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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

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

PART 3

MONTGOMERY, ALABAMA

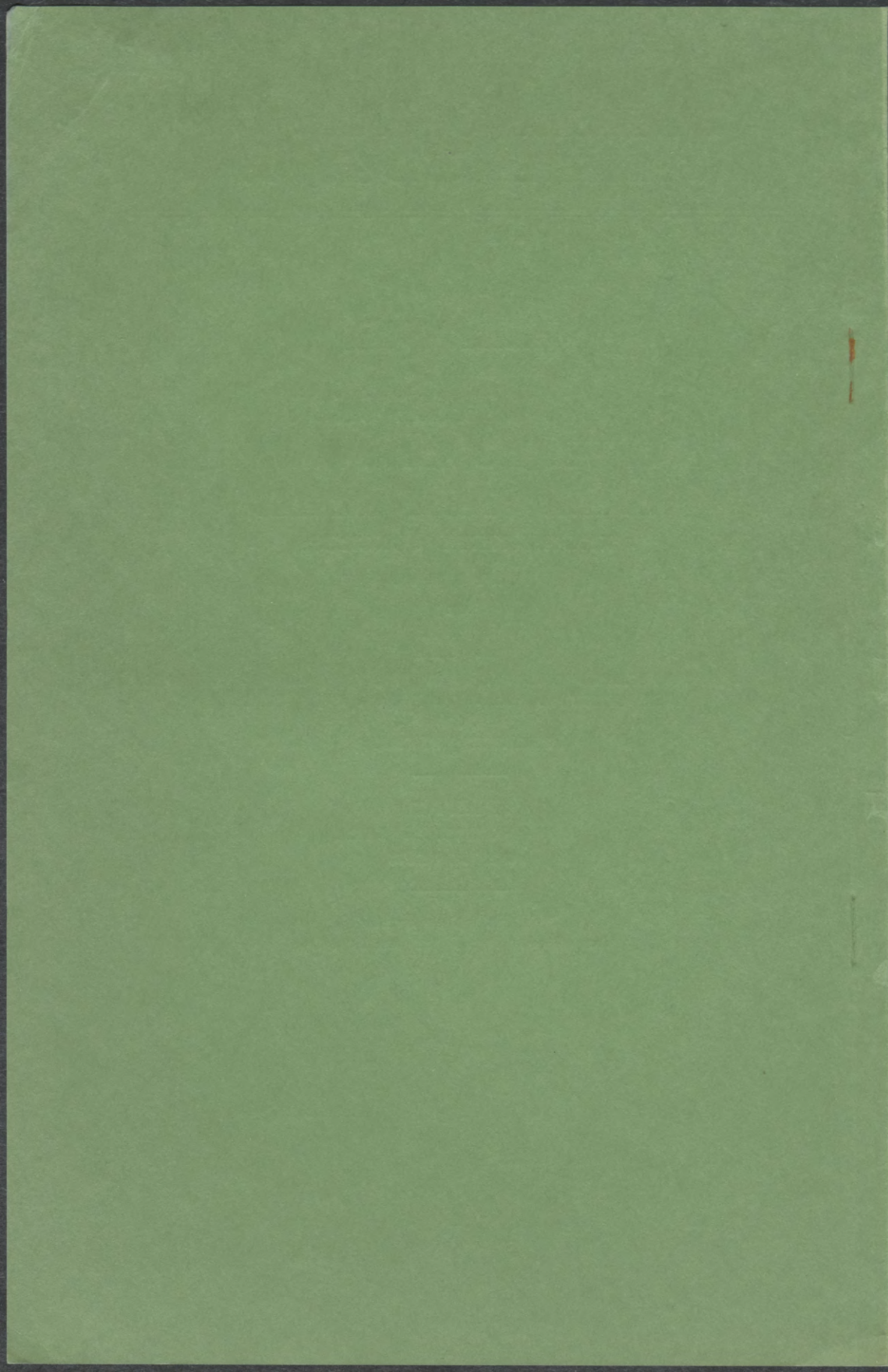
APRIL 18, 1973

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EXTENSION OF FARM AND RELATED PROGRAMS

WEDNESDAY, APRIL 18, 1973

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Montgomery, Ala.

The committee met, pursuant to notice, at 8 a.m., at the House of Representatives, State Capitol, Montgomery, Ala., Hon. James B. Allen presiding.

Present: Senator Allen.

STATEMENT OF HON. JAMES B. ALLEN, A U.S. SENATOR FROM THE STATE OF ALABAMA

Senator ALLEN. The meeting will please come to order.

Ladies and gentlemen, it is more than just an ordinary pleasure to be with you this morning here in this historic Chamber, where I had the privilege of serving for a number of years as a member of the State legislature. This morning we are holding hearings on behalf of the Senate Committee on Agriculture and Forestry and hearings on the renewal of general farm legislation in Congress, and this hearing, the holding of the hearing in Alabama is in furtherance of the pledge that I made to the people of Alabama nearly 5 years ago to bring the activities of the Federal Government closer to the people.

Now, our committee has already heard 110 witnesses in 8 days of hearings in Washington. Most of the testimony came from farm spokesmen and farm-related groups, but very little word was heard from the farmers themselves. But, I have been concerned that many farmers, the very individuals who must live with the farm law and the programs authorized thereunder, who wanted to express their views, could not come to Washington. So, I was determined to see what Alabama farmers wanted in a new bill.

The committee chairman, the distinguished and very able senior Senator from Georgia, Senator Herman Talmadge, expressed concern that many farmers—the very individual who must live with the farm law and the programs authorized thereunder—who wanted to express their views, could not afford to come to Washington.

Thus, Chairman Talmadge encouraged individual members of the committee to conduct hearings in their own States. Some weeks ago I was authorized to fix a date certain in the month of April to hold a public hearing in Alabama on a new farm bill. I was determined to see what Alabama farmers wanted in a new bill and early in March I made a public announcement of the Alabama hearing and

its date. The announcement stated that anyone who wished to appear and testify would be welcomed to do so.

I want to commend the newspapers, radio stations, and the television stations for the wide and very fine distribution they gave this announcement. The impressive array of witnesses who will be heard today attest to the splendid public service rendered by the Alabama news media regarding the hearing.

Gaining passage of a sound farm bill this year will not be an easy task. The U.S. House of Representatives has just been restricted so that a majority of its membership is from large urban areas. I am appalled over the misunderstanding and lack of appreciation shown by many urban legislators on the vital role the U.S. farmers play in the national economy.

In addition, the food prices are higher than they have been in some time, and many citizens, egged on by eastern big city newspapers, national television networks, and so-called consumer advocates are pointing their fingers at farmers and livestock producers, charging them as being the villains of the rise in retail food prices. Nothing could be further from the truth as I believe the hearing today will clearly reveal.

This seemingly deliberate and concerted attack on U.S. agriculture by much of the national news media is selfish, reckless, and irresponsible. What the national mass news media should be extending to the American farmer is a deep appreciation for his role in providing the food and fiber to feed and clothe the people of America and much of a hungry world as well. I only wish the eastern journalists and national television commentators had just a fraction of the understanding and appreciation of our farmers as does the news media of Alabama.

When we closely investigate the stories and shrill cries of those who seek to place the blame for food costs on the shoulders of the American farmers, we find that they have greatly distorted the picture by the omission of some relevant facts.

When we put things in perspective, food prices come out all right. Yes, food prices have risen. But the increase in personal income last year of our people exceeded the increase in food expenditures, so that the share of income that went to keep food on the tables of American homes actually declined from 15.8 percent to 15.7 percent of after tax take-home pay.

