would you—I am not sure I understand, Congressman.

Mr. DENHOLM. Well, I am confused on the intent of your proposal.

I am concerned about the administration, possibly, of the bill proposed, the amendment proposed by my distinguished colleague from Ohio, even as my colleague from Iowa has said, that it could apply to custom farms on small operations.

Suppose an owner living on the land rented the farm for cash. Who would get the payment under the proposed amendment? Do you know how you would administer that?

Mr. WEIR. Mr. Senechal, can you answer that? Mr. Senechal writes the regulations, and I would like to have him speak to the point.

Mr. SENECHAL. We haven't had time, I am sorry, Congressman. We haven't had time to study it. I am just going to have to give my opinion on it, and I am afraid it won't be on an official department position.

But, as I read the beninning of this bill as posed by Congressman Miller, it would provide that the payment would go to farmers who are residing on farms and who are operators on such farms. This could

also be owner-operators. We have many farmers who are owner-operators, and are also bona fide operators. It could be owner-operators who have been living on their farms and may have been diverting the entire farm for a number of years.

It could be an owner residing on the farm who hires somebody to do custom farming. In this case the owner would also be the operator.

As I understand it, if you have an owner on the farm and he cash-rents it out to some outside person, that owner would not be eligible for payment because he would not be the operator, and the true operator would not be living on the farm. This would be my interpretation of what would happen in the case of cash rental.

Mr. DENHOLM. Are you objecting to the bill? Is this one of the reasons you are objecting to the bill—to the amendment and as to the administration of it?

Mr. SENECHAL. No, sir. As I understood the testimony, this particular one was not one of the features we were objecting to. One of the primary objections as quoted by our director, Mr. Weir, was the fact that a small base or small allotment does not identify a small farm. We have got many, many, large farms in the country with small bases and allotments. We also have many of these small-base farms which are owned by nonfarmers and who have been receiving payments for diverting when their income comes primarily from other sources.

These are the principal objections, as I recall, in Mr. Weir's testimony.

Mr. DENHOLM. He asked you—while you still have the microphone—would you answer the other question about the 1970 Agricultural Act if the people that have the small 25 acres or less, isn't it the intent on the part of the 1970 Agricultural Act if they don't use it they lose it and you administer it to bigger operators?

Mr. SENECHAL. If I understood the question correctly, the 1970 act, the language with regard to loss of allotments and base for failure to plant, is compatible with the intent of the legislation which would give the farmers a greater freedom of choice to produce more of the crop he wishes to produce. This would allow the allotments and bases in those areas that are no longer producing, to migrate to areas where the crop is being produced.

Now, it wouldn't necessarily go to large farms. In other words, we have many active small farmers who would benefit substantially from this transfer of acreage. So it would go to both large and small farmers who are interested in producing the commodity.

Mr. DENHOLM. Can you supply figures in support of your computations?

Mr. SENECHAL. No, sir.

Mr. DENHOLM. Are they available?

Mr. SENECHAL. No, sir, I don't—I am not quite clear as to what sort of figures you would have reference to.

Mr. DENHOLM. I understand you make the allocations. Is that done in your department?

Mr. SENECHAL. Apparently you are referring to the amount of allotment or base which would be removed from farms for failure to plant. This we don't know yet because we will have to wait until we get through this season.

Mr. DENHOLM. How will the farmers know that?

Mr. SENECHAL. The way this will operate in most areas of the country, especially in the areas of feed grain, the crop has yet to be planted and we are advising all of the farmers—we hope they are being well-informed of the provisions of the program. If he plants, in the case of feed grains, he only has to plant 45 percent of the feed grain base in order to avoid a loss of feed grain base.

In the case of wheat and cotton he has to plant 90 percent. But it is only after we get a certification from the farmer as to performance on the farm and we know what crops he has planted. Will we be able to know if any farmers have lost and are about to lose any base and allotment, and this loss will not occur until the following year.

