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EXTENSION OF FARM AND RELATED PROGRAMS

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HEARINGS

BEFORE THE

COMMITTEE ON

AGRICULTURE AND FORESTRY

UNITED STATES SENATE

NINETY-THIRD CONGRESS

FIRST SESSION

ON

S. 517

TO EXTEND TITLES I, II, III, IV, V, VI, AND VII OF THE
AGRICULTURAL ACT OF 1970 FOR FIVE YEARS
AND
RELATED SUBJECTS

PART 5

MACON AND WAYNESBORO, GA.—APRIL 19, 1973
TIFTON, GA.—APRIL 20, 1973

Printed for the use of the
Committee on Agriculture and Forestry

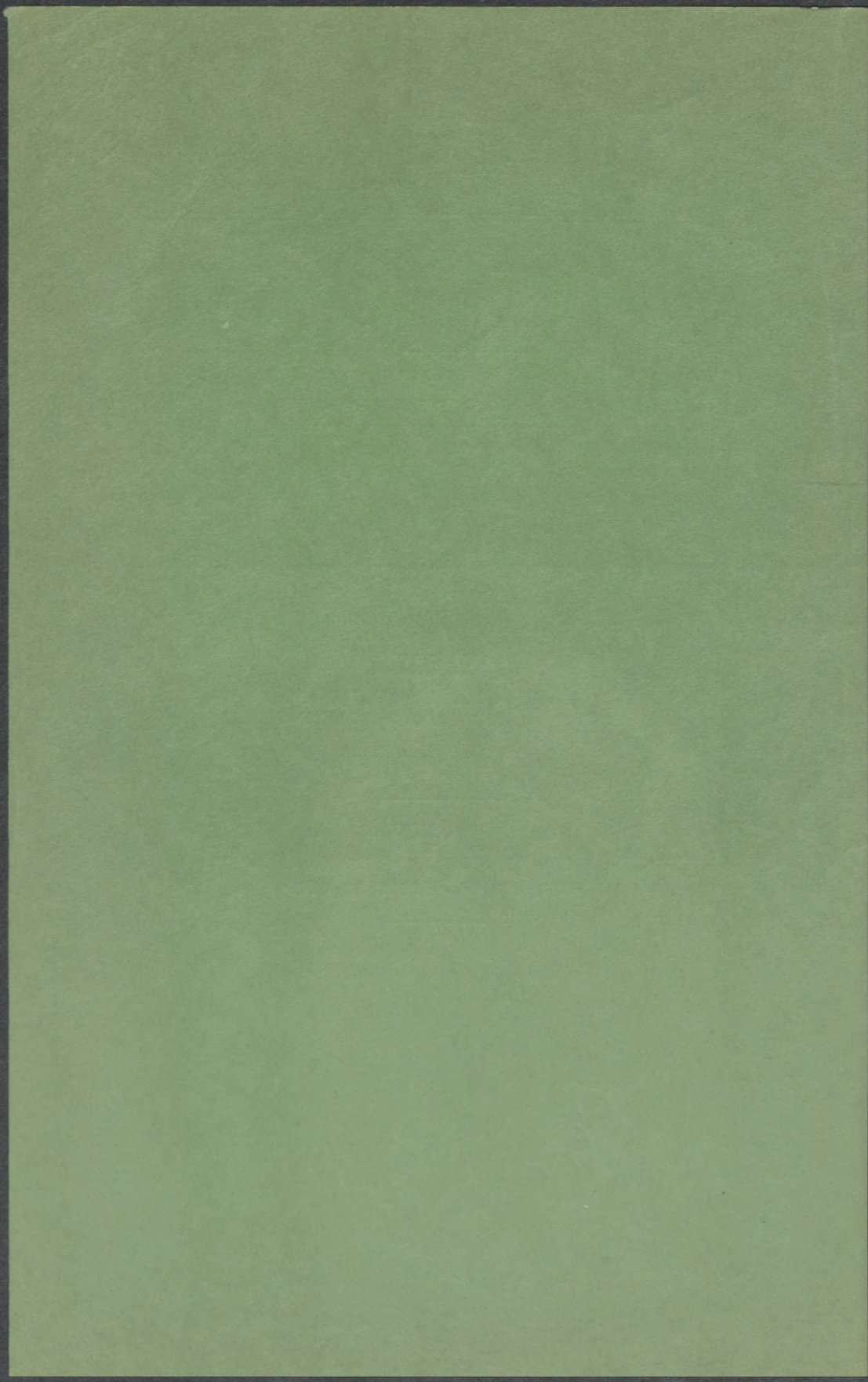


EXTENSION OF FARM AND RELATED PROGRAMS—Part 5

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U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1973

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EXTENSION OF FARM AND RELATED PROGRAMS

THURSDAY, APRIL 19, 1973

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Waynesboro, Ga.

The committee met, pursuant to notice, at 9 a.m. in the courtroom of Burke County, Ga., courthouse, Hon. Herman E. Talmadge (chairman), presiding.

Present: Senator Talmadge.

STATEMENT OF WILLIAM CRAVEN, COUNTY AGENT, BURKE COUNTY, WAYNESBORO, GA.

Mr. CRAVEN. Ladies and gentlemen, it is a real pleasure to welcome to Waynesboro today Senator Herman E. Talmadge, Chairman of the Senate Committee on Agriculture and Forestry who will conduct a hearing for that committee; and to present him we have Hon. Preston B. Lewis, member of the general assembly from Burke County. Preston.

STATEMENT OF HON. PRESTON B. LEWIS, JR., MEMBER, GENERAL ASSEMBLY OF GEORGIA, WAYNESBORO, GA.

Mr. LEWIS. Thank you, Bill. Ladies and gentlemen, it is a real pleasure to have you all here today. We certainly do appreciate Senator Talmadge and his group coming to Burke County and covering this area of the State, for the purpose of ascertaining information from you to help in preparing and formalizing farm legislation to be introduced in the U.S. Congress.

We all know that Senator Talmadge was one of the most outstanding Governors that this State has ever had. He went to the U.S. Senate in 1957, and has made a fine record. He is one of the ranking members of the Finance Committee and, of course, Chairs the very important Agriculture and Forestry Committee in the Senate.

Since going to the Senate, Senator Talmadge has worked untiringly, not only with problems in the national interest, but he has concerned himself with the problems that we have here in Georgia and in agriculture. He has concerned himself with Georgia problems, with the economy of our State and with matters that Georgians are particularly interested in. This is evidenced by his presence here today, to ascertain and find out what you think relative to farm legislation.

Therefore, certainly it's a pleasure for me on behalf of everybody in Burke County and the folks in this area of the State, to welcome the Senator here and to thank him very much for coming; and it is a pleasure to recognize him now. Senator Talmadge.

**STATEMENT OF HON. HERMAN E. TALMADGE, A U.S. SENATOR
FROM THE STATE OF GEORGIA**

The CHAIRMAN. Thank you, Preston, and thank you, Bill. It is a great honor and privilege to be back in Burke County and I'm pleased to see so many friends, not only of Burke but of several other counties in this area. This is one of Georgia's great agricultural areas.

As you know, many of our farm programs expire this year and it will be necessary for the Congress to revise, amend, modify or extend the existing law in this category, including many of the crops which you raise in this section of our State.

We have already held 8 days of formal hearings on the Committee of Agriculture and Forestry in Washington, D.C. At that time I requested the farm groups to send practicing dirt farmers to Washington to testify. I didn't want to hear from the paid lobbyists and paid spokesmen for various farm groups. Of the 110 witnesses that we had, I imagine at least 100 of them farm for a living, and their testimony was extremely interesting.

But beyond that, I wanted to have some field hearings so we could go into special States and have some grassroots hearings; and I urged the members of our committee, both Democrats and Republicans, to hold field hearings in their own States. Most of the Senators are doing so, supported by the staff of the Committee on Agriculture and Forestry.

The Senate recessed along with the House yesterday for an Easter recess and I wanted to take advantage of this opportunity to hold some hearings in our State. This will be the first one. I met with some farmers last night; we had breakfast with some old friends here this morning; and I appreciate your hospitality and generosity.

We go from here to Macon and we will hold some hearings there this afternoon; we go from there to Dooley County and Tifton for more hearings. So, we will have 2 full days of hearings here in the State.

Now, this is an informal hearing and, because this hearing is informal, I did not seek to schedule a list of witnesses. I wanted everyone who could attend these hearings to have an opportunity to speak his mind. However, since this is a hearing, and since we do have a reporter, Mr. Joiner—and I want to express to him my appreciation for coming down here—he's a retired court reporter who was with Judge Bob Elliott, U.S. district judge, he came down here as a matter of accommodation to record these hearings—we want the name and address of everyone who speaks. The staff has passed out forms to fill out for those desiring to speak. If anyone does not have a form and wishes to speak, the staff will give him one. All you have to do is hold up your hand. When the forms are filled out, you can pass them up to the front to Mr. Bill Craven here, and he in turn will pass them to me and we will call you in due course.

Now, we are ready for the first witness, Bill, if you'll pass me back the first form. By the way, the Chair wishes to express my deep appreciation to Georgia's distinguished Commissioner of Agriculture, Tommy Irvin, who is making this trip with me; he's doing an outstanding job as our Commissioner of Agriculture. His office and mine

cooperate daily on matters of interest to the people of Georgia, and I'm honored that he's going to be able to make the entire trip with me.

Congressman Ginn asked me to express his deep regret that he couldn't be here today because of a previous commitment which prevented him from being here.

The first witness is Mr. James E. Beall. If you will come around, here, please. We had the privilege of talking with you some last night. You may proceed, sir.

STATEMENT OF JAMES E. BEALL, WAYNESBORO, GA.

MR. BEALL. Senator, the six counties here in southeast Georgia selected five of their peers to meet with the committee and to draw up some recommendations which we would like to see in the forthcoming farm program; and we would like to submit to you their entire report and at this time give you some of the outlined recommendations.

THE CHAIRMAN. Without objection, the entire statement will be submitted and included in the record. You may summarize it as briefly as you desire. I know a lot of witnesses are going to want to be heard; so, we urge you to make it as brief as possible.

MR. BEALL. We wish to express our support for the present program. However, if we find out that the direct payments to the farmers are creating too great of a burden and puts them in too bad a light with their constituents, then we would submit that the program be changed.

We would request that cotton be maintained at 38 cents a pound, Strict Low middling, $1\frac{1}{16}$ -inch staple; that the allotments continue to be determined as at the present; that the lease and sale of cotton allotments be permitted. We need this in order to group our cotton. That the loan be more closely related to the U.S. cotton prices; that the Government maintain a 5 million bale surplus. This is to care for national emergency and also to give the cotton industry a supply to pull from.

And the peanut program, we would ask that the sheller purchase program must be eliminated; that the support price be continued for peanuts found with aflatoxin until such time as we find some way to control this aflatoxin; that the storage, handling and inspection costs on peanuts not be placed, as in the CCC program, not be charged to the grower, but that it be charged to the first buyer of the peanuts.

And in relation to the feed grain program, our only recommendation is that any farmer be allowed to grow all the grain that he so desires that he uses on his own farm. We realize in the State of Georgia that we are insignificant in the production of grain and we know that we cannot control the market, but we do feel that any farmer should be able to and permitted to grow all the grain that he so desires as long as he uses it on his farm.

THE CHAIRMAN. What are your principal crops, Mr. Beall?

MR. BEALL. The principal crop for me is cotton—for Burke County is cotton.

THE CHAIRMAN. What does it cost you a pound to produce cotton?

Mr. BEALL. It runs me somewhere close to 32 to 34 cents a pound, varying from year to year.

The CHAIRMAN. What did you receive in the marketplace for your cotton when you sold it last year?

Mr. BEALL. The cotton which was moved last fall moved for around 23 or 24 cents. Cotton which was placed in loan and held, of course, went on up.

The CHAIRMAN. So, without the payments, you couldn't produce a pound of cotton, could you?

Mr. BEALL. No, sir.

The CHAIRMAN. You sold it for some 10 cents below the cost of production?

Mr. BEALL. That is about the way the cotton is selling in the fall of the year.

The CHAIRMAN. The Department of Agriculture testified before our committee that the average cost of production in the United States was 32½ cents a pound last year. The statistics of the Department of Agriculture indicate that the cotton that was sold in the marketplace last year brought between 22 and 23 cents a pound on the average; so, this is about 10 cents per pound below the cost of production. Therefore, if the payments for cotton are phased out, you couldn't grow cotton, is that your answer?

Mr. BEALL. It would be impossible except in the years when you have a national disaster.

The CHAIRMAN. I appreciate your testimony; you've made a great contribution.

[The prepared statement of Mr. Beall follows.]

Mr. BEALL. We the farmers from the counties of Burke, Bulloch, Jenkins, Jefferson, Emanuel, and Screven in the State of Georgia believe that in order for the American people to live a happy, peaceful and healthy life that the American farmer must be able to plan for an orderly method of production of food and fiber crops.

In order for the American farmer to accomplish the orderly production of food and fiber for the peoples of America and the world, he must have Federal farm programs which will regulate production.

We wish to emphasize our strong support for the major provisions of the 1970 Agricultural Act which have provided adequate income to maintain a viable agriculture in the counties represented here. Should such an act not be feasible under current congressional philosophy, then we propose the following:

1. We feel that the "direct payments" to the farmers under the 1970 act were subsidies to the consumer rather than to the farmer. If such "direct payments" are to be branded as "payments to fatten rich farmers" by certain Congressmen and the public in general, then we would suggest that:

- A. Provision be provided in any new farm legislation to insure a market price for cotton farmers equal to a minimum of 38 cents per pound of lint, basis Strict Low Middling, 1¼₁₆-inch staple; and further that provisions of the law allow this price for cotton to increase as costs of production increase due to inflation. We strongly suggest a much higher support price than now in effect under the 1970 act with lower subsidies. The Congress might consider increasing the support

price of cotton by 10 cents per pound and at the same time reduce the subsidy by 10 cents per pound. Such would vastly reduce the payments received by individual growers.

2. Provision for determining national, State, county and individual farm base acreage allotments as provided under section 350 of the 1970 act.

3. Provisions which allow for lease and sale of cotton allotments and release and reapportionment of allotments; however, in 1974 and subsequent years the allotment should be either grown on or leased or sold from the allotted farm. The Congress should provide some sound method or system whereby cotton might be leased by farmers similar to the system of reapportionment which exists under the 1970 act. Further, active cotton growers should be granted the freedom of transferring, grouping and/or moving cotton allotments to and from the farms they operate.

4. Provisions for determining average yield based on actual previous 3 years production adjusted for adversity as provided for in the 1970 Farm Act.

5. Research and promotion funds as provided for in the 1970 act should be continued at no less than the current level.

6. The "Anniversary loan" concept as provided in the 1970 act and present CCC regulations should be continued, and extended to provide for a 12-month period instead of the current 10-month period.

If modifications of the Agricultural Act of 1970 are considered, we make the following recommendations to improve its effectiveness with relation to cotton production:

1. Any method to increase yields per acre on the farmer's part should be allowed by USDA regulations; that is, skip-row planting, irrigation, narrow row, and/or any other cultural practice which would reduce the costs of producing cotton.

2. The loan rate should be related more specifically to the price of U.S. cotton and set at a point which decreases the possibility of wide price fluctuations without hampering export potential.

3. A carryover of 5 million bales should be established and maintained.

4. The Secretary of Agriculture should be empowered to raise and lower the national allotment to maintain the 5 million bale carryover.

5. The difference and the ratio of the grades and staples under the 1970 act should be maintained.

6. Any CCC stocks sold should be at 115 percent of costs to CCC.

With respect to the production and marketing of peanuts, we recommend:

That current legislation dealing with peanuts be maintained as is. Further, that the USDA not:

1. Eliminate the sheller purchase program.

2. Not make peanuts with visible *Aspergillus flavus* mold of the type that produces aflatoxin ineligible for price supports.

3. Not require producers to assume storage, handling and inspection costs on peanuts placed under warehouse storage loans, but rather, that the first buyer pay these said costs.

With respect to the feed grains, we recommend:

Any farmer be allowed to produce such grain on his farm as he desires if said grain is to be fed on his farm to his livestock.

The CHAIRMAN. The next witness is Mr. Jesse C. Palmer, Jr.

STATEMENT OF JESSE C. PALMER, JR., WAYNESBORO, GA.

Mr. PALMER. Mr. Chairman, I am Jesse C. Palmer, Jr., Burke County farmer and banker, and I would like to express to you our sincere appreciation of the farmers in this region of Georgia for your being here this morning. We appreciate so very much your interest in the well being of the farmer.

I address my remarks this morning to the pending House bill, H.R. 4011. This bill, recently introduced in the House, calls for the establishment of an agricultural labor relations board, which would regulate the agricultural industry and labor.

For the first time in the history of agriculture, this bill, if passed, would impose upon the Nation's farmers and farm employees the following regulations:

1. Procedures by which labor unions may become legally certified as the bargaining agent of farm employees.
2. Legal compulsion that farm employers must then recognize and deal with such unions as agents for all employees, including those who do not wish to be represented by the union.
3. Specific authorization by Congress that, except in right-to-work States, farm employees may be compelled, against their will, to support and pay dues to labor unions or else be discharged from their employment.

Mr. Chairman, we farmers of Burke County, Ga., oppose this bill. A hard look is called for to justify congressional sanction of these burdens on the American farmers and their customers that this bill would bring about.

Advocates of this bill suggest that under Federal farm labor law, control over farm strikes and boycotts would be achieved. This claim deserves some analysis. All previous experience indicates that we cannot curb power by building a great structure of legal status for it.

Specifically, what does the proposed legislation provide with respect to strikes and boycotts in agriculture? As to strikes, there is no prohibition or restriction in this bill except that once each year the farmer may delay a union strike for 40 days. As the price for this 40-day delay, the farmer will relinquish to an outside arbitrator full authority to prescribe a contract covering wages, hours, work assignments, and all other matters affecting employment relations on the farm in question, including, if the arbitrator sees fit, compulsory unionism for all employees on the farm.

At this point the proposed legislation gives labor union officials a remarkable option. The union official will have the choice of decreeing that both parties shall sign the contract, or that he will proceed with a strike, whichever he may prefer. The legislation, as proposed, would give the farmer no option or choice. He must sign if the union agent says he must; or, if the union official says that he prefers to go forward with a strike, the farmer must suffer the strike.

This appears to be one of the most one-sided provisions ever included in a legislative proposal. There is nothing like it in any other labor statute. Described by advocates of House bill 4011 as "protection" for farmers against strikes, it is a curious device to be included in legislation ostensibly designed to bring fairness and stability to farm labor relations.

Surely it behooves the Congress to consider carefully whether it would serve the country's best interest to impose the legal apparatus and arrangements suggested in this bill upon the Nation's agricultural employees and employers. The predictable adverse effect upon consumers and the general public, coupled with substantial erosion of employee and employer rights, which would result from enactment of this legislation, should be weighed carefully against the need for extending to union organizers vast new powers and privileges which would be provided them by House bill 4011.

The CHAIRMAN. Thank you, Mr. Palmer. That bill and many others similar thereto have been introduced in the Congress for many, many years, but neither the House Committee on Agriculture and Forestry nor the Senate Committee on Agriculture and Forestry have ever reported them favorably; and I don't think they will this year.

Mr. PALMER. Fine.

The CHAIRMAN. What is your principal crop?

Mr. PALMER. I believe cotton, soybeans, corn and cattle.

The CHAIRMAN. What does it cost you to produce cotton per pound?

Mr. PALMER. Somewhere in the neighborhood of 29 to 32 cents.

The CHAIRMAN. So, you couldn't produce it without the payments?

Mr. PALMER. No sir, I could not.

The CHAIRMAN. It would be disastrous if we had to import cotton to the United States.

Mr. PALMER. I was one of the fortunates this year to have a contract or I would have to sell my cotton in the early fall and ginning season as low as 22 to 23 cents. However, since that time I have sold it to people who put their cotton in the Commodity Credit Corporation and have been able to hold it until the price was more favorable.

The CHAIRMAN. Last year you had a severe drought here and your soybean yield, I imagine, was curtailed. What was your production of soybeans last year per acre?

Mr. PALMER. In 1971—37 bushels; last year 9 bushels.

The CHAIRMAN. I think that's somewhere near the average for this area. Are you increasing your production of soybeans this year?

Mr. PALMER. About 10 percent, sir.

The CHAIRMAN. I believe nationwide they expect to increase the production about 15 percent. The soybean increase has been the most dramatic growth of any farm commodity we have, as you know, and it is now the No. 1 money crop in the United States. There's a worldwide demand for soybeans now and a very favorable price; and that's particularly true since they've been unable to get the fishscale off the coast of Peru that was formerly competitive with soybeans.

Thank you, Mr. Palmer; appreciate your contribution. The next witness is Mr. John W. Walker, Waynesboro, Ga.

STATEMENT OF JOHN W. WALKER, WAYNESBORO, GA.

Mr. WALKER. Thank you, Mr. Chairman. First off, let me express my personal appreciation to you and your able associates for visting with us in Waynesboro to discuss what I consider a most vital and important matter.

My name is John W. Walker. At the present time our company is

engaged in cotton warehousing, cotton ginning, fertilizer and farm chemical distribution, and is located in Waynesboro, Burke County, Ga.

To a majority of the American people the word "agriculture" refers solely and specifically to the farm and to the farmer. We know that this is in error, since it intimately involves the lives and well-being of countless thousands of other people that are geographically removed from the actual farming operation. To describe this off-the-farm group, the term "agri-business" has been adopted, and it includes farm service industries, manufacturing industries, processing industries and many other facets of the economy, all being directly or indirectly dependent upon the products of the farm, as well as the success and prosperity of the farmer.

A very large part of our economy comes under the classification of agri-business. Recent statistics indicate that in the State of Georgia 66 $\frac{2}{3}$ percent of the State's total income was based on agri-business activity, and that a like percentage of all manufacturing in the State of Georgia involved agri-business firms.

Bringing this closer to home, in Burke County it is conservative to say that while only 10 percent of our people live on the farm, practically all of the income of the other 90 percent would be directly or indirectly farm related.

It is the opinion of those of us in agri-business that during the crop year 1972, had it not been for the benefits of the 1970 farm bill, a goodly number of the farmers of this county would not have been able to arrange their financing for the 1973 crop. Without the benefits that flowed from the cotton program, the acute drought that prevailed in this area would have reduced the income of many of our farmers to a point of no return. For us to contemplate the operation of our farming industry without the benefits of the 1970 act gives cause for real concern.

We in agri-business would like to go on record with the statement that since the adoption of the 1970 farm law, there has been a marked improvement in the financial well-being of the farmers in our section of the State. The results have been a lessening of the credit pinch; money has been provided with which to buy up-to-date machinery thereby increasing productive efficiency; and it has enabled the farmer to have a standard of living that he deserves and one that is proportionate with that enjoyed by other workers in American industry.

We view with great alarm the proposed phasing out of farm supports now being suggested in Washington. We know the cost of production that must be met by our farmers and we are unable to see how they will be able to generate sufficient income to meet their needs, while having to sell their products on an open market and at the same time having to buy in a protected market. The "pie in the sky" idea that our export potential is unlimited and at a highly profitable price is not entirely valid. This assumption is based on many variable factors. Bumper world crops could seriously reduce the demand for American agricultural products with the result that all of us know too well.

We appreciate this opportunity to appear before your committee and we want to urge the extension of the 1970 bill for the next 5 years with a few minor changes that have been suggested by the experience of the past 3 years.

The CHAIRMAN. Thank you, Mr. Walker, for that statement. Of the 110 witnesses that we heard in Washington, they were unanimous in urging extension of the existing law, with some minor modifications. As you know, the National Farm Bureau Federation hasn't always seen eye to eye with the Georgia Farm Bureau Federation, but have more or less supported the programs of Secretary Butz. However, this time for the first time, even the National Farm Bureau Federation testified urging extension of the existing law, with minor modifications.

Now, you commented on our exports and farm exports are going up, despite the fact that many of the nations and particularly the European economic community have extremely restrictive trade policies, especially with relation to agricultural products. A lot of people in Washington think that we are going to export a great many farm products. The Soviet Union bought about a billion dollars' worth of wheat from us last year, which they got at bargain prices, as you know; but the Soviet Union bought that wheat only because they had a disastrous failure of crops and they had to have it, and we had the only wheat reserve in the world. You don't think we can depend on the Soviet Union for a future market, do you?

Mr. WALKER. I certainly do not.

The CHAIRMAN. I don't either. Thank you for your contribution, Mr. Walker.

The next witness is Mr. Paul E. Nessmith, Route 4, Statesboro, Ga. For the benefit of the record, I want to state that Mr. Paul Nessmith is a member of the general assembly from Emanuel County, Ga., and several years ago he was a master farmer, and I guess he still is—Bulloch County, I believe it is.

STATEMENT OF HON. PAUL E. NESSMITH, MEMBER, GENERAL ASSEMBLY OF GEORGIA, STATESBORO, GA.

Mr. NESSMITH. Senator Talmadge, I would like to express my appreciation for the opportunity to appear before you in this hearing.

My name is Paul Nessmith. I have the honor and distinct pleasure of helping to represent the top agricultural section of the southeast in the Georgia General Assembly: Burke, Screven and Bulloch Counties.

Having served as the secretary of the house agricultural committee for the past several years and having been engaged in farming for the past 36 years, I think I am familiar with a great number of problems that face agriculture today.

The American consumers have enjoyed the unique position for a great number of years of having available an abundance of the highest quality food at the cheapest price of any nation on earth.

While the labor unions and the manufacturers of this Nation, with the high minimum wages and protection tariffs, have priced the manufactured goods of this Nation off the world market and have helped to create a staggering trade deficit, the farmers have not only provided enough food and fiber for this county but they have supplied food for millions of people throughout the world.

Since World War II, the value of U.S. farm exports has passed the \$120 billion mark. These exports have had a stabilizing effect on this Nation's world trade.

According to the news, President Nixon and Secretary of Agriculture Butz are not satisfied with the contribution that the farmers of this Nation have made. They are asking that all price supports and acreage allotments be removed, so the farmers would be forced to sell their products at world market prices in competition with goods produced by cheap labor of the Far East, Africa, South America and other countries and at the same time be forced to buy the machinery, equipment and supplies that they must have from a market that is protected by high minimum wage laws and protected tariff.

They remind me, Senator, of the catfish story: A man was preparing to dress a catfish. He told the catfish to be still, he was not going to hurt him, that he was only going to "gut" him. It seems like this administration is planning to "gut" the farmers with their proposed new farm policy.

No doubt inflation is one of the major problems that faces this Nation today. I'm sure that our national Congress and our President are concerned about it. I think farmers, as well as all people, have a responsibility to do their part to halt this trend, but we are asking that Congress not put more than our share of this burden on us, and please do not ask us or expect us to balance this Nation's trade deficit at peon wages.

My recommendations for the new farm program are:

1. To maintain the present farm acreage and poundage allotments.
2. To establish price supports at not less than 75 percent of parity for farm products used for domestic consumption.
3. Allow a predetermined excess acreage to be planted for export at world market prices.

These proposals would give the American farmer at least some protection and at the same time help to balance the trade deficit on the world market.

And I would like to ask our distinguished Senator, if the national Congress gave Dr. John L. Donlap, Director of the Cost of Living Council, the authority to force farmers or ranchers to sell their cows or anything else at his pleasure.