Food prices have actually risen at a much slower rate than other goods, but because consumers go to the grocery store several times a week possibly, no price markup goes unnoticed.

But trying to tell someone who remembers 60 cents a pound beef that food is still a bargain is a frustrating, if not impossible, task—facts and figures have little effect on the housewife who watches her grocery bill climb.

Reminding housewives that suntan lotion, nonprescription drugs, tobacco, pet food, hardware items, household supplies and countless other items available at the supermarket and classified by them as part of their "food" bill has no appreciable effect either despite the fact that they make up one-third of the grocery cart.

Many will recall that we had great difficulty in putting together the 1970 Farm Act because there were no written proposals from the

Nixon administration and very little oral testimony of substance. Now, we don't want that to be the situation with respect to the present extension of the farm bill.

This year we have heard from the administration and while its spokesman, Agriculture Secretary Earl Butz, has indicated that the Nixon administration wants an extension of the present law, it wants some other things, too.

The administration has recommended that direct payments, support prices and acreage allotments be phased out. It has recommended that after a reasonable transition period that Federal payments be limited to the amounts necessary to compensate farmers for withholding unneeded land from crop production.

The administration apparently is determined to return to the soil bank approach which was such a dismal failure a decade and a half ago because it built up huge surpluses which depressed farm prices and farm income.

Obviously, there is some appeal in the thought of open markets and no production controls, particularly at this time when prices are up somewhat. The farmer, just like any other businessman, would like to operate at full steam, using all his resources.

But the business community, like experienced farmers, knows that it must maintain a balance between supply and demand in order to protect price and income. Such a program works to the advantage of the consumer as well as the farmer because of the stability it brings to farmers in the level of prices received and to the consumer in the level of prices paid.

It would be the rankest sort of discrimination to insist that the American farmer survive in a free market when other segments of the economy are not forced to do so. For labor we have minimum wage laws and laws that protect the right of collective bargaining. Many of the huge business interests of this Nation so dominate the market in manufactured goods that they are able to administer prices so that their prices increase in recessions as well as in boom times. They also receive subsidies and rapid tax writeoffs.

Now, I have supported this administration on the floor of the Senate more than many Republican Senators. I intend to continue to do so whenever I can. I do not see however, how I can be expected to support a program that will drive farmers and their families off the lands and send thousands of people to our already overcrowded cities.

Of the 2.8 million farms still existing in the United States, the Agriculture Department considers that as many as 1.2 million may be too poor to survive, and, in fact, marginal farms are closing down at the astounding rate of 865 a week.

Subsequent to the testimony of Secretary Butz, I requested our very able staff economist on our committee, Mr. Henry Casso—who, by the way, is present with us today—to prepare a report on what would happen to Alabama agriculture if the Nixon administration's recommendations, as propounded by Secretary Butz, were adopted and carried out.

I have in my hand a copy of this report, and some of the copies are available for those of you who would like to get a copy, and they are available as long as the supply lasts. You can let us know

if you would like a copy and we will have it sent to you from the committee.

The report concludes that thousands of Alabama farmers would be forced off their lands. It shows that removal of production restraints and price-support activities would likely cause substantial increases in crop production, accompanied by sharp drops in farm product prices, and even greater drops in net farm incomes in the immediate years after removal of controls. The result would be an economic squeeze on most farmers, with possible failure or withdrawal of many farmers, as I have stated.

The recommendations of the administration would abrogate the time-honored, time-proved principles which our farmers have cherished ever since the farm bloc under the leadership of Edward O'Neal of Alabama, then president of the American Farm Bureau Federation, persuaded Congress to write them into law 4 decades ago.

Now, Secretary Butz has been an outstanding spokesman for American agriculture. I simply cannot believe that the schemes which I have just mentioned really have the Secretary's approval.

I ask unanimous consent that the report to which I have referred be placed in the record following the completion of my remarks.

Our Senate Agriculture Committee will begin its mark-up on a new farm bill shortly. We will work from the present law to see whether or not we want to add to or subtract from it.

The testimony taken today will be as much a part of the record and will receive as much consideration by the committee as if it had been taken in Washington.

Now I am cosponsor of a bill to provide a simple 5-year extension of the 1970 act. Overwhelmingly, the testimony presented in prior hearings is in favor of a simple extension of the existing farm law.

I am anxious to see whether Alabama witnesses concur in this appraisal and estimate. The grassroots testimony gathered at today's hearing will be of inestimable value to me and to the committee.

Now, I consider the new farm bill, which is pending in the Senate, I consider it to be a bill that will have a greater influence and impact on the economic well-being of Alabama and her people than any other legislation in the 93d Congress.

American agriculture is the marvel of the civilized world. It is a remarkable fact that less than 5 million producers have fed and clothed more than 200 million Americans better than any people have been fed and clothed in the history of the world. But the continued ability of our farmers to feed and clothe our growing population is contingent upon a sound and sensible agricultural policy.

I, for one, will be unable to countenance any farm bill that does not have for its base the protection of income to our farmers.

[The above-mentioned report follows:]

APPRAISAL OF THE ADMINISTRATION'S FARM PROPOSAL AS IT AFFECTS ALABAMA

To: Senator Allen

From: Henry Casso

Date: March 27, 1973

Subject: Appraisal of the Administration's Farm Proposal as it Affects Alabama

This is in response to your request for an economic appraisal of the Administration's farm proposal as it may affect Alabama. In his appearance

before the House Committee on Agriculture on March 20, 1973, the Secretary of Agriculture made the following recommendations.

RECOMMENDATIONS

First, income supplement payments, payments that exceed the amount needed to attain the desired set-aside or production adjustment objectives, should be discontinued. To provide an orderly transition and to provide farmers with a known transition period to facilitate long-range planning, these income supplement payments should be phased out over a 3-year period as we depend on a growing market demand to maintain farm incomes. The mandatory requirement that production adjustment payments must be made regardless of the amount of land set-aside should be modified.

Second, after the 3-years phase-out period for income supplement payments, it would be desirable to shift from the present use of outdated allotments and bases to a new cropland base. The set-aside requirement would be a percentage of the cropland base established for each farm. The payment rate per acre would be set at the level determined to achieve the total set-aside necessary to attain the production adjustment goal.

Third, the basic payment limitation of \$55,000 should apply to income supplement payments only. The payment limit—as it applies to income supplements—should be reduced over a 3-year period in proportion to the reduction in income supplement payments.

Fourth, with respect to the dairy program, we recommend that the 75 percent of parity minimum price support level be removed to give greater ability to respond to changing conditions. We also recommend that the 1970 Act provisions, which temporarily suspended the requirement to provide price support on butterfat, be made permanent. However, we do not believe that a comparable case can be made for a permanent Class I Base Plan.

Fifth, the Secretary should have discretionary authority to set payments for wool and mohair at levels he determines necessary to meet income and other program objectives.

The peanut, rice, and extra long staple cotton programs are not included in the 1970 Act, but these three, and possibly tobacco, should be carefully examined at this time. These should be handled in such a way that these commodities can adjust readily to changing conditions and can look forward to expanding markets, as is now true of other major farm commodities. We are exploring alternatives to the present programs and hope to work with farmers and with this Committee to work out acceptable program changes.

The Secretary also indicated that rigid payment and price guarantees prevent the programs from being as effective as they should be to meet changing conditions and that these guarantees lessen the ability of farmers to make decisions based on changing markets.