Then we will accumulate all of the acreage assembled in our county offices and will put it in the national pool and reallocate it for 1972.

Mr. DENHOLM. This is exactly the point. This is what I am talking about. For your information, the farmers are in a state of confusion in my State. They are not well-informed on this. Many of the farmers that have allotments are saying: "Nonsense; I am going to plant it all in flax or oats," and you are saying next year you will decide they have lost their base and you will reassign it to somebody else, and I am asking you to whom will you reassign?

Mr. SENECHAL. The assignment would go, as I say, into a national pool initially. I mean for anything that is lost.

Mr. DENHOLM. That is right; and if it is lost then who will you assign it to?

Mr. SENECHAL. It will go back to the States and the State committee has been given the authority to assign it to farms that need adjustments in farm bases and allotments.

Mr. DENHOLM. So there is a value judgment involved in the administration of the allocation of the acreages?

Mr. SENECHAL. Yes, sir.

Mr. DENHOLM. That will be done each year, and you are waiting for history before you make that decision?

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

Mr. DENHOLM. And your testimony is that it could go to small or large farmers—that is merely an opinion. You have no history in support of that theory at this time, do you?

Mr. SENECHAL. No, sir; we have no history. We are still in the future.

Mr. DENHOLM. Very well. Thank you.

I would like to ask Mr. Weir a question on the last part of your statement where you say: "Special assistance under production adjustment programs would be difficult to justify in a primary mission of working to balance the supply of farm products with demand."

What criteria do you use to equalize supply and demand in the administration of the act?

Mr. WEIR. Mr. Congressman, I would like to answer your question and make a couple comments on your colloquy with Mr. Senechal.

What we are talking about in this last paragraph of our testimony is that the payments, if such are intended in the bills, under the production adjustment part of our program would be very difficult for us to justify. I am not sure that that answers what you said and asked me to do.

Mr. DENHOLM. Well, I am asking you what criteria do you use to seek that balance? You say seek a balance of supply and demand. What criteria do you use?

Mr. WEIR. If the producer doesn't want to produce on his farm he can either remain outside the program and produce what he wants, or if he remains in the program he must plant, lose history, or plant as within the program, 45 percent of his feed grain base and comply with the program and collect his payments.

Mr. DENHOLM. Now, if he does not comply with the minimum requirements he loses history; is that correct?

Mr. WEIR. That is true.

Mr. DENHOLM. This goes back to the point I made earlier to the small farm where various allotments are so small that it doesn't pay to comply. If the farmer decides to plant all flax—he loses the farm history, doesn't he?

Mr. WEIR. If he complied with the program and accepted payments he would lose up to 20 percent of his base in 1972. However, if he did not accept his payments he would not lose his history.

Mr. DENHOLM. This is the dilemma of the program, that is if the farmer does not comply, he loses the base. I have experienced that personally. That kind of a program is not beneficial to a farm family. What do you say to that?

Mr. WEIR. Would you explain how you complied with the program and yet lost history?

Mr. DENHOLM. I signed up for it and didn't produce corn for 3 years, took the payments and then kept getting a lower and lower corn base each time and less and less payment.

Mr. WEIR. This will occur under programs beginning in 1971.

Mr. DENHOLM. And that is true; isn't it?

Mr. WEIR. That is very true, and you would be phased completely out after the third year of not producing any corn.

Mr. DENHOLM. And you are trying to convince me that is a good farm program?

Mr. WEIR. That would be the choice that you, as a farmer, would make if you didn't want to produce corn. Evidently you could make a better profit by producing something else in your area, and it would be your choice not to go into the program, and we in no way want to force people to raise or grow what they can't do or make a profit at or rather not plant.

Mr. DENHOLM. Well, what I am asking you, and what I was seeking as an answer, is: Where did my allotment go?

Mr. WEIR. Well, as I think Mr. Senechal said, it went into a national pool, and would be reallocated to people who could and wanted to grow.

Mr. DENHOLM. Were the larger corn producers assigned the base acreage?