In conclusion, I would say that it is essential that we have a basic farm program such as I have outlined.

Secretary Butz has asked that a substantial acreage increase be planted this year. If we have a normal season, we can expect farm prices to decline, but we know by past experience that when the price of other things go up they do not come back down. We could well end this year with a big surplus and our farmers be in the worst financial predicament that we have been in since the 1930's if we do not have some price protection for our products.

I am grateful for the opportunity to appear before you and to say that Georgia is indeed fortunate to have a man of your ability, your dedication and your understanding to represent them in the United States Senate, and to express my sincere appreciation to you for your many efforts and accomplishments in our behalf.

The CHAIRMAN. Thank you. What size farm do you operate, Mr. Nessmith?

Mr. NESSMITH. Well, I operate about 600 acres; I rent about half the land and own the other.

The CHAIRMAN. What are your principal crops?

Mr. NESSMITH. Tobacco, corn, soybeans and peanuts.

The CHAIRMAN. What would happen to Bulloch County and the tobacco growing belt if we abolished price supports and acreage controls on tobacco?

Mr. NESSMITH. Well, it would just put us out of business in the State of Georgia, and it wouldn't be long doing it.

The CHAIRMAN. What other crops do you raise besides tobacco?

Mr. NESSMITH. Well, I produce quite a bit of corn and I grow out quite a number of livestock, cattle and hogs.

The CHAIRMAN. Do you feed your corn on the farm to the livestock?

Mr. NESSMITH. Yes sir.

The CHAIRMAN. To your hogs and cattle?

Mr. NESSMITH. Yes sir. And I produce peanuts and soybeans.

The CHAIRMAN. Now, as you know, peanuts have already been dealt a severe blow. The first witness, I believe, alluded to that and also Mr. Palmer. They have reduced the support prices on mold peanuts that causes aflatoxin, as you know, about \$50 a ton. They've outlawed the sheller purchase agreements, so you don't know whether you can market your peanuts or not another season; or, if so, at what price. They've imposed a burden on the farmer to pay the cost of the inspection and storage, which would amount to another \$15.

And now they want to abolish support prices and acreage controls for peanuts. What would that do to peanuts in this State?

Mr. NESSMITH. Well, I would think that would completely do away with—I mean take the profit out of growing peanuts; and, of course, when you take the profit out of growing them, you just cannot afford to continue to do it, just like they're about to take the profit out of cotton and taken it out of it to the extent that I haven't grown any in 3 years, because I can't grow cotton like some of these farmers up here in Burke County. I can't grow it and sell it for 21 or 22 cents and hope that the Government will pay me enough differential there to pay off the cost, of the difference in the cost.

The CHAIRMAN. And peanuts is the principal money crop in our State, is it not?

Mr. NESSMITH. Yes sir.

The CHAIRMAN. About \$200 million a year; and, as I recall, about 83 counties in Georgia produce peanuts and it's pretty much the economic life blood of about 50 counties in Georgia, isn't it?

Mr. NESSMITH. That is right. I would say something else too, Senator Talmadge: This peanut program that we've had has kept this Nation in more ways than one. We have, not only been producing one of the highest quality protein foods in the peanuts produced in the United States, but it has also helped, the peanuts program has kept the people, a great number of people on the farm that would have to leave there and go into these urban areas seeking employment that are not qualified and have not the training to go into this urban place or market.

The CHAIRMAN. What you're saying, as I understand your testimony, is that without the farm program, hundreds and hundreds of thousands or more people would be driven off of the farms and into our urban ghettos primarily to contribute to what we commonly call and refer to as the "urban crisis".

Mr. NESSMITH. That is absolutely correct.

The CHAIRMAN. And it would cost the Government a great deal

more money to try to take care of them on welfare than it would for the farm program, would it not?

Mr. NESSMITH. It sure would.

The CHAIRMAN. Now, you referred to the fact that you had to quit producing cotton. The last time I was on your farm several years ago you had one of the best cotton crops I ever saw: What was your average yield per acre?

Mr. NESSMITH. Well, my average yield for the last 3 or 4 years that I planted cotton was around 600 pounds of lint per acre.

The CHAIRMAN. That's about a bale and almost a quarter per acre?

Mr. NESSMITH. Yes sir.

The CHAIRMAN. And you couldn't make a profit growing cotton and you quit growing it?

Mr. NESSMITH. No sir, that's right.

The CHAIRMAN. So, if they abolish these incentive payments on cotton, nobody in this State will grow it, is that true?

Mr. NESSMITH. No sir, I don't think the people, even the good farmers up in Burke County, could grow it if they didn't have the incentive payments.

The CHAIRMAN. Mr. Nessmith, I appreciate your testimony. I know what an outstanding farmer you are and I know you speak for the cotton industry.

The next witness is Mr. King Tucker, Waynesboro, Ga.

STATEMENT OF KING TUCKER, PRESIDENT, BANK OF WAYNESBORO, WAYNESBORO, GA.

Mr. TUCKER. Mr. Chairman, I am King Tucker, president of the Bank of Waynesboro, Waynesboro, Ga. I am interested in farming. I am not actually in the farming business itself and have not been for several years.

The CHAIRMAN. You lend a lot of money to farmers, don't you?

Mr. TUCKER. Yes, sir, quite a bit. I appear at this hearing in the interest of the great agricultural economy in Burke County, Ga. Our farm economy has long been established in the field of row crops. In 1973 it is anticipated that we will plant 70,000 acres of soybeans, 23,000 acres of cotton, 10,000 acres of corn, and 6,500 acres of peanuts.

The farm people of this county must have Federal farm programs which will help regulate the production of certain crops. I speak especially of peanuts and cotton. The current farm legislation covering these two commodities has worked well with very few exceptions.

I strongly feel that, if these two commodities are not regulated acreagewise by the Federal Government, that over production will bankrupt the farmers in this county of Georgia. Production costs for farmers have skyrocketed in the last few years. Steel products, such as tractors and plows, have increased immensely in price. Fertilizers and pesticides are up in price. Land taxes and land rent are up; labor costs are up. Simply, across the board the farmer is faced with rising costs.

He is forced to input production costs that are determined by a protected American economy, and all the while there are certain philosophies that would have him sell his product on an unprotected world market. We all know that the American costs are higher than world costs. So, for this American production input to prevail and

for the world price selling philosophy to exist, there would be only one way out for the farmer—complete financial insolvency.

The 1970 Farm Act offered the farmer a regulated market on which to sell the two commodities, cotton and peanuts. We do not feel that the direct payments to farmers under the act were subsidies to the farmer, but rather they were subsidies to the consuming public.

If the small farmer is forced into bankruptcy by the lack of protection and the well financed giant farms, then upon his dissolution a relatively few farming organizations could control supply and in turn demand their price for their farm stuffs. At this juncture the consuming public will be victim. I do not feel that this is in the best interest for the American public. So, it stands to reason that sound, long-range farm programs are to the best interest of the farmer and the consuming public.

And at this point let me stress the need for long-range farm programs. As already stated, farming today is frightfully expensive. Large outlays must be made for capital items. Most of this is borrowed money. For the farmer to justify his investments and for lending institutions to justify long-term loans for capital items, we sorely need a farm program that will carry us more than 1 year at a time. The uncertainty of short-term Federal farm programs are deterrents to an expanding and efficient farm operation for a growing demand for farm stuffs.

Mr. Chairman, Americans want and deserve a reliable and wholesome supply of food. This the American farmer has provided them, but he has done it over the last four decades with Federal restraints on production, and even with these, we have seen the farm population dwindle at an alarming rate. To open production wide open, as proposed by some, would surely hasten the decline in farm population and exaggerate the migration of our people from the country to the already too crowded city.

In conclusion, let me offer our thanks for your being in Waynesboro. We solicit your efforts to write a 1974 agricultural act that will regulate production and at the same time provide the farmer with an income that will allow him to produce with efficiency and live a comfortable life. This, we believe, is in the best interest of all Americans.

The CHAIRMAN. Thank you so much, Mr. Tucker. Now, you operate a bank here in Waynesboro, do you not?

Mr. TUCKER. Yes, sir.

The CHAIRMAN. And you lend a lot of money to farmers?

Mr. TUCKER. Yes, sir.

The CHAIRMAN. And, of course, your stockholders demand some reasonable diligence as to who you lend money to because they want to be assured that it's going to be repaid when it comes due, do they not?

Mr. TUCKER. That's right.

The CHAIRMAN. So, when someone comes to you wanting to borrow money who is a farmer, you ascertain what he expects to plant and then you determine what the reasonable income is that he's going to have from that crop and whether or not he can reasonably be expected to repay the loan, do you not?

Mr. TUCKER. That's true.

The CHAIRMAN. So, without some sort of price support program, the farmer would be in an extremely precarious position in trying

to borrow money if he went to a bank, would he not, because he wouldn't know whether his peanuts were going to bring \$25 a ton, \$50 a ton or \$100 a ton, and he wouldn't have any idea as to what his gross income might be or what his net income might be; and you wouldn't know whether your loan was extremely speculative or reasonably sure, would you?

Mr. TUCKER. That's true; historically, if he makes a good crop, the price falls very low.

The CHAIRMAN. And every banker would be looking at the same thing, would he not?

Mr. TUCKER. That's right.

The CHAIRMAN. They don't throw money out in the street and expect somebody to tote it off and burn it up, do they?

Mr. TUCKER. Not if they're going to stay there.

The CHAIRMAN. Thank you very much; we appreciate your contribution. The next witness is Mr. Robert W. Mobley, Waynesboro, Ga.

STATEMENT OF ROBERT W. MOBLEY, WAYNESBORO, GA.

Mr. MOBLEY. I would like to say that we are honored to have you here today. I'm Robert Mobley. I am a peanut farmer and a sheller, and I love peanuts. My family has been producing and handling peanuts since the early 1930's and we've come a long way since we used to put the peanuts around the stack pole and get them to the picker with a mule.

And one reason that we have progressed to our present state, I actually feel, is the Government programs which lend stability and incentive in producing more and better peanuts. As you just stated, most peanut farmers are gravely concerned with what's going on now, and I guess maybe we can consider it in two parts: One is, what's going on for 1973.

As you say, the elimination of the sheller program, I think, really hurts the sheller. I would really like to open this up a little bit. The average grain dealer, if he's buying grain, he can go to the futures market and see what grain is selling for and back his price down to where he's got a margin and do business; but we don't do that—

The CHAIRMAN. You're talking about hedging his margin?

Mr. MOBLEY. Right. But in the peanut business, we as shellers, we have to pay what the Government says; they see that it's done in this way: they say, if you don't extend support, then you don't have Federal and State inspection service; and, if you don't have the Federal and State inspection service inspecting your peanuts, you're out of business. Every bag of peanuts that goes out of our plant has got a tag on it with a number on it, it's graded, aflatoxin test run on it. And I might say that it has to come within tolerance of 25 parts per billion. Comparing parts per billion to time, that's like one second in 30 years, close to it. So, we have got to come in a tolerance of 25 seconds in 30 years, which is how strict they are on quality.

I want to say here that anybody eating peanut butter today is eating the best peanut butter he's ever eaten in his life. There's no junk in the peanut business any more.

The CHAIRMAN. Will you yield at that point now? As a sheller, you also purchase peanuts, don't you?

Mr. MOBLEY. Yes sir.

The CHAIRMAN. All right, how is this outlawing of the sheller's purchase agreement now going to affect you and how is it going to affect the farmer?

Mr. MOBLEY. Well, you see, I was giving you this quality control to tell you this: that really and truly we as shellers can sell only No. 1 peanuts or virtually so for this reason. We've got to meet that aflatoxin test in these small peanuts when we grade them and they're shriveled and they're more than likely to have aflatoxin. Hardly ever can you get by without getting some. So, we are mighty near to the point that we can sell only a No. 1 shelled peanut and No. 1 splits. And the way we get around this 25 parts per billion on that, the shellers have created an agency called the Peanut Administrative Committee, where we pay into it nearly \$3 a ton as an indemnity fee, you might say; and if one of our lots of peanuts is subject to seizure by FDA, then we turned it over to this agency and they protect us.

The CHAIRMAN. In other words, you're self-insured.

Mr. MOBLEY. We're self-insured. The Government has nothing to do with this. So now, if they cut out the sheller program, this phase, where we can tender those small other kernels to them under a set price, then we will have to—well, if you're going to buy these peanuts, you'll just have to figure that at oil-stock prices and below oil stock prices because we don't know—

The CHAIRMAN. In other words, what you're saying is, that it's going to seriously and adversely affect the market price to the farmer that you pay for peanuts; is that what you're saying?

Mr. MOBLEY. Well, it depends; this depends on what the Government says.

The CHAIRMAN. They've already issued the regulation.

Mr. MOBLEY. Right. Well, what we're going to have to do is to consider all peanuts, other than No. 1 peanuts and No. 1 split peanuts, as oil stock and you can see what this is going to do. We're going to have to add that price to our No. 1 peanuts and that's going to have to be passed on to the consumer. That's what's going to really happen.

Now then, another side to this doing away with the sheller purchase program, and that is that the Government tells us we have to pay a certain price, the FDA says we've got to meet Federal specifications on aflatoxin. We've got to have some support if we do this. In other words, we can't go to the market and back our prices down and give ourselves a margin, we've got to pay and then we've got to go into the marketplace and try to sell these peanuts.

Well, they've got a provision where you can tender these peanuts back in the hull at \$6 on—and, of course, you can see this would be a losing proposition—or you can shell the peanuts and tender them back to the Government at about 20 cents a pound where we're selling peanuts at about 23½ cents a pound; but it is something for you to go to the bank, if you understand what I mean. But we are permitted to tender them back to the Government at 20 cents a pound when the market is 23½, so we'd lose our shirt but we would be protected to that extent in going to the bank.

The CHAIRMAN. It wouldn't be a total loss.

Mr. MOBLEY. Right, that's right. So, in the financing, I wouldn't do nearly as well going to Mr. Tucker and borrowing money to buy

peanuts, if I didn't have that. And I think it's justified in that they tell us what we've got to pay, the FDA tells us what kind of quality we've got to have and we've got no control whatever. And you can see, the only way we can protect ourselves is to go into the market price just prior to a new crop and try to sell. Well, if everybody is trying to sell to all of these big corporations in the peanut industry, within a few weeks you can see what that would do to the market.

The CHAIRMAN. In other words, you have no fixed market at the present time?

Mr. MOBLEY. Well, they fix the market for us to pay by and we're going in the open market and I don't think this is right.

And then the next thing is when they charge the farmer \$50 here for something he absolutely cannot control. Nobody knows what causes aflatoxin. Last year down around Ashburn, Ga., where I understand it was just dry all the year, they had more trouble there than they did in wet years. We used to think it was wet that really caused it. And too, as you know, one peanut in a sample can disqualify a load of peanuts.

The CHAIRMAN. When you say a load, what do you mean?

Mr. MOBLEY. Well, normally, it can be a 4-ton load.

The CHAIRMAN. Just one peanut—

Mr. MOBLEY. One peanut.

The CHAIRMAN. In a sample of a 4-ton load?

Mr. MOBLEY. Right, one peanut can disqualify it. And they say that the method they've got of detecting this mold is about 40-percent accurate. So, sir, what we're talking about really is consumer protection, and I don't think that the farmer ought to have to pay \$50 a ton because his peanuts didn't test out. In other words, on a 4-ton load, it costs him \$200 right away, one peanut. In fact, this is all he; if he ever finds one peanut in that load, that load is disqualified.

The CHAIRMAN. Now, you're also a peanut producer, are you not?

Mr. MOBLEY. Yes sir.

The CHAIRMAN. What size allotment do you plant?

Mr. MOBLEY. About 250 acres.

The CHAIRMAN. What would happen if they outlawed the price supports and acreage controls on peanuts?

Mr. MOBLEY. Well sir, the program that they're proposing, it just looks like to me that they want the peanut farmer to try to square the balance of trade with \$140 peanuts when he can't do it.

The CHAIRMAN. What would it do to the value of your farmland?

Mr. MOBLEY. Greatly reduce it.

The CHAIRMAN. How much would it reduce it, half or more?

Mr. MOBLEY. Well, the fact of the business, peanuts is my No. 1 cash crop other than corn and I would be out of business.

The CHAIRMAN. Have you seen anyone at any time anywhere, whether he was a peanut producer, peanut sheller, warehouseman or one that crushes the oil or one that makes peanut butter, that supports any part of the USDA proposal?

Mr. MOBLEY. Now, how is that?

The CHAIRMAN. Have you seen anyone in the peanut industry, from planting them to the manufacture of peanut butter, that supports this peanut proposal by regulation?

Mr. MOBLEY. No sir.

The CHAIRMAN. Or what is recommended by legislation?

Mr. MOBLEY. No sir.

The CHAIRMAN. Neither have I. We've had two conferences in my office with the Secretary of Agriculture and people representing every facet of the peanut industry, and I haven't seen the first one yet that endorses what they have done and what they recommend by way of legislation.

Mr. MOBLEY. Well, you take the \$15 that you were talking about—I might just as well tell it like I feel—I think it's just a low road to cut the Government's obligation because I don't believe you can find one farmer that's ever redeemed one ton of peanuts; and they're taking the charges and making him follow the charges on through. When he gets that GFA check and those peanuts are sold, do you know of a farmer anywhere in south Georgia that's ever gone back to the peanut warehouse and redeemed his own peanuts?

The CHAIRMAN. No, what it does, in effect, it reduces the support price by \$15 a ton. Thank you, Mr. Mobley for your very able comments on every facet of this peanut program.

The next witness is Mr. Barry Whitney, 8th Street, Augusta, Ga.

**STATEMENT OF BARRY WHITNEY, VICE PRESIDENT,
S. M. WHITNEY CO., INC., AUGUSTA, GA.**

Mr. WHITNEY. Senator, I too want to express our appreciation for your coming down to this section of the country and talking to us about farming.

My name is Barry Whitney and I am associated with and vice president of the S. M. Whitney Co., of Augusta, Ga., which was established in 1868; and since that time we've dealt with thousands of farmers and cotton farmers in financing their crops, warehousing their cotton, and selling their cotton to the textile mills. We have been involved with farmers in approximately 25 to 30 counties in Georgia and South Carolina, by helping them finance their cotton and selling their cotton for them.

We are involved in farming and agri-business, and feel that we are involved in the largest industry in our country, the most important industry of our Nation, and an industry that will provide safety, security, and growth for our United States. For the last 20 years we have seen the disappointing results of military might and we're coming to realize the strength of our Nation rests in our bread and fiber baskets.

In the last few months we have seen the demand for agricultural products reach unprecedented highs, and the question is now, can we supply these demands for our domestic market and also foreign markets? To keep the wheels of this industry going, we must maintain a strong, vibrant, stable farm program. Our legislators must realize that the farm subsidy paid to producers is for producing farm commodities, and this subsidy does not go into farmer's pockets to buy boats, and houses, and expensive vacations; but this subsidy is used for fertilizer, for seed, and for farm implements to produce the crops that the consumer can buy at a reasonable price.

The CHAIRMAN. In other words, it is part of the cost of production?

Mr. WHITNEY. Absolutely. As has been brought out this morning,

and I'll bring up again, the average cost of producing a pound of cotton in the United States nationwide is approximately 32 cents. At the beginning of this harvest year in the fall, cotton sold for 23 to 25 cents. If it were not for the 15 cents subsidy payment that the farmer was given to produce cotton, he could not produce cotton. In this part of the United States or out West; the cost would just be prohibitive.

And as long as we maintain a wage and hour law, the farmer too must be supported. To have a stable cotton program, I would like to recommend that we have a more realistic loan program. We're told that the world price of cotton is 21 cents, and this year we're approaching an export of some 5 million bales of cotton, and that cotton is being bought for over 30 cents a pound. Our markets have fluctuated in cotton from 23 to—I don't know what now—40-some-odd cents a pound. That fluctuation leaves a vast gap between what is started with and what it now ends with; and when I go back home, it might have jumped another 2 cents.

The CHAIRMAN. This is caused by the shortage of production, is it not?

Mr. WHITNEY. Caused by the shortage in production and it's caused by a flood that we are having in the delta.

The CHAIRMAN. In addition to that, the Department reduced this year the base acreage from 11½ million acres to 10; so, that's going to further cause a reduction of cotton, is it not?

Mr. WHITNEY. Absolutely.

The CHAIRMAN. What would happen if we got out of the cotton business in this country, what would happen if we didn't have a cotton program and depended on the world market, do you think anyone in Georgia would produce any cotton?

Mr. WHITNEY. There wouldn't be an acre planted.

The CHAIRMAN. That's my thinking. The amount that would be planted in the country would be infinitesimal, would it not?

Mr. WHITNEY. Absolutely.

The CHAIRMAN. That means that we would have to import cotton rather than to export it?

Mr. WHITNEY. Yes, sir.

The CHAIRMAN. That would mean a further deficit on our balance of payments and our balance of trade, would it not?

Mr. WHITNEY. Absolutely and we would have no strength to do business with foreign nations.

The CHAIRMAN. And it would throw hundreds and hundreds of thousands of people out of work who have been engaged in the production and warehousing, ginning and marketing, and selling fertilizer, insecticides, gasoline, and tractors in the entire cotton industry, would it not?

Mr. WHITNEY. Absolutely.

The CHAIRMAN. It would seriously and adversely affect our textile industry throughout the United States, would it not?

Mr. WHITNEY. It would cripple our textile industry.

The CHAIRMAN. We have 100,000 employees in Georgia in the textile industry and 65,000 in the garment industry, don't we?

Mr. WHITNEY. Yes, sir.

The CHAIRMAN. In other words, the program that they have projected with reference to cotton would be chaotic and ruinous, wouldn't it?

Mr. WHITNEY. Absolutely.

The CHAIRMAN. Your firm has been in business for over 100 years?

Mr. WHITNEY. 105 years.

The CHAIRMAN. You ought to know something about what you're talking about.

Mr. WHITNEY. Thank you, sir. I would like to further state, Senator, that we cannot get away from the laws of supply and demand, as you've brought out, we need to have crop acreage control. In other words, if the U.S. Department of Agriculture would estimate our crop needs at the beginning of each year before we plant a crop and establish how many crop acres should be planted, taking into account floods, such as we are having in the delta, and also export demands that are presently climbing, and domestic requirements, and then establish how much cotton should be planted, how much peanuts should be planted, it would stabilize our prices. The loan price is 21 cents. There are some producers here this morning who told me in the fall of this year they could possibly afford to take 25 cents, it would not break them at 25 cents, but they certainly could not take 20 cents; and to pay Mr. Tucker and to pay other people, they would not take the risk of holding their cotton, but would sell and pay their debts and not take the risk of falling prices.

I would like to say one more thing. In the reapportionment of acreage for this year, we are supposed to plant 10 million acres of cotton and people that want to plant cotton in this county and want to plant it in other counties cannot find the necessary acreage to plant. They have to travel all over the State.

I have a map here that was given to us on the 25th of January showing 30,000 acres of cotton for lease that was scattered all over the State of Georgia. If a producer in Burke County wanted excess acres, he had to pack his suitcase, get checks or drafts, and go all over this State and spend a week or so trying to buy or lease these excess acres to plant on his farm here in Burke County, Jefferson County, Screven County or wherever he might be from. There should be some way, if a producer wants to produce cotton, he could get the necessary acres without traveling all over the face of the Earth trying to buy acres from every farmer in all of our cotton producing areas.

Also, to maintain a good cotton program we must have the cotton. This year our allotments were reduced 13 percent. This means that we will probably produce in the neighborhood of 12 million bales, with a carryover of approximately 4 million bales, which would give us in the neighborhood of 16 million bales to work with. If our consumption is 8 million and our exports are 5 million, that would be 13 million; and we would have a million less to carry into next year than we do at the present time.

The CHAIRMAN. That's the reason the futures market hit 42 cents yesterday, isn't it?

Mr. WHITNEY. Yes, sir, that is.

Mr. CHAIRMAN. I appreciate very much your very valuable contribution, as you are well informed and you know your subject. Thank you.

That completes the list of witnesses that turned in a sheet. Does anyone else want to make any comments? I see a hand in the rear; come up, please, to the mike and tell us who you are and proceed. Give us your name and address, so the court reporter can get it in the record.

STATEMENT OF JAMES LANDIS, WAYNESBORO, GA.

I'm James Landis, box 179, Route 1, Waynesboro.

I would like to express appreciation for your coming to Waynesboro and your interest in the well-being of the farmer, especially Honorable Senator and Honorable Commissioner. This makes us aware that there is work in our interest. I'm also aware from previous testimony that you are aware that the surplus of agricultural commodities is what determines the farm price.

We have a little saying that I would like to use in regard to surplus, that says "sure plus"; and this is the attitude of the American farmer. Whatever the Government desires, whatever they want, we will produce that much plus.

We are not wanting Government handouts. We do not want food stamps. I don't believe that there's a farmer in Burke County that's using food stamps. We are going to put the monkey on the back of the consumer and say that any payments to the farmer, which are used to create a surplus of production and assure a reasonable food supply are for the benefit of the consumer and he should carry that responsibility.

We in the dairy industry are especially aware that surplus production vitally affects the price of our products because our products are so highly perishable. We would like to have the power to control that production.

I'm told the story of a little South American beast of burden called the llama. When they put a burden on the llama's back he will stand up as long as it's not too much, but when the burden becomes too much, he lays down. The American farmer does not have that much sense. He doesn't know when to lay down.

We would ask something that would not require a huge Government expenditure; and that is, the ability to control production. I cannot do it by myself. I will produce as much milk as there is a market for and as I'm able to produce. And I believe that when the Government asks for a 15-percent increase in soybean production, by all prospects the Government will get it. If we wind up with a huge surplus this fall, the farmer is not responsible.

Two years ago in Atlanta the Honorable Wilbur Mills told us, dairymen and others, get together on your objectives, clarify your aims, decide what you want; we're listening, we want to know. And dairymen across the Nation have worked together and they have been able to bring the production of milk more nearly into line with the demand and we have witnessed rising prices of milk and entertain prospects of further price increases in the future.

Now, the Justice Department has brought suit against Dairymen, Inc., saying that they have a monopoly. Is this not what they they have told us to do, to control our production and decide what we want?

Let this be a warning to the Nation: Cheap food will not continue. If we're going to have cheap food and assure a surplus of production, then the American consumer must be willing to pay for that surplus. If they do not, there may be cheap food for a time until too many farmers go out of business and until too many of us, like the llama, lay down.

The CHAIRMAN. Mr. Landis, I judge from your testimony that you are a dairy farmer?

Mr. LANDIS. That's right.

The CHAIRMAN. I grew up in Telfair County and in those days the only source of income was cotton on the farm. There was one dairy farmer in Telfair County that was somewhat of a wit and philosopher as well as a dairy farmer; and I remember a classic statement he made. He said:

A dairy farmer don't need any Sunday clothes and damn few every day ones.

Is that still true?

Mr. LANDIS. I've had some of my local friends tell me that cotton was bad and soybeans was a poor crop last year and that dairying looked like the only bright thing around. But he said:

Don't worry about it, I'm not going to dairy because they tell me that if you go in the dairy business, you've got to sell your car.

The CHAIRMAN. Do you know how many dairies there are in Georgia now?