Whether these price guarantees refer to loan levels is not made clear in the statement. However, in the case of wheat, the loan level cannot be less than \$1.25 per bushel; in the case of corn, not less than \$1.00 per bushel; and in the case of cotton, loans shall be at such a level as will reflect for middling one inch cotton (micronaire 3.5 through 4.9) at average locations in the United States 90 percentum of the average world price for such cotton for the two-year period ending July 31 in the year in which the loan level is announced except that the Secretary shall make such adjustment in that level as is necessary to maintain the competitiveness of U.S. produced cotton in world markets.

Therefore, for this analysis it is assumed that loan level would be at or below world market price levels and that allotments and bases and income supplement payments for cotton, feed grains, and wheat would be phased out completely after three years. Further, it is assumed that the peanut, tobacco, and rice programs would face changes and that price support levels for dairy products would be lowered below the minimum 75 percent of parity now in law.

ALABAMA AGRICULTURE

According to the United States Department of Agriculture, Alabama in 1973 had a total of 76,000 farms with an average size of about 189 acres per farm (Table 1).

A breakdown of census data shows that 75.5 percent of the farms in Alabama were less than 179 acres in size and that over 80 percent were less than 219 acres in size (Table 2).

Census data also shows that over 81 percent of the farms in Alabama had gross sales of less than \$10,000 and 72.3 percent of the farms sold less than \$5,000 of agriculture products (Table 3).

However, The Census also shows that the 81.5 percent of the farms with sales of less than \$10,000 accounted for only 16.6 percent of the total value of all agricultural commodities sold in Alabama in 1969. On the other hand, the 5.1 percent of the farms with sales in excess of \$40,000 accounted for 52.9 percent of the total value of all agricultural products sold (Table 4).

The principal crops grown in Alabama based on value of sales in 1972 are cotton, \$87.9 million; peanuts, \$53.1 million; soybeans, \$50.4 million; vegetables, \$28.1 million; and feed grains, \$10.2 million. Wheat and tobacco are only minor crops in Alabama with cash receipts of about \$1.9 million and \$700 thousand respectively.

The above crops account for 84 percent of total receipts from sales of all crops which in 1972 amounted to about \$276 million.

Livestock and products are a major source of income to farmers in Alabama and far exceed the importance of crops. Receipts from sales of cattle and calves in 1972 amounted to 190.5 million; broilers, \$184.6 million; eggs, \$81.7 million; hogs, \$71.4 million; and dairy products, \$58 million.

These livestock commodities account for about 99 percent of the receipts from sales of all livestock and products which in 1972 amounted to \$592.3 million (Table 5).

Although there are only 76,000 farms in Alabama, 30,403 participated in the 1971 cotton program, 2,682 in the wheat program, and 51,719 in the feed grains program. These three crops are covered by the Agricultural Act of 1970. In addition, there are 13,272 farms in Alabama having peanut allotments; 267 farms with flue-cured tobacco allotments; and 25 with burley tobacco allotments. Obviously, many farms have more than allotment or base and some may have all five.

Further, the majority of the allotments or bases in Alabama are rather small—in cotton, 86.5 percent of the allotments are less than 30 acres in size and 62.1 percent are less than 10 acres in size; in wheat, 97.5 percent of the farms have allotments of less than 30 acres and 90.7 percent of the farms have allotments of less than 10 acres; in feed grains, 75.8 percent of the farms have allotments of less than 30 acres and $\frac{1}{3}$ of the farms have allotments of less than 10 acres in size; in peanuts, 87.9 percent of the farms have allotments of less than 30 acres and 54.2 percent of the farms have allotments of less than 10 acres; and in flue-cured tobacco, 91.3 percent of the allotments on farms are less than 5 acres in size (Tables 6, 7, and 8).

IMPACT OF ADMINISTRATION'S PROPOSAL ON ALABAMA FARMERS

It is evident that farm programs are extremely important to Alabama farmers and while the Agricultural Act of 1970 affects only cotton, wheat and feed grains, loss of even these programs could have a severe adverse impact in Alabama.

In 1972, total payments to Alabama producers under the 1970 Act amounted to \$60.1 million. Cotton accounted for \$45.4 million; feed grains for \$14.4 million; and wheat for \$364 thousand (Table 9).

COTTON

The impact of the phase out of the program payments and allotments would fall most heavily on the producers of cotton. Last year Alabama produced 570 thousand bales of cotton. Cash receipts from sales of this cotton, including seed, amounted to \$87.9 million. Producers also received an additional \$45.4 million in payments. Payments accounted for about 34 percent of the total income from this crop.

According to a Department of Agriculture report, the total cost of producing cotton in Alabama ranged from 31.6 cents per pound in the Limestone Valley Sand Mts. area to a high of 46.5 cents per pound in the Southern Coastal

Plains area with about $\frac{2}{3}$ of the total production of cotton in 1971 being produced in the low cost area.

It should be emphasized that costs of production relate to costs as they were in 1969. There is little doubt that in the intervening three years the cost of producing cotton has increased appreciably (Table 10).

In 1972 the average market price received by Alabama farmers for cotton amounted to 26.5 cents per pound. This is substantially below the total cost of producing cotton in all areas of Alabama, including the lowest cost producing areas. It is obvious that the direct payments made to farmers who produce cotton are absolutely necessary if cotton production is to continue at present levels. On the other hand, in the absence of payments, market prices to producers would have to rise materially in order to cover their cost of production.

Higher cost cotton to textile mills in the United States could result in lower use and react negatively in that fibers competition with synthetics. Furthermore, higher priced cotton will make the United States less competitive in world markets.

If payments are phased out, it is highly likely that the production of cotton in Alabama would be reduced materially, even in the lowest cost producing areas, depending on alternative crop possibilities, at existing price levels, cotton production could suffer (Tables 10 and 11).

Furthermore, 86.5 percent of the farmers who participated in the 1971 cotton program had allotments of 30 acres or less, therefore the loss of such payments would be most hurtful to these smaller farms.

FEED GRAINS

Alabama is a deficit grain state. The use of feed grains in its livestock enterprises exceeds local production. Therefore, the production of feed grains would likely continue at about present levels. However, those farmers producing feed grains would be adversely affected by the phase out of payments.

In 1972, cash receipts from sales of feed grains amounted to \$10.2 million. Payments to producers of feed grains amounted to \$14.4 million and accounted for about 58 percent of the total value of crop to these producers. Loss of this income would have a substantial adverse affect on corn producers.

WHEAT

Wheat is a minor crop in Alabama, accounting for only about \$1.9 million in sales receipts. However, payments accruing to wheat producers in Alabama did amount to \$364,000 and since over 90 percent of the farms producing wheat in Alabama had allotments of less than 10 acres this loss of income would be especially difficult to overcome.

SIZE OF PAYMENTS PER FARM

In the case of cotton, about 90 percent of the farms in Alabama received payments of less than \$5,000 per farm and 71 percent received payments of less than \$1,000 per farm.

In wheat, 91.4 percent of the farms received payments of less than \$500 per farm.

And in feed grains, 93 percent of the farms received payments of less than \$1,000 per farm (Table 12).

Obviously, Alabama allotments and bases upon which payments are made are predominately small. Therefore, a phase out of payments would fall most heavily on the smaller farms in the State.

But it should also be noted that loss of the payment income to producers in Alabama of even the largest farms, particularly cotton, would be devastating in that market price levels of this crop do not now cover cost of production.