Mr. WEIR. Not particularly. Anybody who would grow corn. It would be put back into the hands of the people who wanted to grow corn, whether they be large or small. In many cases it might be the farmer that we were talking about with the 25-acre feed grain base but wanted to increase his corn production or feed grain, and would thereby benefit from the results of his national pool.

Mr. DENHOLM. You think this whole system is sound, on a long-term basis, for farming and agriculture?

Mr. WEIR. Yes, sir; I do.

May I make a couple of comments that I have written.

I think, Mr. Denholm, you talked about growing flax, and I think perhaps we did cover that point in our conversation. But, by not growing corn and growing flax you would have the opportunity of either collecting the payment and a reduction or growing flax outside the program and maintaining the history as such.

Mr. DENHOLM. What is the situation on barley in the upper Midwestern States in 1971?

Mr. WEIR. Barley is, of course, not in the feed grain program. There is no set-aside required for barley. This acreage is available to be planted to barley.

Mr. DENHOLM. If you wanted barley for 3 years you would lose your corn base, wouldn't you?

Mr. WEIR. And you did not plant the corn. Yes, without maintaining 45 percent of your feed grain base in corn or grain sorghum.

Mr. DENHOLM. You would lose your history?

Mr. WEIR. You would lose your history, yes.

Mr. DENHOLM. On this other point, I want to go back to the concept of supply and demand, because I want to inquire of you further—do you use your methods of administration in delivering grain that is under commodity credit from time to time to regulate market price?

Mr. WEIR. You mean sales by Commodity Credit?

Mr. DENHOLM. Yes.

Mr. WEIR. Only when they meet the formula price are Commodity Credit sales made available in the marketplace at that price or above.

Mr. DENHOLM. What do you mean by "formula price" Mr. Weir?

Mr. WEIR. It would vary as to location 115 percent of the county loan price plus handling charges, which would vary, and increase during the crop year from month to month, and above that price or the local market price, whichever is the higher, would be the formula price under which Commodity Credit would sell grain.

Mr. DENHOLM. Well, recently the Department circulated brochures to the field which warned the producers that had on-farm storage not to remove any of that grain without getting permission, and I believe that will require full payment of a loan before you permit the farmer to remove the grain from their own bins; isn't that correct?

Mr. WEIR. I think that is correct; isn't that, Mr. Senechal? Was that correct?

Mr. SENECHAL. I wouldn't be prepared to say.

Mr. WEIR. I am not sure either.

Mr. DENHOLM. Isn't that in your department?

Mr. WEIR. No; it is not.

Mr. DENHOLM. In the past year there has been a tremendous amount of grain moved out of Commodity Credit Corporation on farm storage bins. Where is that being moved to?

Mr. WEIR. A great deal of grain has moved out of farm storage and into market. As you know, grain prices—particularly corn prices—have been higher than in many years. Farmers have redeemed a great deal of the grain under loan and sold it. Some has been turned over to the Government to cancel loans. Much of this was sold by the Government to meet the current demand for grain, which exceeds the supply on a national basis. This grain is moved into the export or the domestic market.

Mr. DENHOLM. Export or domestic market?

Mr. WEIR. Yes, sir.

Mr. DENHOLM. Where does it go?

Mr. WEIR. Some grain moves to Duluth/Superior for export through the Great Lakes. Some goes down the Gulf. Some moves to Chicago or Kansas City for domestic use. It depends on the grain, where it is produced and where the demand is. Commodity Credit Corporation places grain where it is needed to maintain markets for farmers grain with minimum transportation expense.

Mr. DENHOLM. Is there any commodity credit grain stored on the West Coast at the present time?

Mr. WEIR. Yes; but I could not estimate the quantity. We maintain some grain in storage out there to supply the Pacific Northwest ports for the Japanese market. The grain is only stored for short periods of time, however, until it is moved into ships.

Mr. DENHOLM. Is the movement of that grain, the computations on it available?