Mr. LANDIS. I have in mind in the neighborhood of 1,200 dairies.

The CHAIRMAN. That's my recollection; 12 or 15 years ago there were about 1,000 weren't there?

STATEMENT OF THOMAS T. IRVIN, COMMISSIONER, GEORGIA DEPARTMENT OF AGRICULTURE, ATLANTA, GA.

Mr. IRVIN. Ten years ago there were over 3,000.

The CHAIRMAN. Over 3,000.

Mr. IRVIN. Have about 1,120, I think, right now, dropping every day.

The CHAIRMAN. How many 10 years ago, Mr. Irvin?

Mr. IRVIN. Over 3,000 and we've got about 1,120 some odd right now.

The CHAIRMAN. Over 3,000 and that's been reduced to a little over 1,100 at the present time. Would you give us an approximate idea as to what your investment is in equipment, land, cattle and everything else, including money you owe?

Mr. LANDIS. It's my understanding that to set up a 100-cow dairy, the investment on that would be somewhere in the neighborhood of \$300,000 according to statistics I have read, and I would find this fairly accurate.

The CHAIRMAN. I'm sure it would be at least a quarter of a million and that would be on the conservative side. What did you earn operating a dairy last year?

Mr. LANDIS. That is, speaking of gross income?

The CHAIRMAN. No, net?

Mr. LANDIS. Net income? We paid taxes on a net taxable income in the neighborhood of \$12,000.

The CHAIRMAN. In other words, you earned \$12,000 on an investment of \$300,000. That's 4-percent return on your money and nothing for your labor; is that right?

Mr. LANDIS. Yes sir.

The CHAIRMAN. In other words, you would have been better off if you had had your assets in Government bonds and been fishing down here somewhere on one of these rivers?

Mr. LANDIS. No sir, I don't feel that way. Dairying has been very rewarding to us and I have felt that it is a great opportunity and, if one will apply himself and likes it, it can be very rewarding. Now,

I would say at the same time that we don't milk cows because we like to milk them. If I wanted to milk cows because I liked them, I would buy one cow and I would rent her to my neighbor at least 2 days a week.

The CHAIRMAN. But if you had your money invested in Government bonds, it would have been economically more rewarding than dairying, would it not?

Mr. LANDIS. In the short run, yes sir.

The CHAIRMAN. Now, what is feed costing you right now?

Mr. LANDIS. We're paying \$88 per ton for purchase whole feed. We buy some shelled corn at \$1.75 a bushel for shelled corn.

The CHAIRMAN. What did it cost you a year ago?

Mr. LANDIS. \$1.50.

The CHAIRMAN. What did your soybean meal cost you a year ago?

Mr. LANDIS. I don't buy any soybean meal.

The CHAIRMAN. What sort of protein supplement do you use?

Mr. LANDIS. We use whole cottonseed some and this is \$70 a ton.

The CHAIRMAN. What did you pay last year?

Mr. LANDIS. This was our first year for whole cottonseed.

The CHAIRMAN. Soybean meal has gone up from about \$90 a ton a year ago to about \$230 or \$240 at the present time; and that's the principal protein supplement used in all cattle feed and grocery feed too for that matter.

Mr. LANDIS. This has influenced the price of our dairy feed. We have paid as high as \$100, over \$100 per ton this year for the same feed which a year ago was \$70.

The CHAIRMAN. Thank you, Mr. Landis; I appreciate your co-operation. Does anybody else want to make a statement? I see a gentleman in the rear. Come up, please. The Chair recognizes this witness as Mr. Herman Odom of Claxton, Ga. Just stand right up there and state whatever you like, Mr. Odom.

STATEMENT OF HERMAN C. ODOM, CLAXTON, GA.

Mr. ODOM. Senator Talmadge, Commissioner Irvin, ladies and gentlemen.

The CHAIRMAN. Speak a little louder; I can hear you but I doubt if those in the rear can hear you.

Mr. ODOM. I'm a little hoarse. I would like to emphasize one point to you gentlemen on this feed grain program of the ASCS. Now, this year they've changed it three times. They had a 35-percent set-aside and we got our maps down and figured it all out and then they changed it to 25 percent and we had to refigure and had put out fertilizer; and then they came to 15 and we had to refigure it again and put out the fertilizer on land that in some cases we didn't even want to tend. So, I wish that there would be some way that the Congress and the Senate could get an early measurement on this.

The CHAIRMAN. Will you yield at that point?

Mr. ODOM. Yes sir.

The CHAIRMAN. The Senate Committee on Agriculture and Forestry met yesterday at 10 a.m. and we reported out a bill about 11 a.m., and put it through the Senate about 12:30 p.m., correcting just what you're talking about.

Mr. ODOM. Thank you, sir; I'm wasting your time.

The CHAIRMAN. Let me ask you a question. I think you raise tobacco over here, don't you?

Mr. ODOM. Yes sir.

The CHAIRMAN. What size allotment have you got?

Mr. ODOM. Well, I've raised an average of 100 acres for about 15 years.

The CHAIRMAN. What would happen to you and other tobacco farmers if they outlawed the tobacco program and outlawed acreage allotments on tobacco and support prices on tobacco?

Mr. ODOM. Well, I have around \$200,000 invested in equipment for tobacco, total mechanization; and unless I could get a contract with a company, I doubt that I could survive.

The CHAIRMAN. How many employees do you have working on that tobacco?

Mr. ODOM. Well, we used to use around 150, about 1 per acre; but we've mechanized to the point now that it's about 50.

The CHAIRMAN. It is now about 50 people?

Mr. ODOM. Yes sir.

The CHAIRMAN. What would happen to them if you couldn't grow tobacco?

Mr. ODOM. I guess they'd get on welfare.

The CHAIRMAN. That would cost more than the tobacco program, wouldn't it?

Mr. ODOM. Yes sir. The tobacco program hasn't cost the Government a dime up to this point, Senator, as you well know.

The CHAIRMAN. I'm aware of that. Do you remember off the top of your head how much tobacco pays in taxes?

Mr. ODOM. \$3 billion a year.

The CHAIRMAN. In State and Federal taxes?

Mr. ODOM. Yes sir, \$3 billion.

The CHAIRMAN. Carries the biggest burden proportionately of any commodity in the United States; doesn't it?

Mr. ODOM. Yes sir. And when you're on tobacco now, I'll talk with you.

The CHAIRMAN. That's one of the programs, you know, on which the administration wants to and has recommended phasing out acreage controls and price supports.

Mr. ODOM. Did they or did they not take 5 cents a pound export subsidy off of tobacco?

The CHAIRMAN. Oh yes, I fought the repeal of the export subsidy for tobacco.

Mr. ODOM. I know you did.

The CHAIRMAN. And as you know, tobacco is a commodity that we export in substantial abundance and I'm concerned about the future of tobacco, because Britain has joined the Economic Community, as you know. My recollection is that we exported about \$147 million worth of tobacco annually to Britain; and now they have that variable levy on tobacco. I would imagine this would substantially reduce our exports to Britain in future years. There's also the possibility that they may make an accommodation with Rhodesia in the future. As you're aware, the European Economic Community has certain preferential trading agreements that exclude us. They let us defend them but they don't give us the quality in their market.

Mr. ODOM. I understand that, sir. I was going to Southern Rhodesia just before that uprising to raise 100 acres there in the winter and 100 acres here in the summer. I already had my plane reservations but I didn't take it.

The CHAIRMAN. What would happen to the 50 people if you suddenly didn't grow 100 acres of tobacco?

Mr. ODOM. Well, what would happen is that a lot of them would get on welfare and get food stamps and that would mean the price of cigarettes would go up some more.

We can't find enough people to work now for we have been under the minimum wage since the first year it went in effect for farmers and they are afraid if they work and we take social security, which we have to do, it will affect their checks. They do not want us to take out social security so I have to pay the entire amount in order to get them to work.

Another problem, we have some people who are able to work some but not able to make a regular farmhand and we have to pay them minimum wage too if we use them, so we can't work them at all. We have some older people who would like to work on jobs they could do, they know they are not worth as much as regular hands, but we would have to pay minimum wage if we used them. On the other hand, some who are able to work are on welfare and they are afraid their check will be cut off, so they won't work.

The CHAIRMAN. Well, we're going to see if someone else wants to talk but I want you to go as far as you want to.

Mr. ODOM. Well, that's enough on that. We have to deal with the Labor Department, the Welfare Department, the Department of Agriculture, and the *Infernal* Revenue Department, and the Social Security and then the OEO—the farmers have a slim chance and a poor one.

Somebody handed me the minimum requirements for a farmer:

You've got to have a wide brim hat, one pair of tight boots, one pair of tight pants, at least two head of livestock, preferably one a male and one a female; a new air-conditioned pickup with automatic transmission with a trailer hitch; a gun rack at the rear window big enough to hold a walking stick; two dogs to ride on the back of the pickup, a \$40 horse and a \$300 saddle, gooseneck trailer small enough to park in front of the cafe; a little place to keep cows on land too poor to grow crops; a roll of barbed wire and three cedar posts to haul around in the truck all day; good credit at the credit union, credit at the bank, credit with your father-in-law, a rubber cushion to sit on 4 hours at the auction every Thursday; a good pocket knife suitable for whittling to pass away the time; a good wife who won't get upset when you walk across the living room carpet with manure on your feet, a good wife with a full-time job at the court house.

I used this to illustrate the general public's opinion of the importance of agriculture to our national economy and survival.

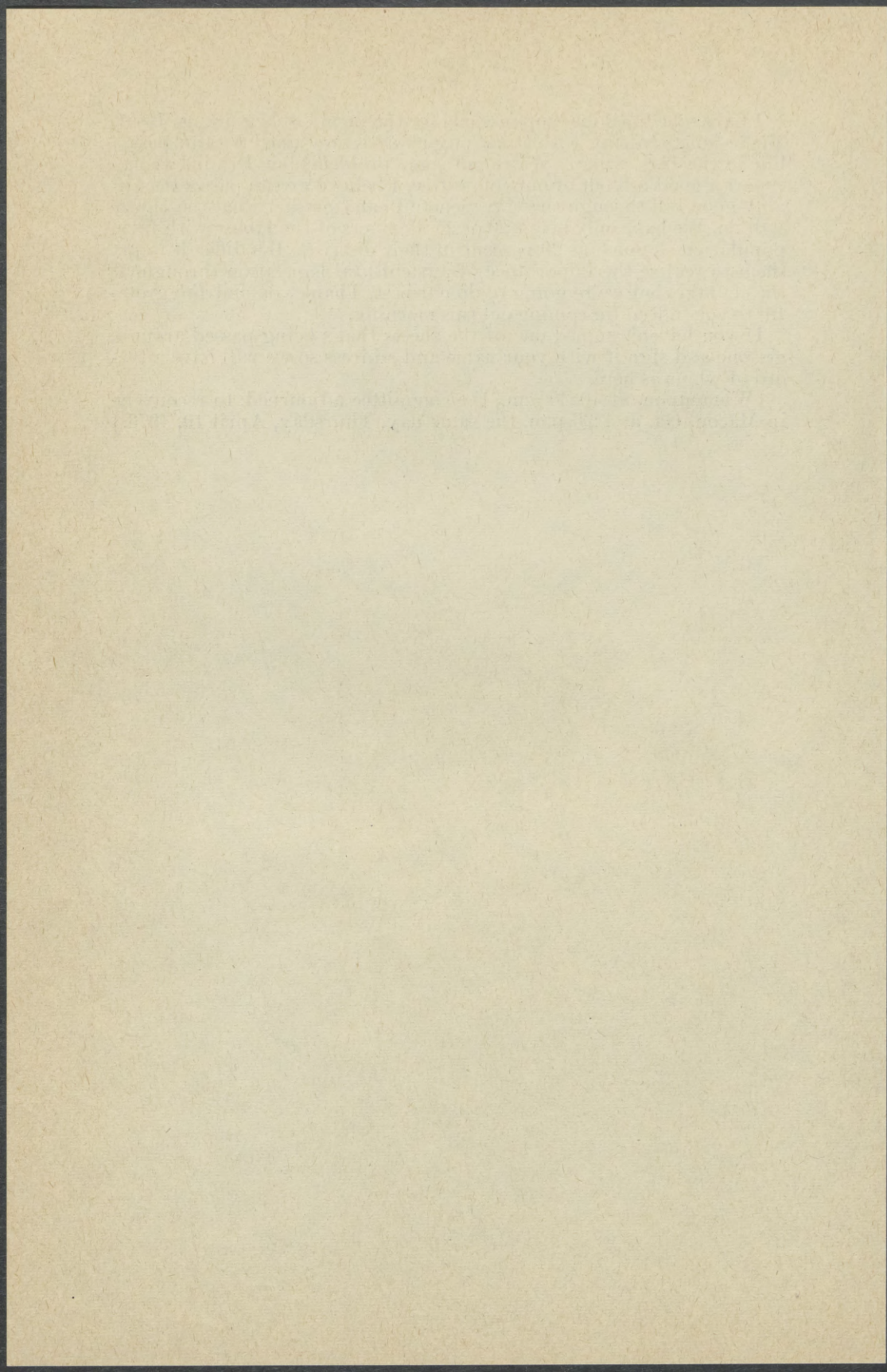
The CHAIRMAN. Does anyone else have any comments or observations?

Ladies and gentlemen, I appreciate so very much your coming out and giving us the benefit of your views this morning. You've made a great contribution to this record which will be made a part of the record at the hearings of the Committee on Agriculture and Forestry with reference to the Agricultural Act of 1973. We will go back into session in Congress on April 30.

I have scheduled markup sessions for the farm bill beginning May 1. We're going to stay with it as long as necessary until we can pass a bill in the U.S. Senate. We've got some problems but I think we can report a good bill out of our committee. I believe we can pass a reasonably good bill through the U.S. Senate I can't predict what the House will do. We have only about 20 or 25 Members of the House with farm population as much as 20 percent in their districts. It's difficult to get them to realize the importance of agricultural legislation throughout the country, but we're going to do our best. Thank you and I'm grateful to you indeed for coming out this morning.

If you haven't signed one of the sheets that's being passed around, get one and sign it with your name and address so we will have a record of who was here.

[Whereupon, at 10:30 a.m., the committee adjourned, to reconvene in Macon, Ga. at 1:30 p.m. the same day, Thursday, April 19, 1973.]



EXTENSION OF FARM AND RELATED PROGRAMS

THURSDAY, APRIL 19, 1973

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Macon, Ga.

The committee reconvened, pursuant to notice, at 1:30 p.m., in the meeting room of the Georgia Farm Bureau Building, Macon, Ga., Hon. Herman E. Talmadge (chairman), presiding.

Present: Senator Talmadge.

STATEMENT OF H. EMMETT REYNOLDS, PRESIDENT, GEORGIA FARM BUREAU FEDERATION, MACON, GA.

Ladies and gentlemen, we are happy to have such a fine looking group of interested agriculturists here today for a very important function. I have some prepared remarks that I would like to present in behalf of the Georgia Farm Bureau Federation, and as a representative of our organization, Senator Talmadge, I would like to proceed with my comments.

The CHAIRMAN. Sure.

Mr. REYNOLDS. Senator Talmadge, on behalf of Georgia farmers, it is my pleasure to welcome you to Macon for the purpose of holding field hearings on the 1973 farm bill which is now before your committee. It is a special privilege to welcome you to the headquarters of Georgia Farm Bureau which represents 75,000 Georgia farm families.

I am also pleased to have the opportunity to thank you publicly for all you have done for agriculture and the American agricultural system. As farmers, we know that you understand our problems and we know that you have our interest and our welfare at heart. The farmers of Georgia, particularly, know that they have a true friend in Herman Talmadge.

As your committee and Congress begin consideration of the new farm bill, I think it appropriate to point out some basic facts and figures about the status of American agriculture, as we in the Farm Bureau see it.

It is frequently stated that Americans are the best-fed, best-clothed people on the face of the Earth. This is due in large part to the phenomenal activity and productivity of the American farmer. He has produced food and fiber in a greater abundance than any farmer anywhere in the world. On an average, each of our farmers today, produces enough food for 51 people, as compared to a ratio of 1 to 16, 20 years ago. Our output per man-hour is 3.3 times higher than 20 years ago, as compared to 1.6 percent increase in the output per man-hour in manufacturing industry over the same period.

The beneficiary of the bountiful production of the American farmer is the consumer. Despite the recent rash of complaints about food prices, the facts are that Americans are getting their food for a far smaller share of their income than any other people in the world. In the last quarter of 1972, the average American spent only 15.8 percent of his after tax income for food. And this has increased only slightly during the first quarter of this year. Yet, 20 years ago, the average American spent 23 percent of his after tax income for food. In Europe one-fourth of the family income goes for food; Russia, a range between 45 and 50 percent; and, in Asia, almost 80 percent.

In view of this, it is not surprising that the farmer feels somewhat hurt and frustrated at being blamed for high food costs. Were he not an efficient and effective producer, believe me the housewife would really have high prices to protest against. But more important, she might not even be able to buy—at any price—the foods that today are readily available to feed and nourish her family.

Despite what he feels is unfair and unjust criticism, the American farmer is not going to boycott nor strike. Our farmers in Georgia and throughout the country want most of all to continue to produce an abundance of food and fiber, not only for our own people but for the people of the world. All we ask is an opportunity to a fair share of the Nation's economy—to be able to make a decent living so that our families—our children especially—can enjoy the good things of life that most other people take for granted in our affluent society. Senator Talmadge, I know that you will agree with me that this is not unreasonable to ask.

The Georgia Farm Bureau is deeply concerned about the farm programs and policies that are being advanced by the U.S. Department of Agriculture. As you are well aware, Senator Talmadge, the Secretary of Agriculture is proposing to abolish the existing allotment system and to phase out existing price supports on several basic farm commodities.

What he seems to want is an open ended system where any farmer anywhere in the country can grow all he wants of any commodity at whatever price he might get. We have had some pretty bitter experiences with this kind of program in the past.

More and more, the philosophy I hear being expressed by the Nixon administration and by the Department of Agriculture is that American agriculture ought to compete on the world market. Apparently someone in high places in Washington has decided that the American farmers should be the means of creating a balance of trade by selling their commodities at a bargain-basement price to the world. I haven't heard it proposed that the auto industry ought to sell cars built in Detroit abroad at one-half the American price. What is being proposed for farmers, in effect, is that we should sell our products at low world prices, and produce at high American costs.

This might—and I emphasize might—work for the giant corporate operations. But it will not work for the family-type farm operation, which is the backbone and the strength of the American agriculture.

Not only are our farmers faced with ruinous legislative proposals from the Department of Agriculture, they are also being subjected to an organized barrage of false and misleading propaganda deliberately designed to discredit existing farm programs.

On Tuesday, the press reported that the General Accounting Office

has estimated that the cost of the peanut program to the Government will be more than \$500 million over the next 5 years. According to the press report, the GAO based its projections on a loss of \$105.5 million in 1972. According to information provided to us by the USDA, this figure is simply not right. The loss on the 1972 crop is actually about \$75 million.

But even if the GAO figures for 1972 were accurate and the 5-year projection fair—neither of which is the case—the losses in the peanut program ought to be considered as a perspective of other Federal spending programs. Last year's wheat sale to Russia, for just one example, cost U.S. taxpayers in excess of \$200 million. Also, what about the multimillion Federal loan guarantee to subsidize the Penn Central Railroad? What has GAO said about this?

Our farmers, particularly in south Georgia, have been hurt by statements such as that made recently by the Under Secretary of Agriculture, Phil Campbell, attacking the present peanut program and suggesting that our farmers ought to be willing to grow and sell their products at low world prices. Mr. Campbell ought to know that this is an economic impossibility. He should be seeking ways to keep our family farms in business rather than advocating policies that will drive them from the land.

The Department's efforts to phase out price supports and historic allotments would hit particularly hard at Georgia farmers, because we have so many small family-size farms which depend on allotment crops as principal sources of income. The major cash crops grown in Georgia, in order of dollar value, are peanuts, tobacco, cotton, feed grains and soybeans. All of these commodities currently have some measure of price or allotment protection. If this protection is taken away—"phased out" is Mr. Butz's favorite expression—it would be disastrous to Georgia agriculture. It would in fact "phase out" the family farm and the family farmer in Georgia. I don't want to see this happen, and I don't believe the American people want it to happen. Ultimately, this could place the consumer at the mercy of a relative handful of gigantic agricultural conglomerates.

Speaking specifically of the legislation before your committee, Senator, the Georgia Farm Bureau favors a 3-year extension of the present farm program incorporated into the Agriculture Act of 1970 for cotton, feed grain and wheat, with no substantive modifications. This position was affirmed last week by the three commodity groups directly affected. We emphatically oppose the changes proposed in the program by the Secretary of Agriculture. In the case of cotton, our State's major cash crop covered by the 1970 act, the Secretary's proposal to phase out the present income protection program would, in our opinion, effectively terminate cotton production in Georgia. This would "phase out" the Georgia cotton farmer.

Tobacco and peanuts, the other two Georgia commodities covered by price supports and allotments, are not included in the Agricultural Act of 1970; and, therefore, do not require legislative action by Congress this year. The Georgia Farm Bureau Federation feels that, in the present political climate, it would be ill-advised and extremely hazardous to tamper with these important crops that together amount to \$300 million in income for Georgia farmers.

Senator Talmadge, it is my pleasure at this time to welcome you and to turn the program over to you. That is my statement.

**STATEMENT OF HON. HERMAN E. TALMADGE, A U.S. SENATOR
FROM THE STATE OF GEORGIA—Resumed**

The CHAIRMAN. Thank you very much, President Reynolds, for that excellent statement. Commissioner Irvin, ladies and gentlemen, as the president of the Georgia Farm Bureau Federation has informed you, many of our agricultural programs expire this year. The Congress must take some action to extend, modify or reenact those that go off the books. They are very important to many of Georgia's major agricultural commodities.

We started early in the year holding hearings before the Senate Committee on Agriculture and Forestry, because we felt that we needed a bill on the President's desk by June 30. One of the programs that expires is the wheat program. Many farmers will start planting spring wheat around August 15, so they ought to know what type of program they are going to have operational with the next crop.

We have held to date in Washington some 8 days of hearings. We have heard from 110 witnesses, several of whom were from Georgia. This year, in considering farm legislation, I let the word be known that we didn't want to hear from paid spokesmen for farm organizations or their lobbyists, that we wanted to hear from real dirt practicing farmers, and of the 110 witnesses that appeared in Washington, I think well over 100 of them were dirt farmers.

I also urged members of the committee to take advantage of our Easter recess, which began yesterday, to hold field hearings within their States. Several members of our committee are doing and have done so. I wanted to take advantage of this opportunity to hear from the farmers of Georgia.

This morning we were in Burke County. We had a group, about the same size as this present and heard from some 9 or 10 witnesses. We flew up here. Tomorrow we are going through Dooly County and down to Tift County and complete 2 days of hearings in Georgia.

Those hearings will be made a part of the official record that the Congress will consider in writing a farm bill.

I appreciate your coming out here. These hearings will be purely informal. I have been handed a list of witnesses that have signified their intention of wanting to be heard, and if time permits we will hear from others, who may be in the audience. The staff will pass out forms to fill out by anyone desiring to speak. If anyone doesn't have a form, if you will hold up your hand, a member of the staff will give you one.

I appreciate the opportunity of being with you and thank you for your attendance. A court reporter will take down all of the testimony; and, if the witness will come over here and be seated, we may proceed.

I want to express my appreciation to Georgia's outstanding Commissioner of Agriculture, Tommy Irvin, traveling with me on this trip, he will be with me at all of the hearings. He is doing an outstanding job, and not a day comes to pass but that my office is in touch with his or vice-versa about some problem relating to agriculture in Georgia, and I appreciate very much his being with us.

The first witness is Mr. W. H. Smith III, Statesboro, Ga.

STATEMENT OF W. H. SMITH III, STATESBORO, GA.

Mr. SMITH. I am W. H. Smith III, from Statesboro, Ga. I am here today as a representative of the pecan growers of Georgia to present

some of our views to you, and might I add, we appreciate very much this opportunity to talk with you first hand.

As you well know, the pecan industry is a major crop in Georgia. We have a combined total of around 130,000 acres of pecans in Georgia. On peak years, we produce in the neighborhood of a hundred million pounds of pecans in this State. This is in excess of one-third of the total U.S. production and makes Georgia the largest pecan producing State in the United States, with gross annual sales exceeding \$30 million on peak years.

From these figures you can see that pecans are a high value crop. They are also a very high risk crop. In the past 10 years, Georgia, through a very small amount of basic research and education has been able to double its annual production. But along with this doubling of its production has come greatly increased costs of production due to increased usage of spray programs to control insects and diseases, higher fertilization rates, improved tillage practices, and the use of mechanical harvesting and handling procedures.

Also, with the use of many of our new methods of technology, we have seen new problems occur which had never been known to us before in the past.

Crown Gall, which was never really noticed much before has become a real problem due to some of our tillage practices we use today.

Pecan Bunch Disease, a new disease just discovered in the past 5 years, threatens practically all of our Stuart variety, of which we have more pecans of this variety than any other in the State. This disease seems to affect the Stuart variety more than any other. Not much is known about this disease, and no means of control has been found.

The Prionus Grub threatens us as a major pest. He attacks the root systems of trees and slowly kills the tree. No effective means of control is known for him.

The Pecan Weevil has become probably the greatest threat to the pecan industry that we have today. He is an insect which can destroy an entire crop at almost any stage during the year from the time the nut is set until maturity. This pest is now found in almost the entire pecan belt.

What I am trying to say is that we could very well use a lot of basic research in all of these areas and many more. We have an ideal location at Byron, Ga. to conduct a great deal more research than is now being conducted at these facilities.

We are particularly interested in research on the Pecan Weevil. We know that Oklahoma has received a grant to do research on this insect, but we feel that we also need a great deal more work done on him right here in the pecan belt. I think we cannot overlook the possibility of trying to eradicate the Pecan Weevil, if possible, since he poses such a great threat to our industry, if we can possibly find some means through research to do this.

Again, let me say how much we appreciate the opportunity of being here today. We would like to express our sincere appreciation to Senator Talmadge for all that he has done for us in all phases of agriculture, in the past and would like to ask for his continued efforts and support in the future in helping to keep our agricultural industry the strongest industry in the world.

The CHAIRMAN. Thank you, Mr. Smith, for an excellent statement. As you know, we have obtained modest appropriations for the research

laboratory at Byron, Ga. for research in the pecan industry, not as much as we would like, but as much as we have been able to get with the tight strings they have held on agricultural programs in general.

Mr. SMITH. Yes, sir.

The CHAIRMAN. Let me ask you something about pecans generally. A large portion of the orchards in this State have been neglected through failure to fertilize and failure to spray, and their production is limited because they haven't followed the best practices of agricultural methods with pecan crops. If you neglect a grove 3 or 4 or 5 years, how long does it take to bring it back with proper fertilization and spray?

Mr. SMITH. It would probably take 3 years to bring it back.

The CHAIRMAN. In other words, about as long as it has been neglected, it then will take about that much to bring it back?

Mr. SMITH. Yes, sir, and in some cases some of these orchards that have been neglected so long, it would be almost impossible to bring them back.