DAIRYING

The dairy industry is important in Alabama and in 1972 accounted for cash receipts of about \$58 million. Existing price supports programs provide for a minimum of 75 percent of parity for manufacturing milk. This year 75 percent

of parity amounts to \$5.29 per hundredweight. If the dairy price support laws were changed to lower the level as recommended by the Secretary of Agriculture, it could have an adverse impact on the dairy industry in Alabama even though State law sets prices. While at the present time market prices are higher than in recent years, the fact remains that production costs in dairying have increased materially. Without some reasonable price guarantee nationwide, severe dislocation could occur.

PEANUTS AND TOBACCO

The Secretary of Agriculture gave no specifics as to the changes that he would like to see in the peanut and tobacco programs. However, he did indicate that such changes should permit these commodities to adjust readily to changing conditions and to facilitate expanding markets. "Expanding markets" means many things to different people. Some are convinced that in order to expand existing markets, lower market prices would be required so that these commodities could be more competitive, domestically and in world markets.

The present peanut program has a 1.6 million minimum national acreage allotment and a 75 percent of parity price support requirement. Recently, production has exceeded domestic and export requirements for edible uses. Excess peanuts are diverted to secondary uses, according to the Department at substantial government costs. Any downward changes in this program, either in allotments or prices, would lower income to producers of peanuts.

The peanut program is especially important to Alabama with cash receipts in 1972 totalling \$53.1 million. In Alabama, 87.9 percent of the farms have allotments of less than 30 acres and 54 percent have allotments of less than 10 acres. Any reductions in this program would therefore fall most heavily on the smaller producers of this commodity.

GENERAL

Abandonment of payments for cotton, feed grains and wheat, and undesirable changes in the peanut, dairy and tobacco programs, would have a very severe adverse effect on the producers of these crops. The economic dislocations and resource adjustments that would necessarily have to take place would be of a major magnitude. Farm programs provide some price and income protection to farmers but they also generate substantial economic activity in local communities, from the corner gas station to financial institutions. Therefore, the loss of payments and other assurances that government programs now provide farmers would also have a severe adverse impact on the many local communities who depend upon agriculture very heavily for their economic activity.

TABLE 1.—Alabama, 1973

Number of farms.....	76,000
Land in farms..... acres.....	14,400,000
Average size of farm..... do.....	189

TABLE 2.—Alabama, 76,000 farms (1973), percentage of farms by size of farms¹

Size of farms (acres)	Percentage of farms ²
1 to 9.....	5.1
10 to 49.....	29.6
50 to 69.....	9.8
70 to 99.....	13.1
100 to 139.....	11.0
140 to 179.....	6.9
180 to 219.....	4.9
220 to 259.....	3.2
260 to 499.....	8.9
500 to 999.....	4.7
1,000 to 1,999.....	1.9
2,000 acres and over.....	.9

¹ Census percentage applied to 1973 numbers.

² Does not add to 100 because of rounding.

TABLE 3.—Alabama,¹ Percentage of farms by value of products sold

Value of sales	Percentage of farms
Under \$2,500	60.6
\$2,400 to \$4,999	11.7
\$5,000 to \$9,999	9.2
\$10,000 to \$19,999	6.9
\$20,000 to \$39,999	6.5
\$40,000 to \$99,999	4.1
\$100,000 and over	1.0

¹ From Census of Agriculture, 1969.TABLE 4.—Alabama,¹ percentage of total value of agricultural production sold by farms by category

Category	Percentage
Value of agricultural products sold by farms having sale of:	
Under \$2,500	5.1
\$2,500 to \$4,999	4.5
\$5,000 to \$9,999	7.0
\$10,000 to \$19,999	10.7
\$20,000 to \$39,999	19.8
\$40,000 to \$99,999	26.9
\$100,000 and over	26.0

¹ From Census of Agriculture, 1969.

TABLE 5.—Alabama, farm cash receipts from sales of principal farm products, 1972

Crops:	Cash receipts, (millions)
Included in 1970 Act:	
Cotton (including seed)	\$87.9
Feed grains	10.2
Wheat	1.9
Other principal crops:	
Peanuts	53.1
Soybeans	50.4
Vegetables	28.1
Tobacco	.7
Livestock and products:	
Cattle and calves	190.5
Broilers	184.6
Eggs	81.7
Hogs	71.4
Dairy products	58.0
All crops	276.2
All livestock and products	592.3

TABLE 6.—ALABAMA, PERCENTAGE OF FARM PARTICIPANTS IN 1971 PROGRAMS BY SIZE OF ALLOTMENT OR BASES

Size (acres)	Percentage of farms		
	Cotton	Wheat	Feed grains
0.1 to 10	62.1	90.7	33.0
10 to 15	11.1	3.5	16.2
15 to 30	13.3	3.3	26.6
30 to 50	5.6	1.3	12.5
50 to 200	6.9	1.2	10.8
200 to 500	.9		.8
Over 500	.1		.1
Total number of farms participating	30,403	2,682	51,719

TABLE 7.—ALABAMA, 1971, PEANUT ALLOTMENTS: NUMBER AND PERCENTAGE OF FARMS BY SIZE OF ALLOTMENT

Size of allotment (acres)	Number of farms	Percentage of farms
Less than 5	3,276	24.7
5 to 10	3,919	29.5
10 to 20	3,193	24.0
20 to 30	1,283	9.7
30 to 40	560	4.2
40 to 50	303	2.3
50 to 75	409	3.1
75 to 100	144	1.1
100 to 200	151	1.1
200 to 300	26	.2
300 to 400	5	
400 to 500	1	.1
500 and over	2	
Total	13,272	100.0

TABLE 8.—ALABAMA, 1972, FLUE CURED TOBACCO ALLOTMENTS: NUMBER AND PERCENTAGE OF FARMS BY SIZE OF ALLOTMENTS

Size of allotments (acres)	Number of farms	Percentage of farms
0.01 to 0.50	57	21.3
0.51 to 1.00	39	14.6
1.01 to 2.00	79	29.6
2.01 to 3.00	38	14.2
3.01 to 4.00	19	7.1
4.01 to 5.00	12	4.5
5.01 to 6.00	10	3.7
6.01 to 7.00	2	.7
7.01 to 8.00		
8.01 to 9.00	7	2.6
9.01 to 10.00		
10.01 to 20.00	4	1.5
20.01 and over		
Total	267	199.8

¹ Does not add to 100 because of rounding.

TABLE 9.—ALABAMA, 1972, GOVERNMENT PAYMENTS

	Dollars
Commodity:	
Feed Grains	\$14,401,859
Wheat	364,442
Cotton	45,363,361
Total	60,129,702

TABLE 10.—ALABAMA, UPLAND COTTON: COST OF PRODUCTION BY AREAS AND PERCENT OF TOTAL STATE PRODUCTION IN EACH AREA, 1969

Area	Percent of State production in each area, 1971	Cost of production (cents per pound)	
		Direct cost	Total cost
I. Southern Piedmont	2.6	30.4	37.6
III. Southern Coastal Plains	4.1	40.4	46.5
IV. Limestone Valley Sand Mountains	66.3	24.5	31.6
V. Clay Hills	15.3	25.8	32.7
VI. Black Belt	11.7	29.6	35.7

Source: ERS-USDA.

TABLE 11.—ALABAMA, ANNUAL AVERAGE PRICES RECEIVED BY FARMERS

Commodity	Year				
	1968	1969	1970	1971	1972
Cotton (cents per lb).....	23.6	21.0	21.9	28.1	26.5
Corn (dollars per bu).....	1.18	1.35	1.58	1.17	1.39
Wheat (dollars per bu).....	1.20	1.20	1.26	1.48	1.33

Source: Statistical Reporting Service, USDA.