Mr. WEIR. You mean the amount of grain?

Mr. DENHOLM. The amount and where it is.

Mr. WEIR. There is a record kept of all grain moved by CCC. The record doesn't necessarily specify where the grain comes from.

Mr. DENHOLM. Well, where it comes from is immaterial. It came from the U.S. producers. But where is it stored and is there any storage being paid on it now?

Mr. WEIR. You mean storage in terminal warehouses in the Pacific Northwest?

Mr. DENHOLM. Right.

Mr. WEIR. I can't answer that at the moment.

Mr. STEPHENS. Congressman, you recognize we are just like a grocer; we have to keep something on the shelf. When a lady comes in asking for beans we can reach up and grab a can of beans. We must have wheat in export position when vessels arrive on the west coast, if we are going to sell U.S. grain in the Japanese market.

Mr. DENHOLM. That is what I am concerned about, where is the backlog and where is it stored?

Mr. STEPHENS. It is held in terminal warehouses and houses which have facilities for loading ships. Naturally we try to minimize storage and handling costs—

Mr. DENHOLM. Is there a cost for storage?

Mr. STEPHENS. There is a cost for storage; yes, sir.

Mr. DENHOLM. Who is that paid to?

Mr. STEPHENS. The commercial warehouseman in this case.

Mr. DENHOLM. Is that the same grain that is moved from the on farm bin sites?

Mr. STEPHENS. It may be moved from there; it may be from CCC-owned stocks in other terminal warehouses, moved so it is in position for export or position for domestic use.

Mr. DENHOLM. Do you have figures available on how much and for how long it has been stored and how much money has been paid to commercial warehouses in the West?

Mr. STEPHENS. Do you want storage payments specifically for west coast houses?

Mr. DENHOLM. Well, all over the United States, including the west coast.

Mr. STEPHENS. I am sure our budget people do have the figures available on storage payments to commercial warehouses; yes, sir, we have that.

Mr. DENHOLM. Could you please make that available.

Mr. STEPHENS. Yes, sir.

Mr. DENHOLM. I would ask, Mr. Chairman, in order to get at this issue of balance between supply and demand that these figures be made available to members of this committee, and preferably placed in the record.

Mr. FOLEY. Well, the Chair doesn't agree with your request on this particular bill, but the gentleman is certainly entitled to request the Department to provide it to him as a member of the committee. If there is a request to be included in the record at a later time we will take that up at that time.

Mr. DENHOLM. Very well.

Thank you.

Mr. FOLEY. Are there any further questions regarding the testimony of Mr. Weir and his colleagues?

Mr. LINK. Mr. Chairman.

Mr. Weir, reference has been made that the prime mission of the farm program is a working of a balance of supply with demand. Why is this important?

Mr. WEIR. The supply-demand situation is, of course, important to Commodity Credit, to farmers, and to our economy to keep supply in relationship with demand.

Mr. LINK. Why is it important to farmers?

Mr. WEIR. Price, of course.

Mr. LINK. Price.

Why is price important in farming?

Mr. WEIR. Income.

Mr. LINK. Then we are concerned with the income of people?

Mr. WEIR. Certainly.

Mr. LINK. I might refer to the line in the last paragraph, page 3 of your testimony, and it says there: "We are acutely aware of the precarious financial situation of many bona fide small farmers."

Then it proceeds to say: "However, special assistance under production adjustment programs would be difficult to justify in our primary mission of working to balance the supply of farm products with demand."

I think you have a bit of contradiction there; do you not?

Mr. WEIR. We were talking about the costs of the program, in the testimony, that would be concerned with the people that are not contributing to supply management.

In other words, those people who did not grow the crops and were not bona fide small farmers.

Mr. LINK. Well, the point I want to raise is that sooner or later you will have to determine whether it is people we are concerned with in these programs, whether they be Government programs, agricultural programs, or other programs, or if it is simply unrelated things and commodities. It seems to me that we come out divorced of our concern for people as completely as the testimony here would indicate.