The CHAIRMAN. I remember some 15 or 20 years ago, I think I was Governor at the time, they had a very energetic county agent over in Upson County at the time. They had many abandoned groves there, some of them grown up in pine trees.

Mr. SMITH. Yes, sir.

The CHAIRMAN. And he was trying to bring them back. Are most of them now being brought back to the top potential?

Mr. SMITH. Well, we still have some that are not, but a great deal of of your larger orchards of the more desirable variety are now being brought back into production. This again depends partly on the varieties involved. We have some varieties, some of the older varieties that it is not really economical and profitable to try to bring them back into production.

The CHAIRMAN. What about a Schley?

Mr. SMITH. A Schley, yes, sir.

The CHAIRMAN. You bring it back?

Mr. SMITH. I would think that it would be very profitable.

The CHAIRMAN. Are Stuarts still the most prolific nut in the State outside of the old original ones, what do you call them? Seedlings?

Mr. SMITH. Seedlings.

The CHAIRMAN. Yes.

Mr. SMITH. Stuarts, yes we have more Stuarts than any other variety now in the State. However, we do have some new varieties that are showing even more potential than the Stuarts.

The CHAIRMAN. What can a farmer with a well managed pecan grove that is properly sprayed and properly fertilized and properly maintain, what is the potential gross per acre—I am not talking about the net now, the gross, at the present market prices of nuts?

Mr. SMITH. I would say at the maximum possibly \$300 to \$400 per acre annually. Now, the thing about pecans, they are still more of a semiannual crop in most cases even at the best.

The CHAIRMAN. Even under best conditions?

Mr. SMITH. That's right.

The CHAIRMAN. You can't depend on a crop every year?

Mr. SMITH. That's right.

The CHAIRMAN. Well, it offers enormous potential then, a well managed grove for a good farm crop in the State, doesn't it?

Mr. SMITH. Yes, sir, it sure does.

The CHAIRMAN. Thank you. I appreciate your contribution and you may rest assured that we will continue to work in that vein.

Mr. SMITH. Thank you, sir.

The CHAIRMAN. The next witness is Mr. Clyde Wilson, Jr., of Fort Valley, Ga.

STATEMENT OF CLYDE WILSON, JR., FORT VALLEY, GA.

Mr. WILSON. Senator Talmadge, on behalf of the Georgia peach growers and apple growers, I would like to ask for continued support of the fruit and nut tree laboratory at Byron, Ga. This facility and its dedicated researchers can be utilized to develop the current fruit growing potential that exists in Georgia. And it is a great potential. We have the land, the climate, the growing season and in some areas the labor to make Georgia the "California of the East" with respect to fruit growing. In addition to new varieties of peaches and apples, we need to develop other crops such as plums, pears, grapes, nectarines and many others which we have not even begun to explore yet. This facility and its staff could enable Georgia fruit growers to diversify their fruit growing interests and help keep down over production of any one crop. This diversification could also act as a hedge on weather conditions, since weather affects each crop differently.

With specific regard to peaches, the biggest problem facing the peach grower today is the death of young peach trees at a time when they should be producing their most. Current research has not been able so far to reveal the cause of this phenomenon. It continues to be a mystery and many growers are worried that this one problem alone will force them out of business. Our per acre production is being decreased yearly by tree losses. This comes at a time when we should be producing record yields to offset increased cost of production due to inflation. In our own operation, it is estimated that our peach production this year will drop by some 30 percent over last year due to tree losses alone, and then when you throw the frost and freezes in on top of that, then we have got trouble.

The CHAIRMAN. Will you yield at that point? How much of that loss is attributable to the freeze last week or the week before?

Mr. WILSON. 20 to 30 percent, I guess.

The CHAIRMAN. Has that been uniform throughout the belt, or is it localized in specific areas?

Mr. WILSON. It is localized in specific areas in low spots throughout the State.

The CHAIRMAN. What was the area hardest hit in the peach belt?

Mr. WILSON. Griffin, around in that area.

The CHAIRMAN. North of Griffin, was everything killed?

Mr. WILSON. Right.

The CHAIRMAN. In other words, the peach crop this year will be south of Griffin?

Mr. WILSON. Right, and it will be spotted around Fort Valley, in the Fort Valley area.

Every other problem with regard to peaches in my estimation is secondary to the peach short life problem. Very simply put, if you don't have a tree, there is no use worrying about anything else.

With regard to apples, the biggest problems that we have at this time are size controlling root stocks and apple varieties that are comparable to those that are being grown in the northern States. As of now, we are lacking in both of these areas. Size controlling root stocks adapted to Georgia soils could enable us to control the ultimate height of our trees, and decrease the labor requirement that exists in the harvest of large trees today. With an ever increasing minimum wage, this development will have to come sometime in the near future.

Most of our production problems could be solved in time by the research at the fruit and nut tree laboratory at Byron and State experiment stations. But a laboratory turning out research is sometimes unable to translate its research into practical procedures that the farmer can utilize. There is a big need for extension specialists working in the area of fruit production. The need is evident because most county agents cannot be expected to do justice to fruit production with all of the other crops and programs for which they are held responsible.

The State of Georgia has one extension horticulturist, who claims he drove 40,000 miles last year in an effort to cover all the fruit crops for which he was responsible, and he was spread pretty thin. I know that there are smaller States than Georgia who have more than one fruit specialist, and there are a lot of States who have a team of these specialists who work on fruit production alone.

I have tried to state the most urgent needs of the fruit industry in Georgia. It is hoped that we will be able to receive support in these areas. Thank you.

The CHAIRMAN. Getting back to the freeze, how did it affect the apple industry, in north Georgia?

Mr. WILSON. I have heard that it was the same up in north Georgia, they were frozen out in the low spots, but on the top of the hills they still have some apples, and it is hard to assess at this time what percent of a crop they have. The first I heard, I heard the whole crop was killed. But in middle Georgia, we are growing apples down there and planting apples at a more rapid rate now than ever before, and we have yet to be killed by frost and freezes on apples in middle Georgia since I have been fooling with them.

The CHAIRMAN. As you know, we are doing some experimental work at the research laboratory at Byron, Ga. and also in South Carolina about diseases that is killing these peach trees. Now, do you find that disease primarily on land that has previously been in peaches or in new ground or both?

Mr. WILSON. Well, there was a time when the main thought on that was that it was on old land, but this year it is showing upon new land. I really believe that there is something, that there may be something in the hardness of the variety. Temperature seems to play a big part in the problem in that it is causing winter injury or cold injury on some of our fruit. Now, we don't know. It is a possibility that the varieties may not be hardy to our conditions down here in Georgia now.

The CHAIRMAN. What relation are you to Bill Wilson?

Mr. WILSON. Nephew.

The CHAIRMAN. How is the apple production doing in that area?

Mr. WILSON. It is increasing very fast.

The CHAIRMAN. Is it a profitable crop?

Mr. WILSON. Yes, I think it will be, when get all the kinks ironed out on it.

The CHAIRMAN. Someone came to see me a year or two ago. He had had considerable experience in the apple business and he had in mind a huge apple development in the Pike County area. He had searched the entire country and he thought that area was extremely promising for apples and he had in mind planting the dwarf trees. Do you have the dwarf trees in your area or the large ones?

Mr. WILSON. Yes, sir, that was what I was referring to when I mentioned size controlling root stock. That is what we mean. We mean dwarf trees, and these roots, however, are developed in England; and, when we bring them to Georgia, they are not very well adapted to this red clay type soil. So, we need further research to develop root stocks that are adapted to Georgia soils.

The CHAIRMAN. Are we doing any of that?

Mr. WILSON. A small amount at Byron, but we need more of it. We certainly do.

The CHAIRMAN. Is the Virginia soil somewhat typical of ours? Are they doing anything there on that?

Mr. WILSON. Well, the dwarf root stocks, in my estimation, in some States are not really performing like they should. A dwarf is a dwarf because it is weak rooted, and you don't have much root system there, and we really need quite a lot of research on this because we have got to hold the size of the tree down. We can't pay the labor costs that it takes to pick these large trees. And it is a very—it is going to be very important in the future that we hold these trees down to about 8 feet, so that women and children can go out there and pick them.

The CHAIRMAN. I appreciate your contribution. Thank you so much.

Mr. WILSON. Thank you.

The CHAIRMAN. Our next witness is Fred Haley.

STATEMENT OF FRED HALEY, PRESIDENT, GEORGIA SWINE GROWERS ASSOCIATION, CANTON, GA.

Mr. HALEY. Certainly it is an honor for me to say a few words here. I will have to admit that if I leave you as confused as I am, and I am sure that I will do that, I have been asked to talk on swine, poultry, which includes turkeys, eggs and broilers, so part of my comments will be around the same point, I hope.

But first I would like to say a few words about swine, since I am president of the Georgia Swine Growers Association and on the advisory committee for the Georgia Farm Bureau. We rank ninth in the production of swine here in the State today. On December 1 we had 1,982,000 head of swine which we are the only State outside of the corn belt today in the top 10. And frankly I am very enthusiastic about the swine industry for this area because of climatic conditions and I am not sure as to the exact income of swine last year, but I believe in 1971 it was \$122 million and certainly last year should be in excess of that by \$10 to \$20 million.

We have had a lot of problems and will continue to have them. We are not in the same classification as a lot of you people. We are truly in a free enterprise product, from the standpoint of grains and so forth.

A lot of my comments may sound foreign to you and they may be, but as I see it, this is the basic problem that we in agriculture today have, is exports and imports. And to give you an example, today we

are exporting in excess of 52 percent of the soybeans and as each of you in this room know, soybeans have gone from \$2.75 to \$3 to \$7 and good for each of you who are producing soybeans, but for we who are buying soybean meal, it has gone from \$91 a ton to \$270 a ton, and as of last night's closing, it would equal about \$245 to the farmer, so you can see that the cost of production has skyrocketed.

The selling price of swine this year has been favorable most of the time, ranging from 25 cents one day which was the lowest to 40 cents.

Research in disease in my judgment is our greatest need in the swine industry in the State of Georgia; and, as I say, we have got a lot of climatic conditions in our favor. Today the swine operation is not just a bunch of hogs out in the field. A lot of installations are rather expensive and built as a permanent type installation.

On the export of pork, Japan this year has already purchased over 25 million pounds, which is more in the first 3 months than was sold to Japan all of last year, and they are very active in the market today. In fact, one time they came in here and said, "We need some hams," and they just volunteered to give us 5 cents a pound to the packers more than they were selling to chain stores and bought 5 million pounds.

Well, this is fine, but it reminds of a story. Tom Gilder, and I see him back there, he and I ate lunch together in West Berlin one time with an agricultural attaché, and we were trying to persuade him to get poultry into this Common Market, and he said this gate fee was going to be up and down and regulate the price. Well, this is what bothers me as a producer of swine.

Any time that they want to cut us off, we can be cut off, and if you are producing swine with extremely high protein prices and then you sell them at a very reduced price, you can get hurt very quickly and real bad.

So, exports and imports, and by that I am talking about I think that we need in this country a real hard look at how we are going to allow exports of all commodities to go out of this country as well as to allow imports to come in, whether it be beef or whether it be pork or so forth.

I would like to say a few words about poultry. Poultry today represents something like just a little under \$400 million in this State. Broilers being in the vicinity of \$200 million and eggs about \$176 million, I believe. The same thing applies to poultry as far as protein is concerned as it does in swine. We have had an unparallel price for these proteins. Peru today is not allowing much fishing to be going on. If there is research needed, it would be in two phases in poultry today, and one would be a substitute protein or some research to get the soybean boys to get a little more protein out there.

Now, I don't want you to think I am just picking on the soybeans, goodness knows, if we could get 75 cents a dozen for eggs, I would be glad to pay you \$7 a bushel for soybeans, just gladly. But we had a march the other day, as you know, and this kind of makes you feel bad, and I will get back to pork in just a minute. I believe if our President had said, "Ladies and gentlemen, we have 29 million pounds of bellies in storage today, and a year ago we had 83 million, which is about 7 days supply," I believe that the housewife might not have boycotted the meat counter. She may have been a little more encouraged to buy an extra pack to put in her cooler so that she could have it.

Broilers today are a fairly decent price. I am not really in the broiler business. I am in the egg business, and I am in the turkey business. Turkeys have been hit extremely hard unless we get the price to rise on turkeys we are going to be just wiped out nearly, because the ceiling price has been applied to turkeys, but maybe it is going to be released.

You just can't live with these phenomenal prices of feeds and produce turkeys 37 cents dressed. It is just not in the cards.

I think research, if we had one more research on disease in this State of ours, I am encouraged with the amount of research that is going on in poultry and swine. Facilities are being built, thanks to all of you people, but we need a disease lab, I think, in excess of what we have got now, maybe a regional one. I think some of the poultry boys have talked to you.

I would say that this is about my remarks. I feel scared. I have no bones about it. Any time that you have the fluctuation of prices as they are today, I just say that I am scared, because it is just a dangerous time to be a farmer today. I dearly love it. I hope I will always be. I am proud to be a farmer. I don't like to be kicked in the face as we have sometimes, but it is an honor for me to be a farmer, and I thank you for this opportunity.

The CHAIRMAN. Thank you, Mr. Haley for your contribution to this hearing. Is Georgia still a deficit State on pork?

Mr. HALEY. Yes sir, it is. It certainly is.

The CHAIRMAN. How rapidly is the increased production rising each year?

Mr. HALEY. Well, I am not exactly sure. This 1,800 or 982 million head as of December 1, I am sure there are some statisticians in this group that could answer that much more exact than I could. Adrian, could you answer that?

FROM THE AUDIENCE. What was the question?

Mr. HALEY. I am sorry. I can't answer it, Senator.

The CHAIRMAN. You mentioned imports and exports. I have looked into that question somewhat and both of my committees have some jurisdiction in that regard. The Agricultural Committee, of course, is interested in farm commodities. And the Finance Committee that I have the honor of being vice chairman of generally handles trade policies.

Unfortunately, since the conclusion of World War II, every time we have trade negotiations, the idea has been to get an agreement. If we get an agreement, it is a great victory if we have to throw Washington's Monument in to get it, why it is still a great victory. Our negotiators have looked after the foreigners instead of our own people. The most restrictive trade policies of any nation in the world today is Japan. The next most restrictive is the Economic Community.

And, of course, we built up at one time some export market for poultry there, and then they stepped in with border taxes and the variable levy and trade regulations and administrative procedures, and, as you know, they killed our exports to the Economic Community. I think that we are going to have to insist that we treat foreign countries the same way they treat us.

Mr. HALEY. Amen.

The CHAIRMAN. Now, you can go to Japan and you can't see an American automobile. But you drive around the streets of Georgia

and about every fifth or sixth car you will see will be a Japanese vehicle. If you buy a radio or television set, all of it is made in Japan. It may have an American name on it, but the parts are manufactured in Japan, and that's the reason our trade deficit last year was \$61½ billion; \$41½ billion of it was Japan; \$21½ billion was Canada. A billion and a half was Germany. I think we have got an opportunity to export meat products overseas, because they are getting more affluent too.

And, as people have more affluence, more money to spend, the first thing they do is upgrade their diet.

Mr. HALEY. Right.

The CHAIRMAN. And usually they graduate from rice and beans to meat; and, of course, that is one reason meat is so high in this country now, because there has been a huge demand not only in the United States but worldwide, and then the food stamp and the commodity programs are costing \$21½ billion a year. A lot of very low-income people are eating meat occasionally now, sometimes for the first time.

School nutrition programs are spending \$11½ billion a year to see that every child gets at least one decent meal a day.

The increased demand has forced up the price of those commodities, and I do want to point out that those who have the greatest complaint about the cost are those that are not subsidized or supported. The law of supply demands that. It is a complete free market.

Now, the poultry people have a way of prices getting too high, you know, and everybody expands their production and then they go down again. Poultry in the last few months is getting above what it costs to produce. I remember for 2 consecutive years poultry was selling at or about the cost of production. A lot of people went bankrupt in the process.

Do you think that they are going to increase the production and have another—

Mr. HALEY. Well, I will have to answer it like this. I have been in the poultry business longer than I would like to admit, but ordinarily we just cannot stand prosperity in the poultry business. That's one thing we are opposed to. It has just been a rule that we have never allowed ourselves to have more than 1 or 2 years as a profit. We just can't stand it. It just gets in our blood.

I will have to say, though, that as the farmers are getting older in this State of ours, the minds of the young person that is coming on, they think differently. And I can answer that with a sure yes, because I have a son and I have a son-in-law, and honest to goodness they just don't like to work on Saturday afternoon and Sunday. They like to play golf, and I guess the only thing that I am a little jealous of is that I never knew anything but working on Saturday and Sunday, and I just—it has just been my way of life.

But I can assure you with this young generation, they think different, and I honestly believe they are going to do different, and I honestly, reluctantly, admit, I think they are smarter than I have been, but we have been in it for a number of years, and I guess it gets in your blood, but things are changing. But we will overdo it, you don't worry about that, Senator. We will overdo it.

The CHAIRMAN. Thank you, Mr. Haley, for an excellent statement. The next witness is Mr. Lex Strickland, Claxton, Ga.

STATEMENT OF LEX STRICKLAND, CLAXTON, GA.

Mr. STRICKLAND. Thank you, Senator. We appreciate the opportunity of getting to speak to you this afternoon. I am here to represent feed grain and soybeans, and it is kind of bad for me to have to follow right behind Fred Haley. We feel like as President Reynolds stated in the beginning that as far as feed grain is concerned, that we would like continuation of the 1970 act, and I would just like to explain a few reasons why we think that the continuation of the 1970 act would suit the feed grain farmers of Georgia better.

It helps in some ways to maintain adequate prices, and by this I will just give you an example of my farm. This past year I was in a drought area and produced 30 bushels of corn to the acre. And it cost me \$59.60 an acre to produce an acre of corn, and at 30 bushels an acre, and this year our corn price will run between \$1.30 and \$1.35 a bushel, and I still didn't come out. But it is much better to get a \$1.30 and \$1.35 than it was to get 90 cents back before we had a program of this type.

It helps to control the suppliers of our feed grain. I am sure that all of you can remember back in the early sixties when all of the warehouses were full of feed grain and it was being put into old battle-ships and it was spoiling and just didn't know what to do with it. Well, we have overcome this situation some. We might have some years when we have some shortages and the price gets higher than some of the livestock feeders think it should be. But we have a better way of controlling it in the program that we have now than we would if it was completely free.

And also it helps the small farmers in the coastal plains to set aside the acreage that we have where we have the best corn growing land is in probably the low flat areas of the coastal plains to drain this land and they can produce more bushels per acre of corn there than I can on my hilly land, and they are less susceptible to drought, and by using the set aside program they can let some of this land lay out and use the drainage system in there and bring it back into production; that is, if we get a little more help from REAP on this power program maybe some day, but other reasons is you hear a lot about the environment protection this day and time, and if you let this acreage lay out through the set aside program you have time to maintain some of the conservation practices that you can't do with growing one crop right behind the other crop.

And it also helps on your program if you can, as you were speaking about the export program a while ago, if we could ever get this worked out so that we can produce enough to feed ourselves and the rest of the world without having huge surpluses built up, when the other countries have a good crop year and we have a good crop year, that maybe through the agricultural statistics program we could work out an average and use this.

But we still think that until we find something better, continuation of the act of 1970 as far as the feed grain is concerned is the best for us.

And just a word or two about soybeans. It is hard to say we want anything else in soybeans at a time like this, but I also remember back in the sixties when Secretary of Agriculture, Freeman, decided that

we were going to need quite a bit more soybeans and held the support price at \$2.50. We overproduced soybeans, and we started selling them for about \$2 a bushel. So, we would like for our soybean program to be just like it is, and hold the support price at \$2.25 and the American Soybean Association is trying to do everything that they can to keep the producers from overproducing so that we can have a good supply of soybeans through our regulated export program, and I think maybe Fred can have enough to feed his hogs and livestock on.

Senator, it is a pleasure, and I appreciate the opportunity of testifying.

The CHAIRMAN. Thank you, Lex. Then your recommendation is to extend—as you know, the feed grain program expires this year.

Mr. STRICKLAND. Yes sir.

The CHAIRMAN. You would recommend that it be extended as is?

Mr. STRICKLAND. Yes sir.

The CHAIRMAN. Without modification or change?

Mr. STRICKLAND. With what we see would be a problem of getting a new farm program through the House of Representatives and the Senate as it is now, the context of it now, we would be afraid we would lose what we have got if we tried to change it.

The CHAIRMAN. Now, you mentioned soybeans. Did you know that has become the number one money crop in the Nation now with enormous demand for exports. That is particularly true since they have been unable to get the fish meal off the coast of Peru to that they formerly got. Are we expanding the production of soybeans much within the State?

Mr. STRICKLAND. Yes sir, the expansion of soybeans in the State of Georgia has been tremendous.

The CHAIRMAN. What is it growing at, about 15 percent a year?

Mr. STRICKLAND. Well, in the past years it has grown much faster than this. Last year we had a real short crop of soybeans because of the drought, because I only made 5 bushels to the acre last year, but it was because of the drought, but we had at least a 50 percent increase in acreage in Evans County and we will probably have a 25 percent increase this year.

The CHAIRMAN. That is over last year?

Mr. STRICKLAND. Yes sir.

The CHAIRMAN. Thank you very much for your excellent statement. We appreciate it, Lex. The next witness is Mr. George Berner of Warm Springs, Ga., who is president of the Georgia Cattleman's Association.

STATEMENT OF GEORGE BERNER, PRESIDENT, GEORGIA CATTLEMAN'S ASSOCIATION, WARM SPRINGS, GA.

Mr. BERNER. How are you, Senator, nice to see you.

The CHAIRMAN. How are you getting along?

Mr. BERNER. How are you, Tommy. This is quite unexpected, gentlemen. I dropped in for a few minutes to see what was going on, to see if I could learn something, and they asked me to give you a picture, as I see it, of the cattle industry in Georgia.

First, there is no question in my mind or in the minds of many other people now, I have been saying it for years, that the Southeast will

be the cow-calf center of the United States. We can raise a calf here cheaper than they can anywhere, speaking of the entire Southeast.

This past year our calves cost us \$90.42 to produce. In the West they can't touch it. In the Midwest they can't touch it. They are looking at our country here, watching us carefully. In fact we have two or three that are very interested in coming to Georgia now; and, as Georgia Cattleman's Association we feel that is part of our job, the more than we can bring here, when you bring the cattle industry here, it brings real money. And they spend real money, and it will help all of us.

We saw this shortage coming. I ranched in Colorado, and sold out and then began thinking about things and thought there was going to be one hell of a cattle market, because as I went East and visited or West and visited, I saw where there were ranches all over the place, there weren't any. The men were older. They were losing money every year, add a little more to the mortgage every year or every couple of years. Their sons weren't interested. They saw the old man losing money every year, and they were making good money working 8 hours a day instead of 12 to 20 and the ranches were gone, by the thousands literally over this country.

So, we bought here in Georgia because we liked Georgia. We went all over the United States and selected Georgia, so you know I like it here. And we started with 12 cows and 8 calves and one bull, in 1964, and I told my foreman—he reminded me of it just the other day, he said, "When you hired me, you told me you were going to work my tail off because we only had 5 or 6 years to get ready for a beef market."

And, of course, it worked out that way. This was one time I was lucky. This year we are breeding 3,200, something over 3,200 females. And thanks to Tommy Irvin who has been a help too; haven't you, Tommy?

We can live with this ceiling. The House bill that was just killed would have actually bankrupted our feeders. I went West and talked to a few of them. I talked to many of them on the telephone, the prices they paid for the feeder calves, what they are paying for their feed and the number of calves they have, the number of steers, it would have bankrupted most of them.

Thank heaven, that didn't go through, because we would have been selling our calves for 18 or 20 cents again instead of what we are getting now. As I said, we can live with this ceiling if grain doesn't go up any more. If feed goes up just a little more, we are in trouble, not directly but through the feeders. The feeders will be in trouble and that siphons right down to all of us.

I don't know how many of you people have cattle, but you remember that I told you this: Most of you will have cattle, remember that. Row cropping in the top two-thirds of the State is going to be dead. We can't use large equipment. The widest we can go is about 12 feet because we are so rolling and they are going to find some way to put the rest of the help on welfare, you can gamble on that. And then what do we do?

And one man and one good helper can handle 500 cows and 500 cows will make him a good living for his family. He will have money to spend when he wants to spend it, and they don't freeze and they don't get frost bitten and drought doesn't hurt them too much. They will get a little skinny, but most of them are used to that. I think that's all I have to say to you. Does anybody have any questions?

The CHAIRMAN. Do you sell your calves or do you feed them out?

Mr. BERNER. We feed them.

The CHAIRMAN. Right off the mother's tit?

Mr. BERNER. No sir, we do not sell wet calves. We preconditioned every calf we sell. By preconditioned, we put creeps out 3 weeks before we wean them. The last week they are on that pretty well, and then we wean them. We give them all their shots. We give Black Leg, Aurin, IVR, BVD, Lepto, treat them for grubs and lice and worm them. And then we keep them 1 month on feed. And incidentally we make darn good money on it.

All you do is make money. If you couldn't get any more for your calves you would make money on it. We weigh them the day we wean them, and this last year they gained 58 pounds from the day we weaned them until the day we shipped them. Now, that includes the stress of weaning and all of the rest of it. It cost us 21.2 cents to put those pounds on and we got—we averaged about 51 cents, because they were shipped from 490 to 575 pounds.

The CHAIRMAN. Who do you sell them to? Midwestern feeders?

Mr. BERNER. We sell them to Midwest, Indiana, Illinois, and Arizona. We ship them direct. And if any of you have a load of calves, or if any two or three of you can make up a load of calves, 43,000 pounds, you can do exactly the same thing, and the Cattleman's Association will be very happy to contact someone for you to come and buy your calves. If they have a load or two loads, they will come.

The CHAIRMAN. Thank you, Mr. Berner.

Mr. BERNER. Not at all, sir.

The CHAIRMAN. We appreciate your testimony, sir. The next witness is Mr. Gene Marks, Mansfield, Ga.

STATEMENT OF GENE MARKS, PRESIDENT, GEORGIA DIVISION OF DAIRYMEN, MANSFIELD, GA.

Mr. MARKS. I am pleased to appear here today as a spokesman for the Dairy Committee of the Georgia Farm Bureau. Also I am a member of the board of directors of Dairymen, Inc., and president of the Georgia Division of Dairymen, Inc.

Recently it was my privilege to appear before the subcommittee on production, marketing and stabilization of prices. That's the Senate subcommittee, and at that time I presented detailed feed costs for January 1972, December 1972, and February 1973. The data at this time showed that our feed costs in February 1973 were \$1.21 higher than a year ago. An increase of some 42 percent.

Since that date feed costs have dropped slightly and then increased again. It now appears that we may expect even higher costs this summer because of the scarcity of high protein feeds and the prospects are not very good for lower feed costs even with the new crop.

In view of the feed costs and other cost increases, let me again urge you to support legislation that will require the U.S. Department of Agriculture to support milk at not less than 85 percent of parity.

The March price for manufacturing milk in Minnesota and Wisconsin was 555 which is 26 cents above the announced support level of 529. In reality, higher support price certainly would not in the immediate future result in dairy products being purchased by CCC.

However, we believe that the higher support announcement would encourage some producers to continue their milk production rather than liquidate their herds.