TABLE 12.—ALABAMA, PROGRAM PAYMENTS, 1972; PERCENTAGE OF FARMS RECEIVING PAYMENTS BY SIZE OF PAYMENTS

Size of payment	Percentage of farms in each class		
	Cotton	Wheat	Feed grains
0 to \$100.....	13.5	65.2	31.2
\$100 to \$500.....	41.1	26.2	51.8
\$500 to \$1,000.....	16.7	4.7	10.1
\$1,000 to \$2,000.....	10.2	2.3	4.7
\$2,000 to \$5,000.....	8.6	1.6	1.9
\$5,000 to \$7,500.....	2.7	.1	.2
\$7,500 to \$10,000.....	1.7	.1	.1
\$10,000 to \$15,000.....	1.8	-----	.1
\$15,000 to \$20,000.....	1.2	-----	.1
\$20,000 to \$30,000.....	1.2	-----	.1
\$30,000 to \$35,000.....	.3	-----	.1
\$35,000 to \$40,000.....	.3	-----	-----
\$40,000 to \$45,000.....	.2	-----	-----
\$45,000 to \$50,000.....	.2	-----	-----
\$50,000 to \$55,000.....	.2	-----	-----
\$55,000 to \$55,000.01.....	.1	-----	-----
\$55,000.01 and over.....	(1)	-----	-----

¹ Less than 0.005% and exempt from \$55,000 limitation.

Senator ALLEN. Our first witness this morning is the distinguished commissioner of the Alabama Department of Agriculture and Industry, Mr. M. D. (Pete) Gilmer.

Commissioner Gilmer, we are honored to have you as our lead-off witness. Would you step forward please.

Mr. Gilmer, if you will, proceed please.

STATEMENT OF M. D. (PETE) GILMER, COMMISSIONER, ALABAMA DEPARTMENT OF AGRICULTURE AND INDUSTRY, MONTGOMERY, ALA.

Mr. GILMER. I am M. D. (Pete) Gilmer of Marion Junction, Ala., and am now serving as Alabama's Commissioner of Agriculture and Industry. Before speaking on the subject of this hearing I would like to personally thank Senator Allen for his interest and efforts in behalf of the farm people of our State as well as his concern for all our citizens. I am delighted to have you with us back home in Alabama. It has been my privilege to serve with you in these Chambers here, in the legislature, and I know of no one I have a higher regard for as a public servant than yourself. You have done a tremendous job for the farm people and for all the citizens of the

State in Washington, and I want to say we are proud of you sir, and we appreciate you conducting this hearing here in Alabama today on this important subject.

We are truly grateful to you for your many years of service to our people and for this opportunity for our leaders in agriculture to express their views on farm legislation.

In thinking of farm legislation I am reminded of the birth of the Agricultural Adjustment Act in 1933—the days of our depression, when farmers had practically no money or credit and when the 25 percent of our population who lived on farms received only 5 percent of our national income. The Agricultural Adjustment Act—the beginning of our farm programs—was passed by the Congress on May 12, 1933. Its stated policy was, and I would like to quote:

To re-establish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to Articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period.

A trio of distinguished and nationally known Alabamians, Dr. Luther Noble Duncan, then director of Auburn's Extension Service; The Honorable Edward A. O'Neal, president of the Alabama Farm Bureau Federation and later president of the American Farm Bureau Federation; and Senator John H. Bankhead—furnished the educational, organizational, and legislative leadership which helped pass this greatly needed farm legislation.

These State and national farm leaders with the later assistance of Walter L. Randolph, who became president of the Alabama Farm Bureau Federation, and many others, played a major role in enacting farm legislation for many years. It is our good fortune to still have able and effective farm leaders—Jimmy Hays, president of the Alabama Bureau Federation, is a worthy successor to Ed O'Neal and those who have preceded him. The fame of the Alabama Cattlemen's Association plus his own native ability, catapulted Alabamian Bubber Trotman to the position of president of the American National Cattlemen's Association. Many others could be cited for their devotion to and leadership in Alabama's agriculture.

I think it necessary when discussing farm programs to cite examples of efficiency of our farmers in Alabama and those of our Nation. During the 10-year period ending in 1967, American farmers increased their output 69 percent per man-hour. During this same period they increased production 20 percent on 5 percent fewer acres. One person on the farm in 1967 produced enough food and fiber for himself and 42 other people. I am now told one farmer produces sufficient food and fiber for himself and 54 other people.

Despite this tremendous increase in efficiency in production—aided by more adequate research information plus educational and farm leadership—farmers continue to have financial problems. The past quarter of a century has been a period of tremendous change—of adjustment—in agriculture. Farmers who could not meet competition have been forced off farms. In 1950 there was a total of nearly $5\frac{1}{2}$ million farms (5,382,162) farms in our Nation. Twenty years later this number has decreased to $2\frac{1}{2}$ million (2,585,051) farms, or less than half the number in 1950.

The mortgage indebtedness of farms in 1951 was \$6 billion; 20 years later it was approximately \$30 billion. This is an increase of mortgage indebtedness of over \$1 billion a year. Over this 20-year period, gross farm income increased from \$37 billion to \$60 billion, but net farm income increased only slightly more than \$1 billion, and these figures are from the Agricultural Statistics of 1972, USDA.

It is obvious, therefore, that farmers during this 20-year period, in their efforts to increase their efficiency in production, increased their mortgaged indebtedness almost 500 percent, greatly increased their gross income and production, but had only a very small increase in net income.

I wish to state here what farmers know, that we have long had class legislation which protects other groups. Subsidies on imports, transportation, and a host of other things have long been accepted by the people of our Nation. Our farmers still buy things they need for crop and livestock production which were produced under a wall of legislative protection. Many of their farm products are sold on a world market with much less price protection. The efficiency of our farmers has released people from agriculture in order that we might have workers to produce the necessities and the luxuries of our civilization. Our farm production miracle is unparalleled in the history of mankind.

The only bright spot in our world balance of trade is the export value of our farm products. Our farm programs have definitely been in the public interest. They have aided in supplying consumers with the best and cheapest food in the world. Last year consumers spent only 16 percent of their disposable income for food.

I didn't have it in my script, but I would like to point out in Canada I understand the figure is 20 percent of disposable income and in Western Europe, Japan is 38 percent and Eastern Europe it is from 36 to 54 percent. In some African countries up as high as 70 percent. And our people in America, the figure is 16 percent. In my opinion, the Farm Act of 1970 should be continued. Cotton is a major source of income to Alabama farmers. The cotton industry is vital to the welfare of our Nation. The 15 cent per-pound payment which is made on only a part of the acreage necessary to adequate production for domestic and export markets is the least payment we can have to expect adequate production. This payment, when added to a competitive price for cotton, will cover production costs and provide only a small return to capital, management and labor.

I believe the sale and lease provisions of the current law should be retained. I, therefore, recommend the cotton section of the Agricultural Act of 1970 be extended. This act has worked well for the past 2 years and is accepted by our farmers.

The grain provision of the 1970 Farm Act has helped to stabilize grain production and prices. I, therefore, feel this phase of the act should be extended.

Poultry and livestock production has greatly increased in Alabama during the past several years. Our broiler and egg producers feel something should be done to break the trade barriers in other countries which make it difficult to export eggs and broilers. Our poultry producers feel it is only fair to help this industry to break down

some of these barriers as has been done with other U.S. agricultural and industrial products.