I merely point that out, Mr. Chairman, that I would like this record to indicate that there is a correlation between a program and its

effects upon people and the income that eventually we are concerned with.

Would you agree with that?

Mr. WEIR. Yes.

Mr. LINK. Thank you, Mr. Chairman.

Mr. FOLEY. Mr. Miller, any questions of the witness?

Mr. MILLER. No.

Mr. FOLEY. Are there any further questions of Mr. Weir or his colleagues?

If not, Mr. Weir, thank you very much for your appearance again today and for your testimony.

If those requests which have been made can be supplied within about 10 days or so the record will remain open for 10 days for the submission of the Department's and any interested parties' submissions.

Mr. Latta, who is a coauthor of this legislation, H.R. 4575, wished to be here today, but other committee responsibilities made that impossible. He wishes to have his support for this legislation recorded in these hearings.

Are there any other witnesses in the hearing room who wish to make any statements regarding the bill?

(The following statement was also submitted to the subcommittee:)

STATEMENT OF L. C. "CLELL" CARPENTER, VICE PRESIDENT, MIDCONTINENT FARMERS ASSOCIATION, COLUMBIA, MO.

Dear Mr. Chairman, due to previous commitments, both Mr. Heinkel and I are unable to be present at the formal hearings scheduled for Tuesday, April 6, 1971, at 10:00 a.m. We have been in telephone communication with your Administrative Assistant, Mr. John Rainbolt, who advises us our written statement will be inserted in the record of the hearings.

Mr. Chairman, we support H.R. 2501 which provides for small farm participation in the feed grain program. This would correct one of the regrettable omissions in the Agricultural Act of 1970, wherein the provision would be reinstated in the feed grain program as in previous years permitting farmers having a feed grain base of 25 acres or less to participate in the program and divert their entire acreage to soil conserving uses.

This provision is of vital importance to nearly 50,000 farmers in the State of Missouri alone. This number last year cooperated in the previous program and diverted their entire feed grain acreage base. This approximates about one-third of all of the participating farmers.

The 1970 Agricultural Act requires farmers to plant at least 45 per cent of their base acreage to feed grains or a substitute in order to participate in the program and retain their acreage base. This creates three distinct problems:

1. Farmers with 25 acres or less feed grain bases are forced to plow up existing grass cover; thereby increasing water runoff and soil erosion. This process adds to the pollution problems of rivers and streams and is contrary to the current ecology movement in protecting the environment of our streams and rivers.

2. These same farmers are forced into producing more feed grains than they produced last year; thereby contributing to the possibility of an over-supply of feed grains with a resultant depressing effect on farm prices.

3. This process is disrupting the means of livelihood for retired and semi-retired farm families who hope to remain on their farm, maintain a reasonable standard of living and eliminate the need for moving to the cities which not only is against their desires but accelerates the overpopulation problems of the cities.

We strongly urge action by this subcommittee in reporting favorably H.R. 2501 which will reinstate an extremely popular and beneficial feature of the feed grains program.

STATEMENT OF REUBEN L. JOHNSON, DIRECTOR, LEGISLATIVE
SERVICES, NATIONAL FARMERS UNION

Mr. JOHNSON. Reuben L. Johnson, director of legislative services for the National Farmers Union.

I testified yesterday before this subcommittee. I included brief remarks on that bill before the committee today.

However, as long as I am here, and I had the privilege of hearing Congressman Miller do a very effective job in presenting his case, I would like for the record to show we are in support of the legislation.

On the matter of administration, I might say that I really can see no difficulty with administering the small farmer provision the same way it has been administered under the 1965 act.

However, we abide by the subcommittee in that regard.

Mr. FOLEY. Thank you, Mr. Johnson.

The subcommittee is adjourned, subject to the call of the Chair.
(Whereupon, at 11 :40 a.m., the subcommittee hearing was adjourned, subject to the call of the Chair.)