We note with interest that Mr. Duncan of the Office of Price Commission recently stated that some action would probably be taken if farmers continued to withhold meat animals from the market. It appears from the milk marketing figures for March that many dairy farmers have already sent cows to market since production in cow numbers were down 2 percent from a year ago.

Georgia reported 7,000 fewer cows, less milk per cow and a 6-percent reduction in milk for the month of March compared to a year ago.

Under class 1 base legislation, Georgia farmers are currently using A class 1 base plan in connection with the Georgia-Federal Milk Marketing Order. Generally speaking, our Georgia dairymen strongly support the Georgia class 1 base plan. We believe that the order can be improved and will propose such amendments from time to time.

There are some general observations that we would like to make about the class 1 base plan legislation. First, the legislation should be made permanent because any such law which is milk regulation operated should be on a long time basis. This is possible only under permanent legislation. The value of a base tends to become capitalized either in the value of cows or on the farm.

If the program is lost because of the temporary nature of the law, farmers can sustain substantial losses.

Second, we believe that the class 1 base legislation should prevent a producer from selling his base on a class 1 market and then becoming a producer on another market which does not require a base.

We understand that an amendment to the act would be necessary to deal with this subject and certainly we will support any amendment.

On imports and exports, we are aware of the program to export wheat and feed grains and the balance of trade problems. We call attention to the fact that exports of wheat and feed grains, including soybeans have the effect of increasing milk and meat production costs.

On the other hand, the importation of dairy products especially nonfat dry milk solids and cheddar cheese has the effect of reducing the price of milk. In this connection we want to make the point that Congress should take whatever steps are necessary to keep a strong and healthy domestic milk and beef industry.

As dairy farmers, we certainly do not understand the current rumor—and I refer here to the Flanigan Report—to the effect that in the future that we will be more and more dependent upon foreign producers for milk products and meat. We question the advisability of such a program as this.

We also appreciate the school lunch program and the special milk program, Senator, and we appreciate what you have done on our behalf on that.

The CHAIRMAN. Have you read the Flanigan Report?

Mr. MARKS. No sir, but I heard Senator Humphrey and Under Secretary Phil Campbell have a good discussion about it.

The CHAIRMAN. Well, it was circulating around in Washington and it was marked "Secret". A copy of it fell in my hands about 3

months ago. I asked the Secretary of Agriculture to provide me with a copy of it, and he couldn't because it was secret, but he said he would send someone over to explain it to me. I wrote him back and told him that I had a copy and didn't need it explained to me.

Mr. MARKS. I heard Senator Humphrey ask Mr. Campbell if he had read it, and he said he hadn't and he said he didn't see why, everybody in Washington had a copy but him.

The CHAIRMAN. The effect of the Flanigan Report, you know, was to liquidate the dairy industry in this country in toto and depend on imports for our dairy supplies.

Mr. IRVIN. How are they going to meet my Georgia standards?

The CHAIRMAN. They can't.

Mr. IRVIN. They can't.

The CHAIRMAN. I asked Mr. Flanigan when he was in my office lobbying for his trade bill about 2 or 3 months ago if that was his report and he said no. He said it was prepared for him in the Department of Agriculture as a study. He disavowed the ownership of it. And then I asked the Secretary of Agriculture if it was his report, and he disavowed it too. So, it is floating around Washington, still marked secret and being disavowed by everyone. How many dairies in Georgia now?

Mr. MARKS. I expect, Tommy, you could—about 1,100.

Mr. IRVIN. A little over 1,100.

The CHAIRMAN. How many were there 10 years ago?

Mr. MARKS. 2,300.

The CHAIRMAN. In other words, there is less than half what there was 10 years ago?

Mr. MARKS. Yes sir, right here I have four sale papers representing some 1,300 cows, and I received all these four Saturday of last week, they are all this week's sale.

The CHAIRMAN. How many cows are you milking now?

Mr. MARKS. About 190.

The CHAIRMAN. What do you estimate your capital investment in cattle, equipment and land to be?

Mr. MARKS. A whole lot. Really I would say off hand, Senator, some \$2,500 to \$3,000 per cow at a minimum.

The CHAIRMAN. That's fairly reasonable. So, you are talking about a capital investment of close to a half million dollars?

Mr. MARKS. Yes sir.

The CHAIRMAN. How much did you earn last year?

Mr. MARKS. I made less than I have made in a long time.

The CHAIRMAN. Would you have been better off if you had sold everything you had and had it invested in Government bonds?

Mr. MARKS. Yes sir.

The CHAIRMAN. That's the general story I hear.

Mr. MARKS. We made some money up until September, and from September until January we didn't make any. That's the facts of it.

The CHAIRMAN. Now, as you know, the dairy program expires this year.

Mr. MARKS. Yes sir.

The CHAIRMAN. As you know, I am the author of the class 1 base program in the U.S. Senate. Do you recommend that it be extended with the modifications that you mentioned?

Mr. MARKS. Yes sir.

The CHAIRMAN. Thank you very much. I appreciate your contribution.

Mr. MARKS. Thank you, Senator.

The CHAIRMAN. The next witness is Mr. James Dunn, Route 1, Omega, Ga.

**STATEMENT OF JAMES DUNN, TOBACCO MARKETING COMMITTEE,
GEORGIA FARM BUREAU FEDERATION, OMEGA, GA.**

Mr. DUNN. I would just like to say I am happy to be here. I didn't find out that I was supposed to come until last night and when I found out I was going to try to come and talk on tobacco, well, I had just left the tobacco patch and I couldn't say that I was in the best spirit when I left the tobacco patch.

The CHAIRMAN. Have you got it all planted?

Mr. DUNN. Yes sir, in my particular area, most of the tobacco has been transplanted.

The CHAIRMAN. Good stand?

Mr. DUNN. The stands are pretty good. They have been damaged somewhat by excessive amounts of rain. When Mr. Hardin called me last night, I kind of racked my brains as to what I might complain about when I came to the meeting. But really and truly the more I thought about it, the more I realized that we were in pretty good shape with our present tobacco program and I think we should be very grateful to you and some of the others from the Carolinas that have been working so hard to get us these good prices and these good tobacco programs.

About the way I see it, so far as tobacco is concerned, I would say that it is in fairly good shape in general, generally speaking. Of course, as other things progress in the Nation, we certainly would like to have our fair share and I would say up until this point that we have been moving in that direction.

Parity on tobacco has been advancing somewhat along with the trend of other things in the Nation, so I would say all in all the price is pretty good, and I don't think we really have a whole lot to complain about as far as price is concerned.

So, in the present program, we think we are doing pretty good as far as price is concerned. And, of course, we know to maintain this we certainly are going to have to be aware of and be able to govern the supply and demand of tobacco in the future, and they have done a pretty good job on this in the past on the Washington level and even here on the State level. I know they made some surveys last year, and we would like to know what the situation was for the year of 1973, and they came up with a figure like some 5 to 10 percent needs for increase in poundage for the year 1973, and at this particular time it looks like we certainly moved in the right direction.

And I think that the present program that we have pretty well serves all segments of society, all segments of the tobacco industry; that is, the farmer, the warehouseman and also the tobacco industry at large.

And I don't know what their plans are in the future; that is, for the next farm program that comes up concerning tobacco, but we

think that tobacco has not been of a great cost to the Federal Government and we certainly would like to see them maintained and move in the direction in which they have been moving, because we feel like; that is, overall that it has cost the taxpayers of America very little to handle the tobacco program over the past 15 or 20 years.

So, we don't feel like we are asking for anything that is way out or unjustifiable to ask for continued support as they have in the past.

Now, I don't really know, but it is my understanding that sometime in the future when they begin to work up these new farm programs that they would like to combine tobacco in with some of the rest of the other farm programs, but as a tobacco farmer and talking with other farmers, we certainly would like to retain our tobacco program in a separate law as it is as of today.

I think all segments of tobacco industry would desire this. I think the company, the farmer and the warehouseman and everybody that is concerned with tobacco would like to see it continue on its present course, and we know that there has been a time in this country when tobacco has been tried to be produced without Government supports and we know what the story was there.

Even myself I can remember far enough back to know that it was just a losing proposition, and I don't see as we look into the future, how in the world that we can mechanize and be able to produce tobacco without we know in which direction we are going, because we have many farmers today in the State of Georgia and I don't have any facts and figures to back this up, but I understand that about 100 tobacco combines in the State of Georgia at present, and as you ride throughout the State of Georgia, well, you see many, many bulk tobacco barns, not only one but sometimes from one up to six, to seven or eight or sometimes even a dozen or more according to the size of the tobacco farmer.

And when it comes to labor, hand labor for the gathering of tobacco, I think all farmers recognize that they are going to have to move in this direction, of total mechanization and this again I will say—I don't know whether we have anybody here from the Federal land bank and FHA—bankers in the crowd or not, but I know a lot of farmers that have bought land in the last 2 or 3 years, and a lot of them have had to reach out to get capital to build these barns and to buy these combines and they are certainly moving with the expectation that we have a tobacco program that will somewhat continue along the lines that we have been travelling for the last 10 or 12 years.

The CHAIRMAN. What size allotment do you have?

Mr. DUNN. 40 acres.

The CHAIRMAN. You would be opposed to abolishing allotments and price supports on tobacco then, would you?

Mr. DUNN. Absolutely.

The CHAIRMAN. What would it do to the tobacco industry in Georgia?

Mr. DUNN. Well, I think it would ruin it.

The CHAIRMAN. What would it do to land values in the tobacco area?

Mr. DUNN. Well, it would bring them down to half price in a lot of instances in some counties. This is what I was saying a moment ago or trying to say, I am not much of a speaker, but many farmers

have gone all out in projecting their future operations and have bought this land and bought this equipment with the expectation of receiving about the same price.

The CHAIRMAN. With borrowed money?

Mr. DUNN. With borrowed money, this is what I was referring to.

The CHAIRMAN. We have some problems down the road on tobacco even if we can retain the present program. As you know, they have abolished the export subsidy. Britain has joined the Common Market. We are exporting to Britain about 147 million dollars worth of tobacco a year. They have very high tariffs on the importation of tobacco. So, that market might be hazardous in the future.

I have talked to our negotiators about the export of agricultural commodities to the Common Market, and they talk big, but they haven't been able to do much with the people that set the policies of the economic community. So, we have some problems with tobacco even if we can retain the program.

I agree with you fully, it would be foolhardy, indeed, to abolish the tobacco program. It has been one of the least expensive programs of any farm commodity, and it has been highly successful. Tobacco, as you know, pays more taxes than virtually any commodity in the United States, \$3 or \$4 billion a year, isn't it?

Mr. CASSO (Economist, U.S. Senate Committee on Agriculture and Forestry). Over \$4 billion.

The CHAIRMAN. Over \$4 billion a year that tobacco pays in taxes to the State and Federal Government. What did we spend on support programs last year, Henry?

Mr. CASSO. Last year including the export subsidy, \$24,000,340. I beg your pardon, \$26,000,939.

The CHAIRMAN. We give more money than that away to little tribes in Africa almost daily. Thank you very much. I appreciate your testimony, Mr. Dunn.

Mr. DUNN. I would just like so say, we would like to thank you for what you have done in the past and hope you can be able to do something in the future. Not only would I like to say thank you for that, but I saw you on "Meet the Press" here about two or three Sundays ago, and I would like to commend you for the excellent job that you did there when they set to tear you asunder.

The CHAIRMAN. Thank you very much. The next witness is Mr. Marshall Lord, Route 1, Dudley, Ga.

STATEMENT OF MARSHALL LORD, DUDLEY, GA.

Mr. LORD. Good to see you again, Senator.

The CHAIRMAN. Good to see you.

Mr. LORD. And I haven't had that opportunity too often in the last 20 odd years. That is how long, since 1948 that I started one of these so-called family farming operations, and that's what it was. But really there is no such thing as a family farm. Most of them are operated by families, and they run from large to small, but trying to make and feed a family is quite a problem sometimes.

I started right after World War II, and if you will forgive a personal reference, I want to discuss this as it relates to how farm programs have operated—I want to speak briefly on farm programs in general over my years in farming since 1948.

We saw them come and go while trying to set up a farming operation, beginning on a modest scale, seeing labor become impossible to hire, being a diversified farmer, growing all major crops grown in Georgia, it was becoming impossible to hire labor. I started mechanizing and did so too fast, and it was quite frustrating, growing small acreages and needing mechanization and unable to support mechanization. None of these farm programs in the early years of my career dealt with this problem very successfully.

Of course, we heard all kinds of new concepts even we had one Secretary of Agriculture that suggested we fall back on crop insurance and, you know, we even tried that.

I only had time to come to see you a time or two, but I have written you once or twice, and I get out of the fields occasionally, but I think we all know and I would like to comment on what Mr. Haley said, I think this younger generation is going to be smarter than this, and so hopefully we are going to be producing for a profit in the future.

As we progressed through these farm programs, and one time several years ago, I had the privilege of discussing with you a farm program and I think you came up with a farm program in this Agricultural Act of 1970 that did more to meet our needs. It wasn't everything maybe that we wanted, but I think it has been a very successful program, a very useful program.

The early farm programs so many of them seemed to favor the landowner over the producing farmer, and this is one of the things that I talked with you about. Let's design a program for the producer. I think this program is more producer oriented.

Finally, when this act of 1970 became law, it became possible in my eyes for the first time for every serious producing farmer in America to put together and fully mechanize, so far as technology that had gone into mechanizing crops, an economic unit of any one or all crops, for the first time the farm program really made sense all around to me.

One, farmers could now concentrate on the crops the particularly liked. They could grow big and diversify, or they could specialize and mechanize. The Farm Program of 1970 had this flexibility to allow movement into commercially specialized sectors.

Number 2, consumers would be assured—of course, they have always been assured in this country of an abundant supply simply because American farmers have had to produce to survive, had to overproduce to survive, and in these early years where we got bigger units to get more efficient, and at the end of the harvest year, our prices were so depressed that we had to grow bigger next year to hold our own, and as Fred Haley said, we were knocking ourselves down faster that we could get up.

Number 3, the act provided, and this is very important, a tool vital to any industry, regulation of supply and demand, and some flexibility in this regulation. Today we have proof positive of its workability. In response to increased national and world demands recently, the Department of Agriculture has adopted regulations which drastically increase production, or will drastically increase production next year.

At the same time it is going to drastically decrease payments to farmers. This is what the program was designed to do, get the price in the market place, if possible, maintain an income to agriculture, if

necessary, through direct Government payments. My bet is the farmers will produce this year and that we will have cheap prices in a few months, cheaper prices, and under the present law, flexibility will allow more payments, reduced set-aside—I mean increased set-aside and reduce surpluses, hopefully keep surpluses in line so that we won't have this price depression that we have had all of these years under old farm programs.

I think that all of these things and many other advantages exists under the highly flexible Agricultural Act of 1970.

Now, I would like to particularly address a few remarks to cotton. I am well diversified, and I would, if I may be allowed another personal reference, I grow some 300 acres each of all major, the five major crops in Georgia plus a livestock operation. I grossed \$300,000 last year and barely got enough to take care of a family of six, and that is no kidding. For the first time, however—

The CHAIRMAN. What return was that on your investment?

Mr. LORD. Well, the man, Mr. Charles Innman, Georgia Farm Bureau Accounting Service, advised me some time ago to sell out and he could invest my money where I could make more money. He said, "You are not making enough money to stay in farming. Sell out and invest your money, and let me advise you on investing your money." Of course, this was joking, but seriously the return on my investment has not been the money I have made farming, even in the good years has been barely adequate for a 4 or 5 percent interest on my investment.

The CHAIRMAN. Without any compensation for labor?

Mr. LORD. Without any contribution to my efforts, yes, sir. Now, fortunately in my struggle to get enough land to farm on, I have been able to, as the man said a while ago, to increase my equity in my land because of land—

The CHAIRMAN. Inflationary trends.

Mr. LORD. Inflationary trends.

The CHAIRMAN. Have your debts gone up proportionately?

Mr. LORD. Ask my CPA man, he can tell you yes. Yes sir, if we didn't have good bankers, Senator, we couldn't stay here. However, this act has allowed us in the last few years and particularly when we finally reached a period where prices have been profitable.

Now, we talk about today's profitable prices. We tend to forget, and I believe I can without fear of contradiction state that of the 24 years I have farmed, 15 to 18 of them have been without profit. I mean without profit, period. A few of those years in the last few, of course a lot of this was knock down and jump up and try to learn how, you know, but under the program that we have now, it is possible to make a good living in agriculture.

I have looked for this day for 24 years. It irritates me, when I am out there working 12 or 14 hours a day to hear the consumer attitude, but this is a fact of life, and we are talking about an act, since agriculture is so dependent on farm programs, we are talking about the Agricultural Act of 1970, and I would like to address a few remarks to cotton.

Production of cotton is flowing to the efficient and serious producers of cotton. Also, while it is doing this, it is compensating the owner of the allotment for a very real asset which he has capitalized into

his land. The new purchaser of this allotment, of course, is capitalizing it into his capital structure. For the most part, these things have taken place in a very orderly manner, without dislocating our ginnermen. It has been so orderly that most ginnermen have—of course, ginnermen have gone out of business, and so have cotton farmers. But this cotton has moved for the serious producing farmers, and it is still a vital part of our economy in our State.

I favor a permanent extension, and when I say permanent, I know that may not be politically possible, but you know I realize how short life is, when I look back on these short 24 years, and it is almost impossible—some of these, when we have these failures, it takes us 3 years to get up sometimes, much less look at new possibilities, and so it takes a long time for a farmer or any other businessman to adjust to new economic conditions, and it has been criminal the way we have been dangled until planting time and even after planting time, not knowing what farm programs, what the rules of the game would be.

I am sure you are aware of that, and I know you have done everything to combat it, but we need longer programs, longer farm programs for a minimum of 5 years. Even the Russians have a 5-year program. You have got to have time. I wish I could emphasize that to every Congressman and to every Senator that our whole livelihood and all of our possessions are tied up into 1 year's operation.

Most of the time if we didn't have good bankers we could be wiped out. Most farmers can be wiped out, of course, as other businessmen can too. But we must control—we must have controls on production, and this act, I believe, does it.

One change I would like to see. Many timber companies and farmers have placed all of their land in trees and have no cropland whatsoever on which to plant allotments, I feel that maybe they should surrender their allotments through sale, not through giving them up, but this business—most of them lose interest in farming and have no place to plant these allotments. These allotments should be permanently released from this acreage in my opinion through sale or some compensation or some regulation.

The CHAIRMAN. I think existing law requires them to plant their allotments or release them, does it not?

Mr. LORD. In one particular case where they have—I believe there may be one particular case where the allotment is still retained as a permanent part without being planted. This is what I am referring to. Maybe I am wrong.

Mr. CASSO. On the soil bank, that's right.

Mr. LORD. Yes sir, under the old soil bank program, and this is the one I am particularly referring to because these people are compensated adequately by the Government paying for a crop of timber. They have this crop of growing timber, and they have no land to plant these allotments on, and yet they are being protected.

These allotments should be moved into the agricultural producing economy.

The next, cost of living, of course, the bright spot in my operation has been peanuts, and particularly this cost of living index increase has treated us a little bit like labor unions. It has been delightful to see the increased costs being recovered in the sale of peanuts, increased cost of production.

If we could, some day when the conditions are right and the climate is right, get this cost of living index clause put into these other farm programs, it would be great. But as a practical measure, I want to ask for an extension as long as possible for the 1970 Agricultural Act.

World shortages of raw materials, we dare not become dependent on other countries for oil, which we are. For cotton which we don't have to be. These are a vital part of the American economy and should be protected, simply because we need the materials. We don't want to be dependent on anybody for our raw materials and especially those that we shouldn't.

Continued research, you have been very helpful in that, and the research provision of the cotton laws have been very helpful to the industry. We need to continue that, of course.

More of the conservation—if I may have one remark on conservation, and I don't want to spend too long. Conservation is dear to every farmer. Nothing hurts worse than walking out and seeing soil washed away from heavy floods. Lime is a vital part of farming. These programs which have encouraged liming and keeping productivity high is the lifeblood of agriculture. Of course, all the money the Federal Government spends, in my opinion has been repaid many, many times to the country, to the consuming public, through low prices and an abundant agriculture.

But these ASC payments are vital. Soil conservation is one of our most important things. We neglect our soil too much.

In conclusion, I wholeheartedly support the concept of producing for the market. I would rather sell it and get paid than to get money from any other source. The 1970 act allows this with a minimum of interference. Other economic sectors in our economy enjoy guaranteed minimum wages and all kinds of Government subsidies and guarantees against failure. Why shouldn't our basic industry that feeds us and clothes us enjoy some of this support?

The CHAIRMAN. Thank you, Mr. Lord. You made reference to the REAP program. You know that is one of them that they impounded. They were advertising in Brooks County, Ga. for them to sign up for the REAP program, the same day they were impounding it in Washington, D.C. We have passed a bill through Congress, mandating that they go forward with it. It is pending at the desk now. It is ready for the President's signature as soon as it is transmitted to him. I don't know whether he will veto it again or not. I agree with you. It is the oldest effort to do something about the ecology in our country and been the most successful and the least expensive.

Now, you made reference to cotton, what size cotton allotment have you got?

Mr. LORD. I am planting this year 370 acres of which some 200 of it is leased cotton. Now, this has been frustrating to me. At first, I started buying more land to get, to increase my allotments 20 years ago when we had no other way of getting bigger units, and you would buy a bigger farm; and, of course, the liberals always attached a law in the program, a provision of the law to favor the small farmer.

So, I got frustrated when I would buy a piece of land, and you add the two allotments together, and they didn't ever add up—if I had 7 on one farm and 8 on the other, I would come up with a 10-acre allotment.

So, it was almost impossible. It looked like the harder you tried the less allotments you got. And so I started out, when I bought my farm in 1948 with a 30-acre cotton allotment, and as I added more land I picked up a little allotment but most of this allotment has been purchased over the years. Outright purchases—

The CHAIRMAN. What does it cost you a pound to produce cotton?

Mr. LORD. I heard the question asked of Owen Brooks and he said, "If you will tell me what I have to pay for my cotton picker next year, and my labor and everything," but the general rule of thumb to me has been in the past around the 30-cent level. Now, this year I have contracted my cotton at 32 cents; and, of course, now we have a wildly fluctuating cotton market. Who knows what it will bring? My cost of production has been in the past around 30 cents. Of course, it is going to be more than that because the tools of production are much higher.

The CHAIRMAN. What did it bring on the market place during selling season last fall?

Mr. LORD. I am glad you asked that question, because I sold my cotton last year on contract at 30 cents. Well, I saw cotton go up in the summer to where I wondered if I had made a mistake. But when I started taking cotton to my ginner, the cotton that he was paying me 30 cents a pound for, my neighbors were selling for 16 to 19 cents a pound.

The CHAIRMAN. I believe the average sales price on the market-place last year was between 22 and 23, wasn't it?

Mr. CASSO. Twenty-five and one-half.

The CHAIRMAN. About 25½. Now, the Department of Agriculture admits that it costs about 32½ cents a pound to produce cotton in this country. Without our present cotton program there wouldn't be any grown in the United States, would there?

Mr. LORD. Not in the Southeast. If they did, it wouldn't be grown long because people eventually, even us old farmers, get tired of working for nothing.

The CHAIRMAN. You can't go broke too often.

Mr. LORD. You can't go broke over 3 or 4 years, then your banker starts looking at you hard, and I know this from experience.

The CHAIRMAN. Don't you think it would be a tragedy indeed if we got completely out of cotton and had to import cotton into the United States?

Mr. LORD. Yes, sir, I think it is a tragic situation. Of course, current events certainly ought to make every man on the street realize this, that when you are dependent on foreign nations for the things that you have got to have, we can park the cars but we can't stop eating, and we can't stop wearing clothes. Maybe we can produce synthetic fibers, but after all this cotton is, I think, a vital part of the economy of this country and no matter how many synthetic fibers you have, my feet are burning right now because I am wearing synthetic socks, and I think the cotton industry in this country is vital, and I don't think we would have a cotton industry without some Government supports.

The CHAIRMAN. I agree with you. Thank you very much for your testimony. Our next witness is Mr. George Whelchel of Cordele, Ga.

STATEMENT OF GEORGE WHELCHER, CORDELE, GA.

Mr. WHELCHER. Senator, I am not going to go into a lot of—I am here to speak basically on peanuts. I am a diversified farmer. I grow cotton. I grow corn. I grow soybeans. I grow hogs. I grow everything I can to try to make a dollar as soon as I can, and most of the time I come up on the short side of everything.

Now, we have had a good peanut program. We feel that we need to continue to have a good peanut program. Now, I feel that soybeans are not too high at \$7 a bushel, and I feel that hogs are not too high at \$40 a hundred either, and I think that we need to get these commodities up and let them stay up there and let the American farmer enjoy some of the things that he has been needing so long.

Now, on peanuts, we have done everything that we could to produce a quality peanut. We have got a problem this year with the aflatoxin which is a mold on peanuts. We have bought new equipment to eliminate this problem. We thought it was from too much water. This past year we had a dry harvesting season, a dry growing season and consequently we still had a certain amount of this aflatoxin that showed up.

As I understand this year, this year they are going to cut us approximately \$50 a ton on peanuts if it is shown up with this aflatoxin mold on it. This is going to create quite a problem at the mills. In the past when we carried these peanuts in, they were graded. We received full payment. They were put in one pile.

Well, Senator, when I go to town with a load of peanuts and samples on peanuts do not run the same on every sample, you can run three and four or five samples, and these will slightly vary from foreign material, to sound material kernels to percent of damage. If I have to receive \$50 a ton less, then certainly I am going to request that my peanuts be resampled. Maybe not at this warehouse but at another warehouse. This is going to cause a lot of hardship on me, because we are in a critical time during harvesting and one thing that we have found to get better quality peanuts is to do a better job harvesting, run equipment better and take care of them.

Now, as far as the future peanut program goes, I think it ought to stay just like it is and I recommend that it stay just like the same as we have now. And I would like to add to that is that I have got two boys coming along. My oldest one is 18 and the next one is 16, and I have a little girl too, and I don't want to leave her out, but she is not a good tractor driver, and these boys, they can run equipment, and they know how to feed hogs and they know how to grow cotton and they can grow corn and they can grow peanuts. But, Senator, it makes me feel bad for me to say, "Now, you come on and work out here on the farm," when a man laying brick or a plumber at the prices that they could receive from doing that type work.

And, consequently, I think that we have got to have a better farm program. I need to know what we are going to have in 1979 right now, because my planning—I can't plan for next year. We need to know ahead. We can't just jump up and change this whole operation at one time.

And just like Mr. Haley said, the amount of pork that is on hand right now, the amount of surplus that we have, I don't think it is adequate for this country.

The CHAIRMAN. What does a tractor cost you now?

Mr. WHELCHER. I bought one day before yesterday for about \$9,000.

The CHAIRMAN. What did it cost 10 years ago?

Mr. WHELCHER. Well, we didn't have quite the same size tractor 10 years ago, but I would say in the neighborhood of about \$3,100 or \$3,200.

The CHAIRMAN. In other words, about three times, the tractor cost is about three times what it was then?

Mr. WHELCHER. Yes, sir.

The CHAIRMAN. Has anything you sell gone up three times?