The proposed legislation to amend the Federal Meat and Poultry Production Inspection Act will increase Federal funding of these programs from 50 percent to 80 percent of the cost. This proposed increase in Federal funds, plus our State appropriation, will enable us to give consumers greater protection.

Let me say here we have an excellent, wholesome meat act inspection law. The consumers are being protected in every degree. We are grateful to you for your support. You recall the Senate passed, the last session the 80-20 and I understand it has now passed it again.

Senator ALLEN. It has now passed again.

Mr. GILMER. In the House it lost by three votes last time.

Senator ALLEN. I believe we can—

Mr. GILMER. It is good for our producers, it is good for our consumers.

We have requested \$250,000 annually in our State budget to match anticipated Federal funds in our efforts to control and eradicate fire ants. Further increases in Federal funds are needed to expand other consumer protection programs, such as our existing grading and inspection work.

Peanut farmers are greatly disturbed about changes in the peanut program. Farmers have already made their commitments and the purchase of seed, fertilizer and other necessary arrangements for the coming crop. Now, the Secretary of Agriculture, through an administrative act, has changed the signals in the middle of the game and as a result our peanut farmers are going to lose considerable sums of money. I agree with you that Secretary Butz is a distinguished Secretary of Agriculture. I am sorry he saw fit to do this because our people have invested their money; they have made their arrangements and it is too late to change their signals, and it is going to cost them lots of money.

Mr. Chairman, in addition to recommending the continuation of our 1970 Farm Act, may I also urge the desirability of establishing and stabilizing farm policy and farm programs.

A successful farmer has a large investment in land and equipment. Operating costs, including labor, seed, fertilizer, and other expenses necessary to efficient production, are increasing each year.

Farm credit for costly equipment and other things incidental to successful farming cannot be obtained if the price outlook is uncertain and we are faced with an everchanging farm policy. Consumers in our Nation have been blessed with a bountiful supply of relatively cheap food and fiber because of the productivity and efficiency of our American farmers.

As previously stated, our farm numbers have declined more than half during the 20-year period from 1950-70. In 1972 only 2.9 percent of our total population produced 98 percent of our food and fiber.

The profit motive is an integral part of the American system. Returns from farming are now so small many of our best farmers are deeply concerned about the future. We must continue with farm

programs which have stability—farm policies which will not be changed often—if farmers are to continue to farm and consumers continue to have an adequate supply of reasonably priced food and fiber.

Let us not forget the warning in First Corinthians, chapter 14, eighth verse of the New Testament and I quote:

“And if the trumpet give an uncertain sound, who shall prepare himself to the battle?”

I think it is very appropriate, the uncertainty. I hope our leaders understand a strong agriculture is essential to the survival of our Nation.

There is one other subject not in the script that I would like to mention, Senator. I know it is not involving legislation here that we are discussing, and I won't have much to say about it, because I think the Governor will in his remarks. But, farmers have another problem right now that is very serious, and that is in the petroleum—shortage of petroleum. Farmers are today being rationed, fuel for their tractors.

Now, with all the problems we are faced with, the weather conditions and manifold other problems, this is just almost too much to bear. I just wanted to briefly mention that. I am sure the Governor will take up that point.

I appreciate the opportunity to appear before you today and any time the State Department of Agriculture can be of service to you, your office, your committee, you have only to let us know, sir.

Senator ALLEN. Thank you very much, Commissioner Gilmer. You have certainly been most cooperative in giving testimony at the hearing, and in the conduct of the office of the Commissioner of Agriculture and Industries. We appreciate this fine cooperation.

You commented on the stability as being one of the features of the present law. When the 1965 act expired, it was renewed for 3 years. Would you not think it would be a good idea to go back to the 5-year extension rather than to extend for a shorter period, giving greater stability, giving the farmer a better opportunity to make his plans for the future?

Mr. GILMER. We certainly need stability. There is no question about that. As I mentioned about the peanut program, these changes, the farmer just cannot adjust to these changes that quickly. We do need stability, that is most important.

Senator ALLEN. You would suggest a 5-year extension; would that be your thought?

Mr. GILMER. Three, I believe, is under consideration, but 5 would be fine.

Senator ALLEN. The bill that some of us are sponsoring is a 5-year extension.

Mr. GILMER. I think that is fine, sir.

Senator ALLEN. Are there any suggestions that you would make for improving the 1970 Farm Act?

Mr. GILMER. Senator Allen, I anticipated that question, and in looking at the agenda, the people you have to testify today, I think you will be hearing from people that are far better qualified to get into a detailed suggestion than I am, sir. I am not avoiding your

question, but I think there are better qualified people to deal with the details than I am.

Senator ALLEN. You feel, though, that the 1970 law has worked well?

Mr. GILMER. Yes, sir.

Senator ALLEN. And—

Mr. GILMER. Not perfect, but well.

Senator ALLEN. Yes, sir, well, the Congress then will benefit from the views of small farmers throughout the country and views of Congress and Senators, farm organizations, fiscal experts, they did a pretty good job in 1970 in passing that law.

Mr. GILMER. I think they did, sir.

Senator ALLEN. So, the gains that we have made, the fact that this has enabled our farmers to exist and to do the great job, great work that they have done in furnishing the food and fiber for the country and much of the world, would certainly indicate that we do have a good law at this time.

Mr. GILMER. I think that is correct, sir.

Senator ALLEN. Thank you very much.

Mr. GILMER. Thank you, Senator.

Senator ALLEN. We appreciate your help and consideration and suggestions.

Mr. GILMER. Thank you.

Senator ALLEN. The next witness is Mr. Jimmy Hays, president of the Alabama Farm Bureau Federation.

You may proceed at any time.

STATEMENT OF J. D. HAYS, PRESIDENT, ALABAMA FARM BUREAU FEDERATION, MONTGOMERY, ALA.

Mr. HAYS. We appreciate the opportunity to present the views of the Alabama Farm Bureau Federation concerning Government farm program legislation. We wish to express our appreciation to you and the members of the Senate Committee on Agriculture and Forestry for giving us the opportunity to present this statement here in our historic State capitol.

Senator Allen, you distinguished yourself as an outstanding leader as Lieutenant Governor of the State of Alabama. You demonstrated genuine concern for our people and exercised sound judgment and effective action in fulfilling your duties. We were therefore pleased when the people recognized your fine record of service and elected you to the high office of the U.S. Senate.

In our opinion, you showed great foresight and wise judgment in seeking a place on the Senate Committee on Agriculture and Forestry. We fully recognize the importance of this high office to farmers as well as to all of our people. Your service in this vital position continues to justify our confidence and trust in your ability and dedication.

Furthermore, we again extend to you our gratitude for the courtesies and consideration which you so graciously afforded our own 125 farm bureau leaders from Alabama when we visited you in Washington last month.

Realizing that the Agricultural Act of 1970 would expire in 1973, our members have been carefully studying this issue for some time. After study and discussion, the voting delegates, representing the members of our 67 county farm bureaus, to the 51st annual meeting of the Alabama Farm Bureau Federation in Mobile, Ala., last November, adopted a policy position which reads in part as follows:

We favor the extension of the Agricultural Act of 1970 as it applies to cotton, including present cotton allotment, sale, and lease program.

We recommend that cotton allotment sale and lease transfer period be 2 months—1 month in home county and 1 month across county lines within the state. Authority should be provided for transfers to be made across county lines both months on approval of county ASCS committee. We oppose transfer of cotton allotments across State lines.

We embrace a policy which accepts the fact that cotton support payments are a necessity if Alabama cotton farmers are to receive a reasonable return for labor and investment involved in the production of cotton.

At the annual meeting of the American Farm Bureau Federation in Los Angeles, Calif., last December, the voting delegates adopted a policy statement which is in general harmony with the Alabama recommendations. It reads in part as follows:

The Agricultural Act of 1970 permits increased freedom and flexibility to plant and is an improvement over previous legislation for wheat, cotton, and feed grains. We support a temporary extension of the Act of 1970 with modifications. We favor continuation of the set-aside program with no further expansion of grazing and no harvesting of any commodities on set-aside acres.

We support a peanut program providing that growers shall keep supply in line with demand in return for price support.

Farm bureau has historically supported Government farm programs which were designed to help farmers achieve a fair price level in the marketplace giving agriculture security while directing our production. Generally speaking, Government farm programs have also been beneficial to consumers. They have enjoyed reasonably priced food and fiber while farmers suffered from inadequate returns.

The effect of the Agricultural Act of 1970 coupled with favorable demand domestically and worldwide has been encouraging and helpful to farmers.

The sharp increases which we have seen in the demand for our major farm commodities resulting in long-sought favorable prices have been brought about mainly because of three factors: (1) the opening of new markets in Russia and China together with expansion of opportunities in markets previously served; (2) an unfavorable production year almost worldwide; and (3) a dynamic expanding economy worldwide.

Agricultural exports are expected to reach \$11.1 billion in the fiscal year ending June 30, 1973. This is an increase of \$3 billion above last year and even more importantly the increase is in the form of commercial sales.

The resulting increases of farm prices and income has been long awaited and is most welcome to farmers. We are now finally getting strong support in the marketplace, worldwide.

The index of all farm prices increased 20 percent from January 1972 to January 1973. Net farm income rose to a new alltime high of \$19.2 billion in 1972—an increase of \$3.1 billion from 1971. Yet, with this dramatic improvement, farm income still lags behind

nonfarm income some 20 percent—and we've enjoyed this relative position only a few months.

We are all keenly aware of the dissatisfaction by consumers of food prices expressed in meat boycotts and other means. Apparently, many well-meaning, but ill-informed consumers fail to understand the real reason for higher food prices. Food prices have gone up in general for the same reason that the prices of other products have gone up—inflation. The prime pusher is something seldom mentioned in relation to food costs. It is simply the huge growth in the number of dollars American families have to spend on food and everything else. If food prices have indeed gone through the roof, the level of personal income is some 20 feet above the roof. What the official record since 1965 adds up to is retail food prices up 33 percent and per capital disposable income up 62 percent.

With personal income dollars up nearly twice as much as food prices since the midfifties, it is not surprising that the cost of eating is up as much as it is. Isn't it rather surprising that such a flood of buying power hasn't pushed it even higher? Only the responsive gigantic food production capacity of the United States has kept this from happening.

Where are the seeds of inflation multiplying for the consumer? It's not with the farmer! Rather, it is excessive government spending at all levels and the inefficiency of the food distribution system, outmoded labor practices and jurisdiction prevent increased productivity. Unbridled economic power of unions has forced wage increases which the consumer pays far above that justified by their record of productivity. All these factors are the real cause of inflation resulting in higher prices for food as well as for all other consumer items.

This would be an appropriate time and place to express our vigorous opposition to the proposal to place price controls on raw agricultural commodities. To seriously consider such action would be shortsighted and indicative of a complete lack of understanding or otherwise failure to consider the real cause of higher food costs.

The inevitable result of attempting to control meat prices would be less production, black market and distorted distribution patterns. Price controls would disastrously impair the increases in production which can normally be expected to correct in a short time the temporary shortage of meat or other farm products. Unscrupulous operators can cause black marketing which distorts distribution and denies consumers of the protection provided by the Federal and State inspection.

I am mindful, Senator, that on Monday of this week the House did turn back the 1973 Economic Stabilization Act. However, it is in conference, and I hope we adhere to the present temporary extension.

Senator ALLEN. Yes, I believe that is going to take place. I believe about the only thing that was—not saying both bills—was the rent control in metropolitan areas where the vacant rate was less than 5.5 percent. I don't believe they have a roll back in the conference. I don't believe that.

Mr. HAYS. We would be satisfied, I think—the farm people—with that position.

Senator ALLEN. Yes, sir.

Mr. HAYS. I think, as I said in this statement it would be disastrous to try to impose any Federal price controls on farm products. As I pointed out earlier in my statement, farm income is still 20 percent lower than other and to legislate farmers in that position would be an injustice and unfair.

Senator ALLEN. Yes, sir. I called your attention to another action of the Senate there, turned back by a vote of eighty something to seven I believe, an effort to control farm prices at the farm level. It shows the position of the Senate on that. I am happy with this vote.

Mr. HAYS. That was heartening, very heartening.

Senator ALLEN. Yes, sir.

Mr. HAYS. We are all encouraged that the need for Government participation in agriculture has been noticeably reduced.

Export subsidy payments have been discontinued.

Government owned stocks of most farm commodities have been sharply reduced and the liquidation is continuing.

Government loans on grains have been called at their maturity dates without the usual resale privileges—with little noticeable effect on market prices.

The set-aside of surplus acres has been eliminated for cotton, virtually eliminated for wheat, and greatly reduced for feed grains.

We are nearer than we have ever been during my farming experience to a market-oriented system and the market continues to work well.

Should these factors responsible for our present situation change drastically, our presently expanding markets could become filled and oversupplied in only a short time, a year or two. Therefore, it is essential that we have legislation extending the Agricultural Act of 1970 which will provide for acreage set-aside programs to help adjust production as needed to effective market demand.

We need a program that will gear into operation when adjustment is needed and gear out when demand results in satisfactory prices in the marketplace. The Congress should provide legislative guidelines that will determine when the program is to gear in and gear out. If we can maintain overall stability and economic soundness in agriculture, farmers will adjust their production to meet the needs of consumers as reflected in the market.

In view of the economic conditions peculiar to cotton, we feel it will be necessary to continue to compensate producers with supplemental income to cover production costs as well as contributing to the set-aside. As further progress is made in lowering production costs, these burdens can be eased.

Extension of the Agricultural Act of 1970 can continue to move us to a market-oriented agriculture. Farmers need a mechanism to assist in making adjustments when market demand falls below our capacity to produce at reasonable prices. Coupled with a trade policy that will continue to expand exports, this program will work to serve the best interests of farmers, consumers, and taxpayers.

Toward the attainment of these objectives we express our sincere interest and offer our full support. We look forward to working with you in the passage of this legislation.

I might add an additional comment. Yesterday the House passed a bill having to do with peanut legislation. Commissioner Gilmer mentioned the importance of this and it is important. And hopefully, corrective legislation can be had.

But with respect to priorities, we feel that is probably going to be difficult to enact a farm bill, as it always is, and an extension of the Agricultural Act probably will be the same thing. It probably will be difficult.

We think this ought to have the first priority that efforts ought to be directed toward extending the Agricultural Act of 1970 as the first order of business on farm legislation for the simple reason it is most important to the most number of people.

Legislation on specialty crops then would logically follow, such as peanuts, rice, and et cetera. We believe this will expedite the movement of all farm legislation through the Congress rather than holding it up.

Senator ALLEN. Yes, I would certainly agree, the number one priority is the general farm bill, and other crops could fall in line behind the general farm legislation.