Mr. WHELCHER. No, sir, it sure hasn't. Well, hogs almost did, because one time we sold them for 12, and let's see, that's 36 cents, yes sir, they are up just almost three times, but it almost put us out of business too when they were down on 12 cents.

The CHAIRMAN. Now, as you know, the Department has recommended abolishing all price supports and acreage controls. What would that do to you as a farmer in Crisp County, Ga.?

Mr. WHELCHER. Well, it would make me want to get in the real estate business.

The CHAIRMAN. In other words you would want to sell out?

Mr. WHELCHER. Yes, sir.

The CHAIRMAN. You recommend, I judge from the tenor of your testimony, that we extend existing programs?

Mr. WHELCHER. I certainly do, Senator, and I think we need a longer time. Now, this has already been brought up, everything that I have said, and I can't give you figures because I came up here and I meant to—if I had you down there on the farm where I was working on the cultivator or setting a tractor up or plowing or something, I think I could really tell you what I have in my heart and what I think the American farmer can really do and what he has always done.

The CHAIRMAN. You have done a good job telling the story, I may say.

Mr. WHELCHER. Well, I appreciate your being here and listening to us and I hope you will have more time to get back down this way and visit the good folks of Georgia.

The CHAIRMAN. Thank you, I appreciate your contribution, Mr. Whelchel. The next witness is Mr. Robert L. Nash, Route 1, Barnesville, Ga.

How are you, sir?

STATEMENT OF ROBERT L. NASH, BARNESVILLE, GA.

Mr. NASH. Fine, sir.

The CHAIRMAN. Let me say this, please. We have had 10 people who have submitted their names to the desk who want to be heard, so let me urge you to make it as brief as possible in order that we can complete it all.

Mr. NASH. I will be glad to, Senator. The only reason that I have asked to be on this in addition to Mr. Berner who spoke to you about

the beef cattle business, I think that he left maybe a wrong impression here as to what the beef cattle industry in Georgia really is.

He was talking about 3,200 head of cattle on a farm. I deal with the cattle business every day, not only in a cow production-cow-calf operation of my own, but also in the marketing end of cattle, feeder calves. The average size of the cow herd in Georgia today is less than 20 head. The average size in Texas is less than 19 head. So, this is not a big operation, but it takes a lot of people in it, and it is a lot of part-time operators in the State of Georgia, not only the beef cattle industry but poultry and all of the other agriculture. It is a side line way of adding to their income and to utilize land or small holdings that they have in the rural areas, and certainly I think this is one of the best things that can assist you in your rural development program, an assistance to help develop the rural areas is to see that this is a healthy program, that these people have the opportunity to be able to produce some beef or some pork or some chickens on the side that will help to feed the American people.

And this is where the real production, the mass production is at. It is not in the big operators. Because for every one of these big operators in the State which is probably five or six we have thousands of small operators. So, I think that we have got to depend on a sound market for their products or they are going to get out of the business. When they get out of the business, we will have a shortage of food, because they can get in and out in a short time by just going to the market one day and say "I am through," and they go and they get out of business.

And this is not what is needed for America today. So, I think that any program, any farm program that is legislated and certainly the last month has been a turmoil for the cattle industry and the livestock industry, and these little people cannot—they don't have time. They don't have the knowledge, all they know to do is to produce. They don't know how to sell, they don't know—they depend on someone else to market the product and especially in the cattle industry, and in doing this they take whatever price is offered.

So, therefore, whenever we see things that happen like it has the last month that directly affects those people, they have no control or have no voice against it, and so it is real important that we have some kind of a system in America where the people will recognize that food is essential and it will be produced by maybe not the family farm but the part time farmer to a large extent.

And I think this is a point that is being overlooked.

The CHAIRMAN. Do you do anything except farm for a living?

Mr. NASH. No, sir, in the cattle business alone, yes, sir.

The CHAIRMAN. Thank you for an excellent statement, Mr. Nash.

Mr. NASH. Thank you.

The CHAIRMAN. The next witness is Mr. Jimmy Givens, Eastman, Ga.

STATEMENT OF JIMMY GIVENS, EASTMAN, GA.

Mr. GIVENS. Well, Senator Talmadge, I wanted to get up and speak about the produce we have to buy. If we don't have the money to pay for this produce that we have to buy in these stores because it is so high until we can't hardly feed our family, you know, it is so high, and so the next thing that I wanted to speak about, the little farmer,

he don't get enough acreage to plant to pay for his bills. He can get out there to pay for his guano, pay for his equipment and his fuel to tend that farm with, and still he don't have enough to live.

He don't get a good price for what he has to sell. Well, now, when we go in these stores, we have to give them their price, but the farmer has to take what they give him. They don't get what they should ought to after they get out there and struggle and make this farm like they should ought to.

The CHAIRMAN. What size farm do you operate?

Mr. GIVENS. Well, I just bought me a little small farm here last year, and most I was going to plant is vegetables like sweet potatoes, and butter beans and cane and stuff like that.

The CHAIRMAN. You sell those to the stores in the area?

Mr. GIVENS. Yes, sir.

The CHAIRMAN. You don't plant any price supported commodities such as peanuts, tobacco, cotton?

Mr. GIVENS. No, sir.

The CHAIRMAN. Feed grains?

Mr. GIVENS. No, sir, I just bought my place. It is just a small place.

The CHAIRMAN. How far are you from Eastman?

Mr. GIVENS. About 5 miles from Eastman.

The CHAIRMAN. Have you started in business all right, finding a market for what you produce?

Mr. GIVENS. Yes, sir. Yes, sir. I am going to plant okra and butter beans and peas and cane and sweet potatoes, and I thought maybe I could get rid of that.

The CHAIRMAN. If you don't find a market in Eastman, Ga., Commissioner Irvin here has got the largest farmers' market in the world just south of Atlanta. It sells \$70 million worth of farm commodities a year.

Mr. GIVENS. Yes, sir.

Mr. IRVIN. We are building a new market here in this vicinity too.

The CHAIRMAN. A new one in Macon, too.

Mr. GIVENS. Yes, sir.

The CHAIRMAN. Good luck to you.

Mr. GIVENS. Yes, sir, thank you.

The CHAIRMAN. Thank you very much. The next witness is Mr. W. V. Brannen, Unadilla, Ga.

STATEMENT OF W. V. BRANNEN, UNADILLA, GA.

Mr. BRANNEN. Thank you, Senator, ladies, and forgotten people. Senator, it is a pleasure to have the opportunity to speak before you. I assure you I will make it short. I am from Unadilla, Dooly County, Ga. I am a farmer. I have been farming for myself for 39 years. I own 1,200 acres of land.

In 1968 I bought an old worn out cotton gin, and this year I drove for 30 days with hundreds of other farmers over the State trying to lease cotton acreage. I am planning on 450 acres of cotton which I planted 350 last year. I am planting 190 acres of peanuts and I have 150 head of brood cows, beef type and which the price is way up.

My cotton is under contract with a fair price. The peanuts, I un-

derstand there is a dispute over the price of peanuts. We have doubled our yield and the price is good if we don't get too much of a drastic cut. Now, I paid \$400—I mean over \$4,000 to a man in Texas to get to plant 49 more acres of peanuts. I don't think that is right. I spent \$16,000 leasing cotton and which it was theirs, and the price of cotton forced me to pay as high as 7 cents a pound for leased cotton.

And that is hoping we will get a substantial price out of it, and there never has been or never will be a man that lived as happier a life as I have lived. I have a wonderful family. I have two boys. They spent 3 years in hell in Vietnam and Korea. Thank God they are back. We are farming, hoping we can farm from now on.

And the farm program, it looks like we are short of everything. I say let the farm program dry up for a year or two because everything that we are producing is a shortage. Let our acreage settle. My county is the highest cotton yielding county in the State. I lease cotton from counties that yield 100 pounds to the acre. Mine yields a 1,000 pounds per acre. I have neighbors with a 1,500-pound yield per acre. They can't make cotton. We can. Let the corn acreage go to other counties which can make corn. I can't make corn profitable. I can plant soybeans but not profitable. I could at the present day price, but we don't know whether that is going to stay there.

The CHAIRMAN. What would happen in your area if all price supports and all acreage controls were abolished?

Mr. BRANNEN. We would dress our own beef. We would dress our own hogs. I take my cattle to the market and sell them and come back by and buy prepared steaks. I carry my hogs to the market and sell them and come back by and pick up some Talmadge ham.

The other day I saw this lady buy \$40 worth of choice meats in the store. Forty dollars with food stamps. Her husband was right behind her with a case of beer and paid cash for it. They didn't have any Talmadge ham, but they had the other top stuff.

It has been a pleasure to talk to you.

The CHAIRMAN. I appreciate it.

Mr. BRANNEN. Let this farm program fade out and balance out and then when we get overproduction, do something.

The CHAIRMAN. Thank you, sir. The next witness is Mr. J. Frank Fountain, Irwinton, Ga.

STATEMENT OF J. FRANK FOUNTAIN, IRWINTON, GA.

Mr. FOUNTAIN. Thank you, Senator. It is a privilege to be here. I am just a part-time farmer. We were in the mining business, but—

The CHAIRMAN. Kaolin.

Mr. FOUNTAIN. Kaolin mining business and an English firm bought out U.S. Borax which produces 90 percent of the world's supply of borax, and they were going in the clay business, but then the English firm decided they didn't want to, and so England now controls all of the heat-treated glass that is made in this country, because they control U.S. Borax which produces 90 percent of the world's supply.

Of course, I wrote your office and I wrote two or three other offices and nobody was interested. They assured me that a man in Atlanta was looking after the natural resources in Georgia, and that they were well under control, and that's as far as it ever got.

Where this pertains to the farmer is that today aeromagnetic surveys are being made over your land. They know more about your land than you do. So, when a man comes to you and offers you three prices for your land, sometimes he is not doing you a favor at all, because he knows what is there, and don't think that they can't fly at 10,000 feet in the air and tell you what is under the ground because it can be done.

The kaolin industry in this area and the reason I came to a farm meeting is this: the people that own the land that the clay was on, I don't know what percentage, but it would be above 90 was owned by farmers, small farmers, not farmers like you here today. Most of you are large farmers. But I am talking about farmers that had 100 acres or 200 acres, and they lease this land and some of the families are still holding on to it. They are getting \$1 per acre minimum guarantee.

And most any lawyer will tell you that this is a contract. And a contract is a contract. Ask any lawyer that is with one of the major firms, but the president of Georgia Power Co. or some other large company, he can come back every quarter and ask for a raise. The Senator can tell you that, because they couldn't predict that far into the future, but this farmer—he had to predict 100 years. He had a 50-year contract with a right to renew it for 50 more. He is getting 7 cents a ton, a lot of them, and this is not the farmer that originally leased this property.

This is the grandson that is going to get the 7 cents. The farmer has passed on, and, of course, the clay company, they are getting a fair profit, I would think on it. They are getting probably 40 or 50 cents a ton, I mean \$50, excuse me, \$40 or \$50, some of them even more than this.

But what I am getting around to saying is that the farmer has always got a rough shake, and it looks like he is going to continue to get a rough shake. It kind of gets me when people go to the market, and they complain about their groceries and their husband is taking home \$1,000 a week, a lot of them. And you are taking home about that much net maybe a year, some of you, and some of the smaller farmers don't even have a net.

Now, I said I was a part-time farmer. I lost \$10,000 2 years ago on hogs. I stayed out 1 year and I got back in again and I lost \$10,000. So, I don't think I will ever get back into the hog business. I have one or two cows now; but, of course, I enjoy farming. I have farmed since I was a boy down in south Georgia and we moved to Macon. But I still think that the farmer is entitled to a fair shake for his minerals that are under the ground just as much as he is his farm products that he puts out, and I think that here should be a law that would tie any contract that is over 10 years of—in length of term to some index.

I have written a lot of these contracts and I know that they can be done, and you would be surprised at how it increases. But when a man writes a 100-year contract and it is tied to no index, and I believe the law says that if it is unreasonable that it is invalid. But now you try to get that through one of our courts today. It won't go, because how can a man that owns 100 acres of land go to court over a contract with a company that is worth hundreds of millions of dollars?

And we gave more money to South American countries last year than all of you have talked about here. I take a little English mining journal that comes out every week. Now, if you want to know about

what we are giving away, you read that English mining journal. It will tell you.

It seems the magic number is \$400 million. That's to start a little mine. We had a man, I believe it was Utah shut down because he couldn't get enough money. We shut down because we couldn't get enough money. The same week that he shut down, we loaned a company in South America, the U.S. Government did, \$400 million to produce the same product in South America that he was producing in the United States.

And over the last year, I have got the figures, it will probably run better than \$400 million a week that we put out down there just to increase our mining. And, of course, they are increasing down there, but we are footing the bill. Thank you.

The CHAIRMAN. Thank you very much, Mr. Fountain. The next witness is Mr. John Coley, Jr. of Cochran, Ga.

John, good to see you again.

STATEMENT OF JOHN COLEY, JR., VICE PRESIDENT, GEORGIA FARM BUREAU FEDERATION, COCHRAN, GA.

Mr. COLEY. Good to see you, Senator. It is a pleasure to be here. Senator, I would like to express our appreciation for the efforts that you have so graciously given over the years since you have been in Washington. I am vice president of Georgia Farm Bureau Federation, second vice president, delegate to the National Cotton Council, but neither of these organizations asked me to talk to you today.

These were dirt farmers from Bleckley County and the surrounding area. We want a continuation of the 1970 act over a longer period of time.

Cotton is our main crop in this section of Georgia, or that section of Georgia, and it takes about \$27,000 or \$28,000 to buy a cotton picker.

A 3-year program won't work it out, and heretofore when we changed administrators in Washington, we changed farm programs. We don't have one in effect long enough to see if it will work out.

Under this program I think we are faring better and the cotton farmer especially and the peanut farmer and the tobacco farmer are coming out.

You mentioned a while ago about the price of a tractor. In 1946 I bought a tractor, planters and cultivators for \$1,850. That same tractor, planters and cultivators would cost in the neighborhood of \$12,000.

I bought a new Ford automobile for \$1,180 and sold a bull and a sow that paid for over two-thirds of it.

The CHAIRMAN. That was in 1946?

Mr. COLEY. In 1946, yes, sir. I have sold cotton seed for \$100 a ton, cotton for better than 40 cents a pound. By the way, at that time, you know, meat was scarce then and short and meat on the black market sold for more than meat does today at the market, and the only belly-aching we heard about was there wasn't enough to go around.

So, I would urge you to use your influence to continue the act of 1970.

The CHAIRMAN. Thank you very much, Mr. Coley. Good to see you, sir. The next witness is Mr. Glen Lee Chase, Oglethorpe, Ga.

STATEMENT OF GLEN LEE CHASE, OGLETHORPE, GA.

Mr. CHASE. I am pleased to be able to give a few views of farmers. I am just—well, my dad and I farm together and we are just, you might say, all around farmers, just about normal, I would think, and you hear all of this talk about the high prices. Really, no one hollers, you don't hear anybody talking about how high cars are, or how high TV's are or clothes, you don't hear anything about that, and, of course, it bugs all of us. It really makes you want to get up and fight. It really gets under my skin because, as many of the former speakers have said, most of those people are working probably 8 hours a day, 5 days a week.

And, of course, most everybody—I enjoyed listening to most of them—12 or 14, hours that's about our day, and so that's just about right.

I am afraid on the beef, really about 20 or 30 cents a pound should be all it should be up. The middleman is getting it, and this man—there is really not that much money in the beef business. I don't want anybody to get misled and jump in the beef business, because at the price it is now, it is not a get rich proposition, as 100 percent of you folks know, or at least 99 percent of you.

And the peanuts, it is about all we have to depend on that we know that we are going to come out on, and everybody is talking about the high price, but at 75 percent of parity, that's the only thing that is in line with other commodities.

And I think I am right in stating this, they talk about the big high price last year of the program on off flavor, and I think last year was one of the worst that we have had if I am not badly mistaken.

And on the corn, it has not been out of line at all with what it should be. I know the man with the hogs up here I can feel for him, but it is not that much out of line. He should be getting a good enough price for his hogs and that's the way that we see it. I will just give you our views.

And soybeans, possibly they are out of line a little bit. Of course, the reason was, there wasn't any crop. I think that's the reason. Now, what worries me, we are planting 20 percent more this year than we were last year, and is anybody going to talk about our cheap prices this fall if we make a good crop? No one is going to worry about us then.

So, I know there has got to be some way. I don't like Government programs. I talk about them, but there is someone that has got a strong hand that has got to keep this thing straight for us. We farmers we can't get together someday or another. We never have. We have tried.

The Farm Bureau, I feel that they can help us, or I wouldn't be a member of it, but still I think we have to have a farm program of some type.

The CHAIRMAN. Do you recommend extension of existing law, is that the tenor of your testimony?

Mr. CHASE. I would—of course, there are some things I don't like. I think generally that this is true. It gives us fluctuation. And it has given us a better price, but which is not out of line except maybe on soybeans.

I don't feel that any of the rest of these are out of line. The pork, beef, corn.

The CHAIRMAN. As you know, pork and beef is not supported at all.

Mr. CHASE. It is free, that's right.

The CHAIRMAN. Supply and demand controls that.

Mr. CHASE. That's right, and you know——

The CHAIRMAN. The only thing supported in Georgia is feed grains, cotton, tobacco, dairy products, minimum support on soybeans, the market is way above and that's about it, isn't it?

Mr. CASSO. Peanuts.

The CHAIRMAN. Peanuts.

Mr. CHASE. Peanuts, that's right, and the farmer has to have something to back up on; and, of course, we back up on peanuts, and like I say I don't feel it is out of line at all compared to what the cost of living has went up.

Now, these unions, and any time a cost of living goes up, well, they want an increase. Like the fellow said, we can't do that. We can't go get an increase. If it were that way, we wouldn't need any price supports. We wouldn't need them at all. We would say, "Well, it is costing us a little more, I hear labor has went up and everything, and farm machinery went up," and we could get some statisticians to tell us how much it went up, and we could be—we would be making a fair living.

In closing, I don't want anybody to give me anything, not a thing. I am willing to work for whatever I get, but I feel that we need some type of support as we have had, and, of course, peanuts, we enjoy those peanuts. We enjoyed the price we got for them last year, and if they take off some of this price on this off flavor, this \$50 a ton, I am like the man, I am going to have mine tested many, many times. I am sure the rest of them are too. I may waste time and may never get my crop gathered, but it worries me that the farmer doesn't have any more friends up there where you are.

We appreciate your help, but we just haven't got enough friends, and anything you can do to help us, we would certainly appreciate it.

The CHAIRMAN. Thank you, Mr. Chase. We appreciate your testimony. The next witness is Mrs. Hugh Campbell, Route 2, Montezuma, Ga., and we are delighted to have a lady appearing as the next witness.

Mrs. Campbell.

STATEMENT OF MRS. HUGH CAMPBELL, MONTEZUMA, GA.

Mrs. CAMPBELL. Thank you, Senator. My complaint may be entirely out of order for this particular type meeting, but as a farmer and a taxpayer, Senator Talmadge, I really think my problem is more statewide rather than Federal, but I think if we don't do something about it, then it is going to affect us as a Nation, because I am concerned about the future of America.

It frightens me to be told that the average farmer in America today is 56 years old.

The CHAIRMAN. I think it is 58, isn't it, Henry?

Mrs. CAMPBELL. It has increased. Well, I thought it was 56, so it is older even than I thought. My question is what is going to happen to our country if the farmer continues to be overtaxed property wise. Now, when we are told that less than 5 percent of the people today grow the food for the other 95 plus percent, I think this is something for us to think about. Because, what are we going to be able to do with

all of our luxuries that so many of us are able to enjoy if the farmer is not able to continue to pay the taxes on his land, to grow the food for us to be able to survive.

The CHAIRMAN. Thank you very much, you certainly made a very pertinent point. Of course, as you know, ad valorem taxes is a State and local matter.

Mrs. CAMPBELL. That's right.

The CHAIRMAN. There is no Federal ad valorem tax.

Mrs. CAMPBELL. I realize that.

The CHAIRMAN. I think all taxes are too high, local, State and Federal.

Mrs. CAMPBELL. But I think we need to begin to give thought about it.

The CHAIRMAN. I certainly agree, and I thank you very much. The next witness is Mr. Dwight F. Kirby, Route 2, Sandy Creek Road, Fayetteville, Ga. Is Mr. Kirby here?

SPECTATOR. Mr. Kirby has left, I think.

The CHAIRMAN. All right, the next witness is Mr. W. S. Mixon, Jr., Route 3, Griffin, Ga.

STATEMENT OF W. S. MIXON, JR., GRIFFIN, GA.

Mr. MIXON. I am just Bill Mixon to my friends.

The CHAIRMAN. Good to see you, Bill.

Mr. MIXON. I wrote you last week when I was in a rage about this boycott business, and I have about got my blood pressure down now, and so I want to address myself to a few, what I think of as general principles, as they relate to agriculture.

Now, I have found myself out of step with a good many of the people in Georgia Farm Bureau and Georgia farmers, partly due to the fact that I have always been a meat farmer, and there is always, of course, some conflict between the different segments of agriculture.

But, I see our problems as relates to our legislation as being primarily our foreign relations and our relations to the consumer. And most of what I would have said has already been said, but I would like to urge you to do everything you can to see that we get a fair shake in these trade negotiations.

The CHAIRMAN. It is very important.

Mr. MIXON. Because we just can't operate like we operate today without some foreign trade, and I realize this is a very complex thing, because farmers in other parts of the world want to live too.

Just recently I was at the American Pork Congress in Indianapolis and Mr. Harold Heinhold who is the largest hog buyer in the world told me that they had delivered a lot of pork loins to Portland, Oreg. for Japan at about 80 cents a pound, and the import duty when they got to Japan was \$1.60 a pound. We have to——

The CHAIRMAN. Do you know what beef is in Tokyo today? Between \$11 and \$12 a pound.

Mr. MIXON. Yes, sir. Beef prices in the rest of the world are astronomical. And if we could get favorable treatment in our trade talks, we could increase production of a large portion of our crops, so I would urge you to do what you can toward seeing that we get favorable treatment, and I realize, though, that this is very difficult because of the

fact that the size of the crops all over the world vary from year to year and other nations, the Common Market, Japan, all the other nations where we trade subsidize their farmers in one way or another too.

The CHAIRMAN. Much higher than we do.

Mr. MIXON. Much more so, particularly in the Common Market and in Japan. Well, it is going to be a tough fight really because it is the American farmer against the farmer in these other countries. These farmers in the other countries, they don't want to be put out of business any more than we do.

Now, that is probably the first part of our problem. Now, I think the second part of our problem is our relation to the consumers. This has been very dramatically illustrated in the meat boycott.

It—I produce about 3,000 hogs a year and frankly I have made a little money in the last couple of years, and I have had some years when my banker was about ready to close up on me. But we have got to educate the consumer, and I wanted to ask you this: Since there has been so much emphasis put on environment, how would it work out to transfer all of these environmental agencies in the Agricultural Department to the Environmental Agency so that it won't look like farmers are getting such a big subsidy?

So much of the Agricultural Department's budget actually doesn't go to farmers. It makes—now, things like this REAP program—

The CHAIRMAN. Actually last year, as I recall, the Agricultural Department's budget was between \$11 and \$12 billion, and of that amount about \$3 billion went for supports, and the rest were consumer programs, public programs.

Mr. MIXON. When a lot of the press gets a hold of this, though, it looks like they are shoveling a quarter of a million dollars down every farmer's throat.

The CHAIRMAN. A lot of people get that impression.

Mr. MIXON. And it is just not so. I think we need to either transfer these programs to other agencies or get this across to the general public.

Senator, I appreciate what you have done and I have taken too much of your time already.

The CHAIRMAN. Thank you, I appreciate it so much. The next witness is Mr. R. M. Stiles, Route 1, Cartersville, Ga. If my memory serves me correctly, Bob Stiles was one of the original founders of the Farm Bureau Federation, and I believe at one time was president of the oldest farmers organization in America, from Bartow County.

STATEMENT OF R. M. STILES, CARTERSVILLE, GA.

Mr. STILES. Mighty good to see you, Senator.

The CHAIRMAN. Good to see you, Bob.

Mr. STILES. Mighty good to be here. Mighty good you can be here.

The CHAIRMAN. Happy to have you.

Mr. STILES. I am in a little bit of a precarious position. I didn't come down here to make a statement. I had a very good neighbor of mine just a few weeks ago, at the invitation of the Senator, who took the liberty to go to Washington and appear before the Agricultural and Forestry Committee. My good friend, Frank Jolly.

The CHAIRMAN. He made a fine statement too. I see him present in the audience today.

Mr. STILES. And so I took the liberty with Joe Shropshire's Cadillac automobile to bring him down here with us. Joe is a retired dairyman and all dairymen are rich, you know. Incidentally, I never was in the dairy industry.

The CHAIRMAN. I used to run two of them. I know something about them.

Mr. IRVIN. You are putting that in the record now.

Mr. STILES. Will the record stand it? If it don't, we had better change the record. No, Joe Shropshire is a thinking man, and I am awful glad to be his neighbor and friend up there in Bartow County, and, as I said a moment ago, he is a retired dairyman and Joe made this statement and asked me to read it on the way down here and see what I thought about it.

He made it for another purpose, but to my way of thinking, it fits here pretty well, and it is also pretty well in line with a whole lot of my thinking. Therefore, Joe, for some reason is a little bashful about it, and he has had—I said, "Well, Joe, I will be glad to tell them you have got a statement to make, and you make it," and he said, "No, Bob, I ain't going to do that." He said, "You make it."

So, I am going to make it, Joe. Where are you? Is he still here? Yes, he is still here. He has this headed:

STATEMENT OF JOE SHROPSHIRE, CARTERSVILLE, GA.

AMERICA'S AMBITIOUS AND PRODUCTIVE FARMERS

During World War II, the farmers' production was needed and he began receiving better than depression prices for their products. Better prices gave him an incentive to produce although he had to do it under very difficult conditions caused by shortages of manpower, equipment, fuel, etc.

After the war the farmer was stunned by increased cost of the things he had to buy. Then came the Korean War and labor became difficult to secure, as laborers felt industry work more lucrative, being easier work with shorter hours and better pay. With high cost of the things the farmer had to purchase, and scarce labor, many farmers couldn't compete and went to work in industry. Many of the farmers that continued were handicapped by their sons being lured to more lucrative jobs in industry.

The farmers that did continue farming did what farmers have always done—produced more in order to get money to stay in business, therefore depressing prices for the things they produced. They purchased expensive machinery that had the capacity to work many more acres faster so they could do the work themselves. Shortage of labor caused them to buy expensive machinery for every phase of their farm operations.

They were continually confronted with low prices for their products, and were told repeatedly that the population explosion would cause a demand for their products and in turn they could expect better prices. They received new and better methods to cultivate more and more acres with better production from each acre.

When demands for food began to catch up with our supply, causing an increase in prices, the housewife went on the defensive by refusing to buy. In 1955 when I was forced to sell beef on foot for 7 cents a pound no one seemed concerned but my family.

Does the consumer have the right to expect food at depression prices? Does the housewife feel the producers of eggs, meats, and dairy products should devote 7 days per week producing her food, while she and her family have time off for play and the farmers earn less than her family for a year's work?

Thanks to the American farmer, the American family has eaten more of a variety, more and better prepared foods, precooked, packaged, advertised, etc. for a smaller percentage of their income than any other people of the world.

Today Russia, Africa, South America, India, China, as well as other countries have a shortage of food. We are told three-fifths of the world's inhabitants go to bed hungry.

There have been many studies and figures compiled comparing the farmers sharing in the economy. President Nixon stated many times he wanted to see farm families share in the economy on a more equitable basis with nonfarm families, make figures of little significance.

Our Government's policy of deficit spending has caused inflation, and inflation hurts farmers worse than any other segment of our industry. Only farmers are forced to buy on a retail market and sell their products on a wholesale market. It is hard to conceive that America's products—greatest industry operates this way. Farmers buy more manufactured goods, such as machinery, trucks, tractors, tires, etc. making the economy better for non-farmers. The farmer pays more taxes, either directly or indirectly than any other segment of our society. I want to certainly vouch my support for what that lady said a while ago.

His high overhead costs for machinery, supplies, repairs, fuels, fertilizers, labor, plus \$20 to \$30 per acre land taxes make it necessary for a fair price for his products. The farmer can't continue to produce without a return on his investment. Since there are so few farming, each farmer shares such a financial burden, and return risks high, he is in a precarious position.

Khrushchev, when visiting American farms paid them a great tribute when he kept asking, "Where are the people that helped with these crops?" I visited in Russia, farm lands and travelled the length of the Ukraine. Russian leaders repeatedly told us of their 5- or 10-year plan to produce enough food to bury America. I knew better because I was looking at the peasant workers and knew they weren't concerned. Since then they have poured millions and millions of dollars into their agriculture, plus demanding non-farmers to help produce food. They can't even produce enough potatoes.

I watched Russians come to their open markets, at the crack of dawn to buy their food, and their choice and quality of food was sadly lacking. I had the unusual experience of being invited for a noon meal with one of the upper class families. To put it mildly what I saw and ate and impressions I received still startles me. I'd hate to see the American people ever have to experience the conditions of Russia's people.

The American farmer's time clock is at the end of 365 days. He will never punch out as long as he can get a fair return for his product. To bad conditions have been so poorly that many of his sons went to industry.

Russia gambled with its agricultural system and lost. American farmers' production rescued them—who would rescue America from such a calamity? Will America risk such a calamity by not giving enough consideration to the ambitious and productive American farmer?

That's Mr. Shropshire's statement, Senator.

The CHAIRMAN. Thank you, Mr. Stiles, for an excellent statement. We appreciate your contribution, sir.

Mr. STILES. Thank you, sir.

The CHAIRMAN. At this point, if there are no objections, we will insert a statement from Mr. Monroe Blocker, Glennville, Ga.

STATEMENT OF MONROE BLOCKER, GLENNVILLE, GA.

Senator Herman Talmadge, Senator Sam Nunn.

A few brief remarks about the farm conditions. As for beef it is one of the most desirable meats in the entire world when it comes to nourishment, taste and nutrition. But it is very costly in every detail. I have been in the cow business 35 years in a small medium. I have also been in the hog business for the same number of years. The cows have a little more than broke even. The hogs have paid off the mortgages, and left some cash in the bank. You feed a cow nine months before a calf is born, then another 12 to 15 months before sale, with feed very high.

"I honestly think the people that are protesting prices should appreciate what the farmers have to do, to be able to provide the beef for them. Farmers like myself are for sure on the way out. On that account for 75 or 85 percent of the farmers today, are on their way out because of the protesting. A few years back

the average worker got 50 cents to \$1.00 per hour. You could buy a pound of round steak for around 60 cents or 75 cents per pound. Today a larger percent of the workers get from \$1.00 per hour to \$10.00 per hour. Since workers are getting paid more today, they should expect the prices to go higher. I think we should send the beef to the people across the water in Europe that are starving and willing to pay at least the amount it cost for the feed and to raise the beef.

"I saw in a magazine the other day where Japan beef was as high as \$7.00 per pound.

The CHAIRMAN. Does anyone else have any comments or observations they would like to make. If not, I want to thank first Mr. Emmett Reynolds, the Georgia Farm Bureau Federation for making available these facilities for the hearing, their cooperation. I want to thank Mr. Tommy Irvin, Commissioner of Agriculture of Georgia for his contribution in accompanying me on this tour, and I want to thank each and every one of the witnesses that appeared here today for your testimony and observation.

I may say it is in line with the 110 witnesses that we have heard in Washington and throughout the length and breadth of the United States.

We appreciate it, the meeting is adjourned.

[Whereupon, at 4 p.m., the committee adjourned, to reconvene in Tifton, Ga. at 1:30 p.m. the next day, April 20, 1973.]

EXTENSION OF FARM AND RELATED PROGRAMS

FRIDAY, APRIL 20, 1973

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Tifton, Ga.

The committee reconvened, pursuant to notice, at 1:30 p.m., in the meeting room of the Rural Development Center, Tifton, Tift County, Ga., Hon. Herman E. Talmadge (chairman) presiding.

Present: Senator Talmadge.

STATEMENT OF DARL SNYDER, DIRECTOR, RURAL DEVELOPMENT CENTER, TIFTON, GA.

Mr. SNYDER. Ladies and gentlemen, will you please take seats so that we can get underway with the hearing. Senator Talmadge is here and also Commissioner Irvin. At this point I would like to present to you the Senator, senior Senator Talmadge from Georgia.

STATEMENT OF HON. HERMAN E. TALMADGE, A U.S. SENATOR FROM THE STATE OF GEORGIA—RESUMED

The CHAIRMAN. Thank you very much Darl. Commissioner Irvin, ladies and gentlemen, it is a privilege indeed to see so many friends here from all sections of South Georgia.

As you know, most of the farm program expires this year. It will be necessary for the Congress to take action to amend or extend the present farm programs or else they will expire.

The Committee on Agriculture and Forestry, which I have the honor to chair, started these hearings early in the year, because we realized it was important for farmers to have advance notice as to what type of agricultural program they can expect. That is particularly true of the spring wheat farmers who will be planting wheat by August.

So, we have completed hearings in Washington, D.C. We held 9 days of hearings, heard about 110 witnesses from all sections of the United States. I asked them to send real dirt farmers to Washington to testify because we didn't want any paid spokesmen or the lobbyists for specific farm organizations.

I am delighted that they did so with such unanimity. I think of the 110 witnesses that we heard, at least 100 or perhaps more of them were real dirt farmers. I also urged the members of our committee to take advantage of the Easter recess while they were in their home States to hold grassroots hearings within their respective States. Many members of our committee have done so and are doing so.

In that connection I scheduled hearings of my own in Georgia. Yesterday morning we held hearings in Waynesboro, Ga., and in Macon,

Ga., yesterday afternoon. We came down by automobile and visited with a number of farms and farmers in route here and then the hearing here this afternoon will complete the 2 days that we have scheduled for Georgia.

I asked the State's distinguished Commissioner of Agriculture, Tommy Irvin to accompany me and I am delighted that he has done so. He is doing an outstanding job in his capacity. Almost daily my office and his work together on some problem relating to the agriculture of this State and other sections of our Nation.

Now, anyone that wants to be heard can have an opportunity to do so. If you haven't filled out a form, if you will raise your hand, a member of the staff will deliver a form to you. Fill it out with your name and address and we will get to you as soon as we can.

I don't know how many witnesses want to be heard, and so I would urge you to keep your testimony as brief as possible. We have a court reporter present who will take down everything that is said here today, and those proceedings will be made a part of the official record of the hearings for the Committee on Agricultural and Forestry for the 1973 farm bill.

Now, we are ready to proceed and the first witness will be Mr. S. M. Clary, a member of the board of directors, National Farmers Organization, Jesup, Ga. We have had the privilege of hearing Mr. Clary in Washington heretofore, and we are delighted to hear you again, sir.

**STATEMENT OF S. M. CLARY, MEMBER, BOARD OF DIRECTORS,
NATIONAL FARMERS ORGANIZATION, JESUP, GA.**

Mr. CLARY. Thank you, Mr. Chairman. It is my honor and my privilege to have this opportunity to speak before the Committee here today. We in the NFO represent all segments of the farm economy. We are interested in virtually every crop that is produced in American agriculture, and our philosophy is that farmers are entitled to cost of production plus reasonable profit on every commodity that is produced.

It is our intention to assist in every way possible and to make sure that they get that cost of production plus reasonable profit.

And I might say that we are happy to have had a good deal of success in doing some things for farmers to help them price wise. This is the area we are working in.

As all of us here know, the cost of producing and the farmer's cost—the input cost, has gone up dramatically in the last few months and it has also gone up in the last few years.

We would like to urge and we do urge the committee in rewriting the farm bill not to merely extend the present farm bill. That would only be lowering the farm prices to the farmers because of the increased cost of production. What we have asked and we will ask again is that the committee send to the President a bill that includes a 40-percent increase in the support prices of all supported commodities and agricultural products.

Now, in the last few months we have seen farm prices go up somewhat to the farmer and they were much needed. We saw them go from a deficit income factor, meaning less than the cost of production, to where the farmers are now enjoying a profit. Although the profit has

not been as great as it should, we have enjoyed it. Now we have seen the attempt with Mr. Meany and others who are not as informed as they should be in the farm business try to roll back farm prices, raw agricultural products as they say.

This is not an acceptable way to the American industry, neither to the American farmer. It is our firm conviction from observing farmers all over America that they will not produce in a deficit area any longer. We are asking that these things be done for the farmer so that the increased production we need to feed the American people will be taking place.

If we have adequate income, we will have adequate production. That's why we have a shortage of food, especially meats. I think you are aware that we have only produced enough meats in this country 1 year out of the last 20 years to feed the American people. It has only been because the returns have not been great enough on hogs and cattle.

Now, I am a cattle producer. I have a cow-calf herd. I also take those cattle on through to the finished weight for slaughter, 1,000 to 1,100 pound steers. I also buy a few to finish.

I know that the cost for meat has gone up considerably to the consumer; so has the price for which I have been able to sell those steers, basically around 40 to 45 cents a hundredweight. The cost has gone up to where it is necessary to be in that price range to get any semblance of a decent profit.

I am not complaining when the feed grain goes up. I am saying to you that feed grain prices for the Georgia corn grower have been totally inadequate. I have kept records on my own feed grain, and I am a feed grain producer also. It takes a very selective, hard pushed program and very good farming to break even in feed grain at the current prices and the prices we have had; so I am not complaining about that. What I am saying is that we must have increases.

Now, I am saying to the committee for several reasons, and I refer to the REAP, the FHA and the REA programs that have been drastically cut, that we should send to the President a very good bill. What we call a very good bill, he would probably call unacceptable. But, you know, I have a little philosophy that if we send to the President a bill that he will sign, he is going to come back to the farmers of America and say "I would have done better for you, but the Senate and Congress would not let me."

So, we are urging the Senate and the Congress to pass a farm bill that will guarantee increased income to the farmer.

There is another area that has been a sore spot in our side for a good long while, and that's in the area of exports. I think we all agree that exports are good and we need exports, but it is quite galling in the craw of the farmer to see the farm commodities exported by our Government at below cost of production and then subsidizing some large companies to export it into foreign government's hands, as the Russian grain deal which cost the American taxpayer over \$300 million.

Now, our philosophy and our belief is that we could have exported that grain at high enough levels to return cost of production plus a reasonable profit to the farmer; or, if we couldn't, we should use it as a strategic reserve in America and not produce more than the American people need.

We, as farmers, do not feel the need for feeding the world at our expense. If we are going to feed the world, let's do it at the world's expense and not the American farmer and the American taxpayer.

I mentioned earlier the increased income. This would have the effect of stabilizing prices, which will build toward cost of production plus a reasonable profit on all of our commodities, help the farmer gain the confidence that he needs, and cause him without any urging or without any prying to increase his production to a level that will feed the American people, whether it be feed grains or meats.

With these remarks, Mr. Senator, I am sure that you understand as well as any of us what we are talking about and the problems that we face. The difference being that you have the ability back in Washington to help us get the things done that we don't quite understand how to do, and I thank you for this opportunity.

The CHAIRMAN. Thank you very much, Mr. Clary. You have made a fine statement. You have testified before our committee in Washington. As you know, it is difficult to pass legislation with the President opposed. We are going to pass the very best bill that we possibly can. Getting legislation passed, as you are aware, is the art of the possible and not exactly what you may desire.

The President, as you know, already recommended the elimination of all acreage controls and all price supports. Of course, in my judgment that would be catastrophic for this country, for American agriculture and for Georgia agriculture in particular. And I can assure you that we are going to work to get the very best bill we possibly can under trying and difficult circumstances.

Mr. CLARY. Could I respond just 1 second?

The CHAIRMAN. Sure.

Mr. CLARY. I should have said something about that earlier, a little stage fright, I suppose. We have developed an idea that I think is probably the best solution. We are aware of all acreage controls wanting to be eliminated, and the philosophy across the country supporting that, from the consumer who has no idea what costs are any more.

I was correct when I said we do not intend and we do not desire to feed the world without adequate profits. We are aware of the research that has been done with tax dollars that has helped us in so many programs to increase our production many fold for which we are eternally thankful. It does give us the ability to produce it cheaper. If it looks like acreage controls and the price support programs are to be eliminated, I refer you to the tobacco program that cost very little in the taxpayer's pocket and has maintained a fairly decent income for the tobacco grower.

Now, what we are saying is if we are expected to produce, and, we have a tremendous productive capacity, more than our people need, we can produce enough to export billions and billions of bushels and pounds and dollars worth also. But if our Government is going to use it and export it at a cheap rate and set what they call a world market, this can only destroy us as family farmers.

What we are suggesting to the committee and to the Government, if we must do away with price support programs put us on an acreage basis. Don't pay anything for setting aside acreage. I know that is a departure from what you have heard. But then support the feed grains and the cattle and the hogs at 95 to 100 percent of parity. We

will produce every bushel and every pound that this country needs, then the farmer will have an adequate income and we will not need any money for set aside acreage. We will let it lay out voluntarily.

So, if we are going to destroy the present program, we must protect the farmer in the long run or else we are going to destroy the family farmer which none of us want to see happen.

The CHAIRMAN. Thank you, sir. The next witness is Mr. Chris W. Nichols. He is also a member of the NFO from Screven, Ga.

**STATEMENT OF CHRIS W. NICHOLS, NATIONAL FARMERS
ORGANIZATION, SCREVEN, GA.**

Mr. NICHOLS. Mr. Chairman, when I was notified to come to this meeting, I didn't know what the questions would be or what I would be supposed to talk about—I live at Route 1, Screven, Ga. I produce tobacco: my poundage this year is 75,000 pounds. I am in the cow-calf, hog and feed grain business.

I have been much concerned with the housewife's complaint about the cost of beef. Talking about the cost of beef and the cost of other foods, I watched Mr. Meany at Miami when he stated on television, the cost of food was going up and they were going to have to increase wages.

I came back with this thought when he said that, "I want to do a little research." I visited the local supermarket in Screven where about 1,000 people live. I went into this store, down to the cereal department and the first thing I saw was a pack of Kellogg's Corn Flakes, 8 ounces. Eight 1-ounce packages, 49 cents. I purchased one of them and they charged me 2 cents sales tax.

The State of Georgia got much more for 2 cents sales tax on that 8 ounces of Kellogg's Corn Flakes than the farmer did in the production of it.

I want you to think of that. Had the farmer given the corn in that package of corn flakes, the housewife couldn't have seen the difference in the price.

I sold 5,000 bushels of white milling corn last fall, when it was in the harvest stage and all I was offered was Government support, \$1.21 a bushel. I finally sold it for \$1.35.

I don't know this to be a fact, but I understood that it went to Dixie Lily, I don't know where it went to. I am paying today in the form of meal and grits, the crudest form of processing of that product, 31 cents plus a penny sales tax for 1 pound 8 ounces of cornmeal, or 1 pound 8 ounces of grits.

And yet they say it is the farmers' prices that is causing all of this inflation in food prices. That's the most asinine statement that I have ever heard.

Up through the middle forties food nor money wasn't much of a problem in my home. But since 1950, if my wife hadn't taught school we could not have supported our family. So, that's the problem we are in.

I can't tell you about the kind of programs that the Federal Government or the Department of Agriculture need to write, but the simple fact is: according to statistics, and this is quoting from memory, the average farmer in the United States is approximately 57 years of age, and he is producing food and fiber for 54 people.

Approximately 5 to 7 years from now these men will have to retire, get out of business. Well, who is going to farm? Who is going to look after it? Who is going to carry it on? And I would much rather see a small farmer in the country living off the land, maybe at a substandard living than to be in the ghettos on welfare.

Back to the tobacco situation. I was much disturbed when I saw that Mr. Nixon had discontinued the 5 cents a pound export subsidy on tobacco, and according to my information the Federal, State, and municipal governments collected about \$3.50 a pound on tobacco last year in taxes.

The CHAIRMAN. A little over \$4 billion a year is my recollection is taxes paid on tobacco to State, local, and Federal Government.

Mr. NICHOLS. Last year in my county the farmers received approximately \$1,700 for 2,000 pounds to the acre tobacco crop. And my understanding is that those portions of the Government previously referred to received \$7,800 in taxes alone on that same acreage of tobacco. Is it the farmer and the farmer's prices?

I don't know the answer to it, Mr. Talmadge. If I did, I would be trying to do something about it. But I do know that unless the farmers of this Nation can receive cost of production plus a reasonable profit at an accessible market place, they cannot continue.

I have just about used up my entire worth in subsidizing from year to year and bad crop years. Two years ago when we had the corn blight, I had 600 acres of corn and I wound up with \$15,000 worth of fertilizer bills that I couldn't pay a dime on.

I don't have the income to recuperate from that if the profit is not there. I had acre after acre of corn that when combined, it barely brought more than what the combine cost.

I don't know the answer, but I do know, if we don't have a fair price at the marketplace, for cost of production plus reasonable profit, the farmers can't stay in business and can't continue to feed this Nation. Thank you.

The CHAIRMAN. One question please. You produce tobacco. Do you think the tobacco program is working reasonably well?

Mr. NICHOLS. It is working the best of any of the programs I know.

The CHAIRMAN. I agree with you. It would be a catastrophic mistake to abolish acreage controls and price supports on tobacco, wouldn't it?

Mr. NICHOLS. Yes, sir. And something else, Mr. Talmadge, the tobacco allotments and other allotments on farms have been established over the years and that's like a franchise.

The CHAIRMAN. Values built into your land.

Mr. NICHOLS. Values built into your land and these acreages need to stay with that land in the community and the county.

The CHAIRMAN. What you are saying is that if you abolish the acreage controls on tobacco, the land values would fall dramatically, is that not correct?

Mr. NICHOLS. That's exactly right.

The CHAIRMAN. I agree with that. Thank you for your very fine statement. We appreciate your appearance and your contribution. The next witness is Mr. Ralph M. Balkcom who is chairman of the Quitman County Farm Bureau Legislative Committee, Georgetown, Ga.

STATEMENT OF RALPH M. BALKCOM, CHAIRMAN, LEGISLATIVE
COMMITTEE, QUITMAN COUNTY FARM BUREAU, GEORGETOWN,
GA.

Mr. BALKCOM. Mr. Chairman, I am Ralph Balkcom from Georgetown, Ga. I am a dirt farmer. I am old enough to remember the 1920's when we would sell peanuts for \$40 in September, and in January they would be worth \$100. That's the Wall Street speculators making a profit. There was no control then and there was no surplus.

I remember in 1932 selling peanuts for \$18. I remember the Federal land bank taking over the farmer's land immediately after. Nearly all of the land in Georgia, you would see signs, Federal land bank, insurance companies. At that time we had no support price and we had no minimum wages for labor.

Roosevelt came into office and he decided to stabilize things. He supported the farm program, he established minimum wages, and I think it helped the farmers. It helped all wage earning people, and that's when this country really started moving forward.

The farmers are just now beginning to own this land again. A lot of this land was bought by timber companies for the price of the timber that was on this property. That's about what they paid for it, and a lot of them still own this land.

Right now farmers are living on inflation. The land we have has an inflated value. It is worth more money. We borrowed more money, we spent that money and we owe that money.

A SPECTATOR. Amen.

Mr. BALKCOM. When we talk about world prices, I don't think the farmers can produce crops to sell at a world price and buy on a protected market. The prices of things we buy are guaranteed, the wages are guaranteed.

These big companies, they get together and they set the price where they can make a profit to pay increased wages. Labor unions have a legal status. If the price supports are taken away from the farmer, he won't have any support. He will have chaos.

Now, I realize that there has been a lot of money spent on the peanut program, not so much maybe for the good it has done, but it has helped to balance our payments in world trade. And I think that is more important to this country than most people realize.

I don't think the farmers can afford to do that at his expense. I think the Government should continue the subsidy program to help balance the payments. If the Government is not able to do it, as long as there is a surplus, reduce the allotment. Let's don't do away with allotments because we already have a surplus of peanuts; and, if you do away with the allotments, you will have a greater surplus than ever.

The CHAIRMAN. Will you yield at that point? Is your principal crop peanuts?

Mr. BALKCOM. My principal crop is peanuts, yes, sir.

The CHAIRMAN. Of course, as you know, the administration has already dealt peanuts a severe blow. They have reduced by regulation the support price on aflatoxin peanuts by \$50 a ton. They have outlawed the sheller purchase agreement on peanuts, so you don't know what the market is going to be or what you can sell peanuts at, when you go to sell them this fall.

In addition to that they have put the burden on the farmer to pay for the inspection and storage which will be about \$15 a ton. Over and beyond that, they have recommended that price supports and acreage controls and allotments on peanuts be abolished. Do you think that would be catastrophic to Georgia agriculture for that to happen?

Mr. BALKCOM. I surely do, and if you don't support the shellers they can't borrow money to buy these peanuts.

The CHAIRMAN. That's right. Now, if you had a choice, talking about alternative positions now neither of which I favor. I don't know what might be the ultimate end, but if you had the choice of reducing the acreage on peanuts or reducing your support prices on peanuts, which of those bad alternatives would you choose?

Mr. BALKCOM. I would reduce the acreage because if you reduce the supports, you haven't reduced the expenses.

The CHAIRMAN. Yes, sir.

Mr. BALKCOM. If you reduce the acreage, you do reduce some of your expenses.

The CHAIRMAN. What is your peanut allotment?

Mr. BALKCOM. Mine personally?

The CHAIRMAN. Yes.

Mr. BALKCOM. About 300 acres.

The CHAIRMAN. Proceed, sir.

Mr. BALKCOM. And you know peanuts are a highly perishable crop. And if it is not supported, I call your attention to conditions when I was a young boy when you would take them to the peanut mill and they would buy them and they did cottonseed the same way. If anybody is not familiar with peanuts, they ought to remember cottonseed. They would buy these things and then in 3 months they are worth two or three times as much.

And a farmer can't store these peanuts. It is a highly perishable crop. When you get ready to gather them, even a week's delay causes you to lose that crop and you won't have anything to gather. If there is a no-market condition at the peanut mill, you can't wait to decide what to do next month. You have got to move these peanuts now.

The CHAIRMAN. Whatever the market price will bring?

Mr. BALKCOM. Whatever it will be, if the mill said, "I am overstocked, but I will take them at half price," you have no other choice. I thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much. I appreciate your contribution. You have made a fine statement. The next witness, I believe I have the name right, is Mr. Maredy Daniel McCowery, Amboy Road, Ashburn, Ga.

STATEMENT OF MAREDY DANIEL MCCOWERY, ASHBURN, GA.

Mr. McCOWERY. Thank you, Senator. As you are about to know, I spend a lot more time in the field than I do before a microphone and a distinguished Senator.

The CHAIRMAN. Don't worry about that. That's the reason we are here. We realize that you couldn't come to Washington to testify and we wanted to give you an opportunity to do so.

Mr. McCOWERY. Well, I might not get it in the order that I want, but if I have a little time I think I can shed a little light on my feelings and some of the other farmers in the county that I have talked to.

I couldn't help but think about what you said about really not knowing what you are going to get for your peanuts—I am putting them in the ground now just as hard as I can go and really I don't know what I am going to get for them.

I have got about 250 acres of peanuts and about 400 acres of cotton and about 200 head of brood cows. I will try to deal just a little bit on each one, and I couldn't make it on either one alone.

A lot of people would say, "Well, on that acreage you could. If I had that many acres of peanuts, I would be in business." But if you had that much expense, you might be out of business too.

The CHAIRMAN. Do you lease any of your acreage?

Mr. McCOWERY. Yes, sir; some. Most of it I have on my land or my wife's or some that my father left, so it is not mine and it is not leased either really.

Talking about peanuts, that's my main crop really. I have gotten into the cotton business pretty heavy in the last year or two, but it looks like I might be out after this year if they completely discontinue our payment because I cannot produce cotton—

The CHAIRMAN. What does it cost you a pound to produce cotton?

Mr. McCOWERY. Well, that varies. I am not trying to evade the question, but it does vary.

The CHAIRMAN. Depending on weather and conditions.

Mr. McCOWERY. It will cost—

The CHAIRMAN. Last year, assuming you had a good cotton year, what did it cost you?

Mr. McCOWERY. I guess 27 or 28 cents a pound.

The CHAIRMAN. That's cheap by U.S. standards. The Department of Agriculture has testified that it costs about 32½ cents a pound to produce cotton. We have heard to date more than 30 witnesses in these hearings and their cost of production I think varied all the way from 27 to 28 cents a pound up to about 34.

Mr. McCOWERY. Well, I—

The CHAIRMAN. Of course, as you know, cotton in the marketplace last year brought 24 or 25 cents a pound.

Mr. McCOWERY. Yes, sir.

The CHAIRMAN. So, without the payments in my judgment we wouldn't produce any cotton in this country, we would be importing cotton.

Mr. McCOWERY. That's right, and we can't produce cotton, peanuts, any of these crops for world market if everybody thinks—I say everybody, and I don't mean that literally, but if most people think that we can produce for the world market, why doesn't the labor unions work for the world—what the average laborer receives for the work?

Let them drop back and we can drop back. We can buy our machinery and various supplies based on the world market.

The CHAIRMAN. What you are saying is if there is a free market for one, there ought to be a free market for all?

Mr. McCOWERY. Absolutely.

The CHAIRMAN. Is that it?

Mr. McCOWERY. I think so. On these proposed changes on the peanut program, they are dealing with \$80 to \$90 million figure that the USDA has in peanuts, am I right?

The CHAIRMAN. I think the cost is about \$75 million at the present time

Mr. McCOWERY. I understand if they had sold these peanuts recently at what they were offering and had done a little balancing up, they wouldn't have had nearly this big a figure to deal with, something like \$25 or \$30 million, and I believe that about half of the new helicopters for the White House would have taken care of that, wouldn't it?

The CHAIRMAN. I suspect it would have. Maybe just a small portion of what we give away in foreign aid to some little bitty country today—

Mr. McCOWERY. Well, you are a lot more familiar with that than I am, and the one thing you said recently that I agree with on the timber exports to Japan, I think we need to export more to Japan, because we are importing a lot more each day than we export.

The CHAIRMAN. The trade deficit with Japan last year was \$41½ billion. Japan today has more hard currency than any nation on the face of the earth.

Mr. McCOWERY. Well, we have been subsidizing them ever since World War II, haven't we? I think we need to keep up these exports of lumber to Japan to help in various ways and other things, soybeans and peanuts and what have you. And we need to cut back some of these other things, I think.

I am not trying to solve the country's problems here, but I think that would help the farmers problem. It would help the country in general, and I will say that I admire the President in trying to balance the budget, I just don't admire his ways of doing it.

The CHAIRMAN. We all agree with that.

Mr. McCOWERY. And on cotton, I would like to say, if I had to produce cotton for the world market I could not produce it.

The CHAIRMAN. You couldn't produce peanuts for the world market either.

Mr. McCOWERY. Not at approximately \$160, \$70 or \$80 a ton.

The CHAIRMAN. That would put you out of your two principal crops.

Mr. McCOWERY. Absolutely, and if these boycotts are more successful than they have been and other things I might be out of the livestock business too.

I think one of our biggest problems, I am going to say this, I might shouldn't say it here, but I am going to say it, it's the way I feel, in Washington is the No. 2 man in USDA. That's my personal opinion for some of the statements he has made recently about the prices of things, and I thought maybe he would be more on our side but obviously not.

This feed grain, like I say, I am primarily cotton and peanuts and cattle. I have a cow and calf program. So, therefore, I sell most of my grain and soybeans, but that's the biggest crop in the country, feed grain, soybeans and corn rather, soybeans tops and corn No. 2.

The CHAIRMAN. How many acres of soybeans do you plant?

Mr. McCOWERY. Approximately 100 acres.

The CHAIRMAN. What was your yield last year?

Mr. McCOWERY. I didn't cut any.

The CHAIRMAN. Drought ruined it?

Mr. McCOWERY. That's right.

The CHAIRMAN. What would you normally produce in soybeans?

Mr. McCOWERY. I have about half of my crop now in grains which would run 15 to 18 bushels, maybe 20.

The CHAIRMAN. Do you plant any not behind grains?

Mr. McCOWERY. Yes, sir, they will run from 15 to 20 bushels.

The CHAIRMAN. Do you plan to expand your acreage in soybeans this year?

Mr. McCOWERY. I don't think so.

The CHAIRMAN. Soybeans, as you know, has got to be one of the number one money crops in the whole United States now due to the world wide demand and expanded production and the lack fish off the coast of South America or Peru. The market has gotten catastrophically high. Those high prices came after the farmers had harvested and sold the beans. The farmers got about \$3, or a little more than \$3 a bushel, most of them, when they sold, and since that time they have gone to over \$7.

Mr. McCOWERY. I don't exactly envy those farmers that are getting the good prices, but I am glad somebody has gotten something out of them even though I didn't.

As far as the cattle business, we might think that meat and pork and steak—I am not in the hog business right now, I have been, in the past, but right now I am not, if they think steak is too high, just go to some other country and buy them somewhere else, and I understand it is \$4 or \$6 in European countries, some countries even higher than that. And this was rather hard to believe, but I read in I believe U.S. News and World Report that in Japan it was up as high as \$20 a pound, some cuts.

The CHAIRMAN. The last time I checked the price of beef in Tokyo it was between \$11 and \$12 a pound. Even with the high prices of beef now in this country, and they are relatively high, beef is cheaper than it is in the United States in only one country in the world and that's in the Argentine.

Mr. McCOWERY. Well, it is rationed there, isn't it? I believe they have certain days out of the week they won't even let them sell meat, they have to export it.

The CHAIRMAN. I think that's true.

Mr. McCOWERY. And very rigid controls. They are not free to eat it. If they could buy it, it probably would go up and be higher if they had access to it.

The CHAIRMAN. That may very well be true.

Mr. McCOWERY. That's about all I have to say at this time. I agree with the gentleman previously that we don't need to abolish our controls and allotments, I would rather take a reduction in quotas. To me that is the simplest way to get the Government out of the, or keep them from losing any money on the peanut industry is just to cut the allotment, the percentage of the excess, and I would rather have 10 acres and know what I am going to get for them of the ones I produce than to have 50 and not have any idea, because you have a fixed cost.

The CHAIRMAN. Of production.

Mr. McCOWERY. I just put some chemicals on my pickup the other day and I had a little over \$4,000 worth. That won't go over very many acres either, not nearly over the whole thing.

We don't need to—I don't think, but we will just have to draw up, a lot of us, and some of us can't get much smaller. I might could a little bit, but I have a son going to school down here at ABAC now and he wants to farm. And it is rather rewarding and gratifying to know that he does, but these recent developments in the last few months, I don't know whether he can or not.

The CHAIRMAN. Most of our young people find jobs more attractive than farming.

Mr. McCOWERY. That's right.

The CHAIRMAN. And the income vastly higher.

Mr. McCOWERY. And I hate for him to get into it the first year or two and really get discouraged then and attempt to do something else.

The CHAIRMAN. We had a witness from Bartow County, Ga., who testified before our committee up in Washington several weeks ago and he gave his son a tractor and he gave his son a piece of land and he started farming. It lasted 1 year and he quit and went to town and got a job earning \$12,000 a year. That's the reason farming is not attractive to our young people.

Mr. McCOWERY. Senator, I would like to thank you for coming and taking time to help us, and I didn't make my name very plain, it is McCowery.

The CHAIRMAN. McCowery, I recognize the name McCowery, but I didn't recognize the name McClovery from Turner County. I appreciate—

Mr. McCOWERY. Well, you would recognize where I live more than you would my name. I live just beyond Sparrow Nest Lake.

The CHAIRMAN. I know exactly where that is. Appreciate your contribution and I appreciate your factual and authentic report here. It has been a great help, I am sure to our Committee. The next witness is Mr. Troy H. Fore, Jr., Jesup, Ga.

STATEMENT OF TROY H. FORE, JR., JESUP, GA.

Mr. FORE. Senator Talmadge, I would like to thank you for coming to Georgia. Of course, not that you have come to Georgia, but that you came to Georgia with this hearing. We have so many times lately it seems like the Government is getting far, far removed from the people and we are gratified to see that it has come back somewhat.

I am involved in a rather specialized part of agriculture in that I am a beekeeper. I know a lot of these people here are worried about the feed grain program and things like this. This in a way sounds as foreign and strange to me as beekeeping does to some of them. But of course in a lot of areas such as the Farmers Home Administration and things like this, we are involved just the same as they are in some of the aspects of the farm legislation.

But as a beekeeper and as a director from Georgia to the American Beekeeping Federation, I would like to speak for a moment on pesticide indemnity program that has been in the farm legislation for the past 2 years. This is the third year; and, as you say, this is one that will expire this year unless it is carried on. I understand that the bill is, this segment is slated for continuance as it is now in the new farm bill, and we are very gratified that Senators in the past have proven to be a friend of the beekeepers, and hope they will be so in the future.

There are, however, many people who aren't as aware of the value of honey bees to agriculture as to what the Senator is, and some of these people need to be made more aware of what the beekeepers can do for agriculture. I think that this pesticide program is one, if this isn't solved in another manner, we don't think to keep pouring out this money is the solution to the beekeepers program nor to the pesticide applicator nor to the farmer, they need the pesticides to survive today.

But we think that this will keep a lot of beekeepers in business and it has proved in the past year to have done so. And we hope that this will continue to be a part of the farm program until some more permanent solution is found and that we can get out of this sort of thing and get into where we can cooperate more fully with the average row crop farmer.

The CHAIRMAN. Thank you very much for your contribution, Mr. Fore. I am thoroughly familiar with that program. As you know, I helped write it.

Mr. FORE. Yes sir, I am aware of this.

The CHAIRMAN. And I hope that it will be extended this year. That is one of the cooperative programs that Commissioner Irvin and his department with the USDA on, and I hope that the committee and the Congress will renew it. I believe our committee will.

Mr. FORE. Thank you, sir.

The CHAIRMAN. Thank you. The next witness is Mr. James N. Mays, Leslie, Ga.

STATEMENT OF JAMES N. MAYS, LESLIE, GA.

Mr. MAYS. Senator Talmadge, Commissioner Irvin, I would like to thank you for coming to hear the problems of rural people. And especially, Senator Talmadge, we would like to thank you for your work in the rural development bill, and we hope that at some point the Federal Government will find the funds that they have available that they are doing other things with to help develop rural areas of America as well as the rural areas of the rest of the world.

We appreciate your work in that and hope you will continue to fight until that bill is funded, because it has no meaning as it is.

The CHAIRMAN. Thank you. Will you yield at that point? As you know we put that bill through the U.S. Senate unanimously, 77 to nothing the first time. The conference report was also agreed on unanimously. The President signed it with great flourish and fanfare. We were expecting great things of it. I have created a special subcommittee of my committee with legislative oversight to ride herd on that and they have been holding some hearings on it, and they got the department up there and they call the roll item by item, and they have done very little about it. You know, they have impounded money for water and sewerage projects in rural areas. They have impounded money for the REAP program. They have stopped the rural electrification direct loan program and various other programs that have been in existence in this country for many, many years.

So, we have got problems with the executive branch of the Government. Previous witnesses testified that they desire to balance the budget, and I share that view fully. I haven't come around to that

view lately. That has been my view ever since I have been in public life.

But I would disagree with them on priorities. I think the first priority is to stop this foreign aid program that costs us \$212 to \$215 billion already. The second priority, I think, is to bring some of these troops home from Western Europe, and they are going to cost us \$31 billion over there next year. And Western Europe has more manpower than we have, more gold reserve than we have, and a favorable balance of payments and less unemployment than we have. They ought to do more to help themselves.

And I think also we can stop picking up rocks on the Moon that costs us a half a billion dollars a trip, and those are big priorities I would reduce. Some of these other programs that have been so beneficial to our people for so many years, I think, ought to continue. You may proceed, sir.

Mr. MAYS. I would just like to say a couple of words in terms of farm legislation and I sort of put it down so I would say it as I think it would have some real meaning. I would like to say this, any agricultural bill in 1973 that is meaningful to the people of rural America must put foremost in its provisions consideration for the rural people it is to serve.

We have had in the past water bills, timber, soil, crops, such crops as tobacco, cotton and peanut programs. Farmers are able to grow the most prolific crops in the history of American agriculture, at the same time never in the history of economy of mankind have such productive, efficient businessmen, the farmer, have these efficient producers of goods and services been forced out of the business, their profession as has been done in the past 15 years to the American farmer.

I guess I will say that so you can understand that. What I am saying is, in the past 15 years the most efficient business people in the world have been continually being reduced. I think some of this is probably due to legislation. Some of it was due to the Government, but I think in the last few weeks a lot of it has been done to and is being done by, it seems like the administrative department of the U.S. Government.

In a short period of time the past farm bills have left out people. We went from a surplus of foodstuffs that the U.S. Government could not pay storage on to the condition that the American housewife has refused to pay the production costs on.

All of this in the midst of abundance of farm legislation that dealt with prices, crops, rules, treaties and other things but left out the farmer, have left the farmer in a condition where he can no longer farm.

We would like to see a program that deals with the problems of the farm people, their families and communities as well as the crops they grow.

Employment in the rural areas so that the rural people who are not used in the production of the crops can remain at home. It is increasing, I think—

The CHAIRMAN. Will you yield at that point? That's exactly the objective that I had with the rural development bill. I think most of the problems that we have in this country commonly referred to as the

urban crisis is caused by the fact that we have over 70 percent of our people hemmed up on less than 2 percent of our land. If this country is to survive as a free republic, I think we have got to create job opportunities wherever the people are without having them move off the areas where they were born and reared and go into the urban areas and frequently change rural poverty for urban poverty and get mixed up with all of the problems that we call the urban crisis at the present time.

We are about 50 years late in getting started, but it is better late than never. Now is the time for us—I think the cause of that, areas like New York where you have got 25,000 to 30,000 people jammed up in one public housing project, none of them with jobs and all of them on welfare, you can't have anything except the problems that they are confronted with in those areas. I think we have got to create those job opportunities and that was the thrust of my rural development bill entirely.

Mr. MAYS. We hope that you will continue at that and we feel also that the Government assistance to agriculture is necessary, is a necessary public service, and should get the same consideration that the Government assistance to industry and other businesses get.

It appears that the administration has used the war and the cost of the war and pit it against the support of the rural farmer and rural agriculture and other agriculture, and I think that somehow it seems to make people feel that the war probably, I am sure that a lot of peanut farmers after this year and particularly those who have a great percentage of their crops that they had aflatoxin last year and if they have that this year and if the war was the reason for their price being supported at the regular price, they are probably going to want the war again, and I don't think that we have to have a war to have a healthy and a productive economy that serves the people.

We feel that if necessary that maybe somebody should be taken into court because this is a public service that the Government is taking from the small farmers and from agriculture in general that is a right, the same as the services of roads and protection of their—to passenger planes and all other public services, so we would hope—

The CHAIRMAN. Will you yield then at that point? On some of these impounded programs, court decisions are already going forward. They have impounded highway funds, and the State of Missouri instituted a suit and it was held in favor of the State of Missouri, and in addition to that the case went on to the Circuit Court of Appeals and they held there in favor of the State of Missouri.

Many areas of the country, as you know, are not going forward with the farm disaster program. Some farmers filed suit in the State of Minnesota and they won that suit there. We have got some 500 counties in the Nation, including 73 counties in Georgia that are entitled to disaster loans and the department has failed and refused to declare them disaster areas because they don't want to make the loans. Go ahead, please.

Mr. MAYS. You have just about covered it.

The CHAIRMAN. Incidentally, do you farm for a living?

Mr. MAYS. I do farm for a living.

The CHAIRMAN. What size farm do you operate?

Mr. MAYS. I operate about 300 acres and the family is operating about 1,500 acres of row crops total.

The CHAIRMAN. What do you plant on your farm?

Mr. MAYS. We have peanuts, cotton, corn, soybeans and livestock.

The CHAIRMAN. Can you produce cotton at 24 or 25 cents a pound?

Mr. MAYS. No, sir, you cannot.

The CHAIRMAN. If it weren't for the payments, would you quit producing cotton?

Mr. MAYS. What?

The CHAIRMAN. If it wasn't for the payments on cotton, for the cost of production—

Mr. MAYS. At present prices I wouldn't grow any, no.

The CHAIRMAN. You wouldn't grow any. What about peanuts, if there were no price supports or acreage controls on peanuts and you had to sell them for about \$140 or \$150 a ton, would you produce peanuts?

Mr. MAYS. You can't produce them for that.

The CHAIRMAN. I agree with you. What would you do under those conditions? How would you feed your family?

Mr. MAYS. Well, I would actually get on the same kind of assistance that I know a lot of other people get on.

The CHAIRMAN. In other words, you would be hunting the welfare office?

Mr. MAYS. Well, I wouldn't call it welfare. I would call it assistance. You know, when poor people get money from the Government, they call it welfare. When big shots get it, they call it assistance, so I will call it assistance.

The CHAIRMAN. Thank you very much for your contribution. You have illustrated several points favorably I may say. Our next witness is Harry Whiddon of Sparks, Ga.

STATEMENT OF HARRY WHIDDON, SPARKS, GA.

Mr. WHIDDON. Senator Talmadge, Mr. Irvin, gentlemen. Listening to these reports on the farms certainly sound familiar. We are all well acquainted with them.

The CHAIRMAN. It sounds the same way here it sounded in Washington, doesn't it?

Mr. WHIDDON. I wonder if you hear as much about it every day and it is on your mind as much as it is today and all of these other hearings.

The CHAIRMAN. Every time we hold a hearing and get real dirt farmers, yes. When we hear from the Department of Agriculture and some of the bureaucrats, no.

Mr. WHIDDON. I wonder a lot of times why we are in the position we are in. There is no purpose of it. We have allowed it. We farmers have allowed it. We are outnumbered. We should be thankful this hearing is made available to us to let the people of this Nation hear exactly what is going on. And the consumers of this country need to be educated to these facts. These are serious facts; and when I say that, I mean for the Nation.

I think it is economically serious, we should consider it and almost dream about it at night how long we have gone below the parity level which partity is a common name for any program in agriculture.

When farmers go to producing and straining their nerves and straining themselves economically to produce below cost and look forward 12 months into the future hoping it will be better and for them to exist continually in programs like raising the equity that he might have, evaluations in property to give him an opportunity to borrow and produce again and it don't look like to me it is possible for an educated nation that we are recognized as and emphasize education that we should even consider such prices as we are, as are available for us.

Of course, our consumers are not concerned as long as the supply of food is on the shelves and really we shouldn't feel too bad against them. If you go down the street and buy a tank of gasoline and somebody has a war going on in the fuel business, and you know you are buying gasoline below cost, as soon as you drive away from there, you thought you were fortunate just to buy it as cheap as possible.

This fellow running a filling station knows very well that he can't sell below cost very long and now today we must raise the price of farm commodities, at least a 40-percent increase in support price so that we will have a floor to base it on. And then I believe our Government, the Government shouldn't accept any price less than the floor plus the cost to the consumer based on one commodity or one segment of the economy to another to put it in balance.

And whenever I say that, I love to use history to base my thinking on. It comes to my mind that in the years of 1942 or 1943 when food and fiber was the most necessary thing to supply the soldiers and the people of this Nation and our allies that was what it took to survive and maintain democracy.

I remember there was an article in the paper along about that time, I will say it was in 1942, one Senator was looking at his paper one day and he saw 30 articles in the paper:

I am selling my farm for this reason or another. My helpers are leaving the farm, going into defense work because the income is greater. My son has gone to the Army. I don't have the help to farm with. It isn't profitable. I am looking for more income in the suburbs or in anyplace that work was available.

This Senator went to Washington, and he said:

Gentlemen, we have got to feed this Nation. We have got to use farmers to feed it. We have got to feed our allies, and it takes farmers to produce it. We must support them 100 percent of parity so that they will quit leaving the farm and we will have this food to feed our soldiers so that we can win the war and maintain democracy.

That is evidence enough to know that we need and must have a fair share of the consumer's spendable income to start back at the farmers level.

And even in 1952 I sold my cotton for 42 and 45 cents a pound, produced with considerably cheaper farm equipment and less of it. Was I entitled to 45 cents for my cotton in 1952? That was the market price. Am I entitled to 25 cents today and be subsidized by the taxpayers of this country. I don't think I am. So, I think these things should be considered very seriously that it is important.

Our indebtedness of this Nation is the greatest it has ever been. Farmers have gone downhill economically for the last 20 years and that relates one to the other, cost of low-farm price, robbing the country of its economical growth.

Natural incomes that must be obtained from farm people, from people that are dedicated to the land and should be held responsible for feeding this country with the supply of food that is necessary to give them the right diet. But in return should certainly expect a fair price for it.

Those are the things that I believe this Nation should be warned about, and I don't believe we can keep a firm, adequate supply of food below the cost of production, and I believe the farmers of this Nation are beginning to recognize it more and more every day. They are dedicated to their industry; if they weren't this place wouldn't hold the—this college wouldn't hold the farmers of this Nation.

They are dedicated to produce the food and they know that there is one time to do it and that is in the spring and summer months and if he fails he waits 12 months to begin a new start and apt as not his credit could be cut off.

That's the only thing the money lenders can do, when you lose your equity cut you off, and you are not available, and we are not increasing our new blood under this theory. And I don't believe we can all go broke in rural America and move to the suburbs and ask Uncle Sam to furnish the housing and the food just because he is a rich uncle. I don't consider him that rich.

I believe we all should be concerned about this, and I believe the wealth begins out in the country in the soil. Too many roads has taken away the land that produces the food. I say let the people pay for it in relation to their income just as they did 20 years ago and not let the taxpayers have to do it. Let the individual pay for it, give him an opportunity to make his income and then he might not buy a few boats that he ordinarily will buy. And if it is necessary I say cut off some of the credit and service—the things that are important.

Supply the food, charge a fair price. Give the rural people a chance to improve their goods, increase their wages to the people who are helping. This must be done, I believe.

I don't think we can produce cotton for 25 cents and we must increase the support levels 40 percent to have a base to start on. If that isn't a fair price, that gives the farmers a chance to work and receive a fair price and they should feel obligated to furnish all of the food that is necessary to feed this Nation and hope that we should have some to send to other countries as a reserve for our surplus, however you want to consider it. Thank you, sir.

The CHAIRMAN. Thank you, Mr. Whiddon, for a very fine statement. The next witness is Mr. A. R. Tuten, he is a member of the Georgia Agricultural Commodity Commission for Tobacco from Baxley, Ga.

STATEMENT OF A. R. TUTEN, GEORGIA AGRICULTURAL COMMODITY COMMISSION, BAXLEY, GA.

Mr. TUTEN. Senator, I want to personally thank you on behalf of farmers in Georgia and especially tobacco farmers in Georgia for your coming down to Georgia and having these hearings. We should like to thank you for the national leadership you are giving to agricultural—welfare of agriculture and your dedication to agriculture in the U.S. Congress.

We certainly appreciate it here in Georgia. This building wouldn't hold the farmers today if it wasn't in an emergency situation due to

unfavorable weather conditions, they found themselves running late planting peanuts and tobacco and we certainly appreciate your holding these hearings this week.

The CHAIRMAN. Thank you. I am well aware of how busy they are. We drove down from Macon this morning and we found every field busy.

Mr. TUTEN. That's right. I would like to say something in behalf of tobacco. We have already had several fine statements made, but if you would let me I can summarize the statement in 4 minutes.

The CHAIRMAN. Go ahead.

Mr. TUTEN. I will follow my statement here. The tobacco program, as a part of the old "Triple A" or Agriculture Adjustment Act of 1938, has been changed very few times, and then only to make a better and stronger program. These changes have brought supplies more nearly in line with demand, and have given price support levels sufficient to insure growers an income in line with the cost of his production, and also to make larger operating units possible by enabling a grower to have an economical size unit of operation.

To begin with, the control feature of the tobacco program was based on both acreage and poundage quotas. In the 1940's the program was changed to strictly acreage allotments. However, this type of controls began to pile up surplus supplies of tobacco of questionable quality as growers began to place more emphasis on quantity production than on producing usable and desirable tobaccos. This practice created a burdensome surplus and also hurt U.S. tobacco in the export trade, as we had always been looked to by foreign buyers to provide a fine quality of tobacco to blend with neutral and less favorable tobacco from other parts of the world to give their cigarettes flavor and aroma.

The 1965 amendment which brought flue-cured tobacco back on a strictly acreage-poundage quota program, has corrected this situation and the U.S. flue-cured is once again recognized as the world's finest flue-cured tobacco. Also, with a program of this type we are able to keep supplies in line with demand, which is of utmost importance if we are to maintain our export market and at the same time insure an adequate domestic supply.

It seems that our country has found itself in trouble regarding balance of trade with other countries. In 1972 our tobacco exports contributed \$600 million toward eliminating this trade deficit.

At least twice the program has been changed to modernize parity and the price support feature of the program to insure growers the cost of production plus a reasonable profit.

In 1962 growers were permitted, for the first time, to lease and transfer tobacco allotments between producing farmers within counties on a 1-year basis. This permitted growers to secure sufficient acres to be able to afford mechanized planting, cultivating and harvesting equipment as well as bulk curing barns. In 1972 the act was again amended to provide for up to 5-year lease and transfer arrangements. This change permitted growers to have a greater financial stability when investing in high-priced mechanized equipment.

In 1972 the act was again amended to eliminate the deadline in making lease and transfer arrangements. This was a very good change as it permitted growers to have more flexibility in making the program fit their current situation.

The only change that we would suggest would be one to permit the lease, sale and transfer of flue-cured tobacco allotments across county lines within a State. We think that this would improve a program for growers needing more acreage for an economically size operating unit and, at the same time, such a change would be beneficial to growers with smaller allotments in marginal areas of production who no longer desire or need to grow their tobacco.

We would again like to thank the Senator and his committee, as well as our other friends in the Congress, for their interest in the tobacco farmer and his welfare and assure you of our help in the great work of the American farmer.

The CHAIRMAN. Thank you, Mr. Tuten. I want to congratulate you on your statement. You have given us the genesis and the efficacy of the tobacco program in the least verbage of any witness I have ever heard.

Mr. TUTEN. Thank you.

The CHAIRMAN. To me it would be catastrophic to try to abolish the tobacco program as it has worked so effectively and so well and so efficiently and satisfies the producers and contributes greatly to our balance of payments and our export trade at a very nominal cost to the Government.

Now, down the road, I can foresee some possible problems with tobacco. You know, we export about 147 million dollars worth of tobacco a year to Great Britain. Great Britain has gone in the Common Market, and they are bound by the rules and regulations and tariff policies of the Common Market. They have every scheme known to man to keep American products out of the Common Market, particularly farm products.

They have border taxes. They have variable levies and they have health regulations and they have administrative procedures and they have a very high tariff on the importation of tobacco, and then they violate the rules by giving favorable treatment to other Governments. They don't mind letting us defend them, but they don't want us to export our commodities over there, particularly farm commodities.

I pointed that out to our trade negotiators and I have urged them as vehemently as I know how to be firm. Our trading partners must give us the same access to their markets that they demand for ours.

I congratulate you and I thank you for your statement. Does anyone else want to be heard? That's all of the witnesses that we have at the desk.

Mr. CORDELL. Senator Talmadge.

The CHAIRMAN. Dean Cordell, an old classmate of mine.

STATEMENT OF DEAN CORDELL, ABRAHAM BALDWIN, AGRICULTURAL COLLEGE, TIFTON, GA.

Mr. CORDELL. If I may, I would like to ask a question of you.

The CHAIRMAN. Yes, sir.

Mr. CORDELL. The 1970 farm program is not what everybody wants, but it is the best we have for sometime and you were the author of a lot of cotton legislation. What is the possibility of that program being continued?

The CHAIRMAN. We heard 110 witnesses, as I pointed out, at the beginning of my remarks here in Washington. They were virtually

unanimous in urging an extension of the present program. Even the American Farm Bureau Federation which normally wants to abolish acreage controls and price supports came in this year and urged the extension of existing programs.

Now, the Committee on Agriculture and Forestry of the U.S. Senate is composed of 13 Senators. We have seven Democrats and we have six Republicans. None of them are very partisan. They try to be fair to American agriculture without reference to whether there is a Democratic administration in power or a Republican administration.

And I think we can report a reasonably good bill from our committee. And I think we can also pass a reasonably good bill through the U.S. Senate. Over on the House side, it is another problem. We have got 435 Members of the House of the Congress of the United States. Only about 20 or 25 of those Congressmen have a farm population of as much as 20 or 25 percent. Most of them represent urban areas where the only thing they know about farm life is seeing an occasional bird's nest and not many of them.

And in those areas, why they think farmers are getting welfare payments that are much too high. It has been played up in the press. We have got the problems of high food prices and boycotts. So, the political climate for the passage of a farm bill is probably worse than it has ever been since I have been in the U.S. Senate. I can't answer what the ultimate thing will be.

Heretofore it has taken team work between the administration and the Congress to pass an effective farm bill. Now, with the administration urging the abolition of price supports and acreage controls, it is going to make it doubly difficult.

All I can say in response to your question, Dean, is we are going to do the best job we possibly can.

[Applause from audience.]

The CHAIRMAN. Does anyone else have a comment? If not, the meeting is adjourned and I want to thank each and everyone of you for your participation and contribution, and particularly the director of the rural development center here who was kind enough to make this facility available for these hearings.

[Whereupon, at 2:55 p.m., the committee adjourned, subject to call of the Chair.]