Mr. HAYS. The real problem in the peanut situation now is the set of regulations which apparently the Department is trying to impose in the present peanut program. Farmers had made their commitment with respect to this crop and certain rules and regulations proposed have been published in the Federal Register and apparently these are going to be attempted to be enforced. These are bringing about a considerable amount of disruption.

There may be, according to peanut growers, a need for additional peanut legislation. And, efforts are being made to develop a position and I am sure before the Congress adjourns there will be peanut legislation before this Congress. But, the most important thing is the Agricultural Act of 1970.

Senator ALLEN. I note that the American Farm Bureau Federation is suggesting a temporary extension of the act. They would not object. I hope and trust, to a 3- to 5-year extension, preferably a 5-year extension.

Mr. HAYS. My personal observation is that is temporary, Senator.

Senator ALLEN. Do you suppose the American Farm Bureau Federation had that in mind. Really, I am asking for information.

Mr. HAYS. Well, yes, and I would assume that there is no difference, there is no problem with respect to the description of temporary as relates to 3 to 5 years. There isn't in my mind. There may honestly be some strategic advantage in saying a temporary position.

Senator ALLEN. Yes, sir.

Mr. HAYS. And I think this is a factor in the thing. Congress never views anything as permanent, I don't think.

Senator ALLEN. Taxes, for instance.

Mr. HAYS. Yes. And so that, I think is not a descriptive term with respect to years but a transitory statement.

Senator ALLEN. Now, from the standpoint of mechanics on the committee, we are suggesting the possible extension of the 1970 law for a period of five years, if some would suggest some modifications and improvements. If we got to the point where it looked like seeking improvements of the law would bring on efforts to make the law to less to our liking, would it not be a good compromise just to have a blanket extension rather than to seek to rewrite it, using the 1970 law as a basis?

Mr. HAYS. I could concur 100 percent. And this, again, I think was the intent of our delegates when they passed this resolution, not knowing the problems that would be encountered in the Congress in enacting it, in saying that there should be a provision for some degree of flexibility. This clause, this certain modification clause does cover this. As far as our people are concerned here in Alabama, and I am directing my comments to the cotton program, it has worked admirably and they would be extremely happy to have this provision of the act of 1970 made permanent. I can assure you of that. But, to answer your question, we would be happy to have it extended as it is.

Senator ALLEN. That is mighty fine and I am glad to get your view and the view of the Alabama Farm Bureau Federation. I know that your statement will be considered very carefully by members of the committee and that it will have a great influence. I appreciate your coming before this committee and giving us the benefit of your views.

Mr. HAYS. Thank you very much.

Senator ALLEN. Mr. Amzi Rankin, Jr. Mr. Rankin, you may proceed at any time and in any manner you wish. I might suggest to you and to all the witnesses that if you would like to have a written statement, and you would like to give an oral capsule of the statement based on your written remarks, you may do so, and the full written statement will appear in the record as if given orally. You can proceed any way you wish.

STATEMENT OF AMZI RANKIN, JR., FAUNSDALE, ALA.

Mr. RANKIN. Senator, I am Amzi Rankin, Jr., and my three brothers and my mother and I operate a dairy farm at Faunsdale and we use about 2,200 acres of land.

We milk about 400 cows normally and at the present time we are producing about 13,000 pounds of milk a day.

Including our own families and the families of our hired labor, our farm furnishes a living for 68 people.

My father went out of the cotton farming business into dairying something over 50 years ago, and since that time we have been dairying and I am real proud to say we haven't missed a milking in that length of time. We have been late sometimes and early sometimes, but we have always managed to milk twice a day.

Recently I read some remarks by the President of the United States to the effect that the present price support system was outdated and that dairymen needed to look to the market and less

to the Government to support the price of their product. And I think this is certainly a reasonable and logical goal, and I think it is one that most dairymen would welcome with their whole hearts. But, if it is ever to be reached there is going to have to be a considerable amount of cooperation between the Congress and many agencies of the executive branch of the Government and the dairy industry.

The nature of milk and milk marketing, and the peculiar need of the public for milk has tended to build up a vast amount of regulation of milk and milk marketing at all levels of Government; this was done to assure a dependable, adequate supply of wholesome, nutritious milk, to furnish the needs of the country.

Now, I don't take the President's remarks to mean that he thought we needed to abolish the whole system, but it is logical that a substantial part of the system could be turned over to producers, operated by their organizations; in some cases this has been done.

But when these responsibilities are turned over to producers and producer organizations, it is necessary that certain authorities also be given to producers and producer organizations, and that the means be provided so that all dairymen and all dealers participate in paying for the services performed rather than having the cost of those services being borne only by producer association members as they generally now are.

One very important part of insuring a dependable milk supply is to make sure that production is profitable enough to enough producers to obtain the amount of milk needed now and in the future.

I think this is extremely important right now; since late last fall feed prices, as a result of several factors: shipping feed grains; soybeans and corn, and other feed items out of the country (which was good for the country and is good for agriculture), has resulted in an extremely sharp increase in the price of feed for most dairymen.

In our case, for each hundred pounds of milk we produced over the last 2 years, we have had to buy (and most dairymen in the Southeast depend primarily on bought feed, bought grain), we have had to buy an average of \$2.66 grain per hundred pounds of milk at 1971 and 1972 prices.

Last winter when feed prices went up over 50 percent, this meant that our cost of bought feed alone, went up to over \$1.30. Milk prices have not reacted enough to cover this increase in cost.

But, if dairymen are going to be able to look to the market to furnish a level of price that will keep them in business, then the right of the producer organizations to bargain has to be strengthened and made more effective. And I believe this is especially necessary in fluid milk producing areas, such as in the Southeast, as opposed to manufacturing milk producing areas of the country.

One example of the kind of thing that I think a dairy organization has to be able to do is to bargain with dealers, without having the dealer able to break his negotiated price. Now, labor has some opportunities in this respect.

Just one example, if we take the Federal order pricing system, it depends primarily on Wisconsin-Minnesota milk; the Chicago

Federal order system is the cheapest fluid milk market in the United States.

There is not any logical reason why my co-op, for instance, should not be able to bargain with a dealer in Alabama, Mississippi, or Georgia for a price that would be competitive with the cost of milk in the cheapest market in the United States and hauled to this market without having that negotiated price broken by somebody that is willing to slightly undersell it, even though they, the lower bidding parties, might not be able to supply the total needs of the market. This is one of the big problems that face producer organizations in the fluid milk producing areas.

If we can't strengthen the bargaining hand of producer organizations, then I think what will happen is that the local fluid milk producers are going out of business. The public is going to pay at least as much or more for their milk, whether I produce it or whether it is produced in Wisconsin. But the public is also going to pay the cost of building the roads and maintaining them. They are going to put up with the traffic, the pollution, all of the costs and inconveniences of having milk hauled here from a distant market. And in addition to that, they get milk that is several days older, and in many ways not nearly as good as locally produced milk.

I believe that the present standby pool, that is being operated by several marketing associations, should either be made a part of the Federal order system or the associations that are operating the standby pool should be granted extraordinary authority for its operation so that they may not be continually harassed by dealers, individual producers, or the Justice Department in the operation of this pool; because I believe it performs a much needed service to all dairymen. I think all dairymen and all dealers that benefit from the service of the standby pool should pay their fair share of its operating costs.

Up to this point none of the suggestions that I have made would be much use to us if the Government does not maintain effective controls on imported dairy products. There is not any way for us to have a dependable and adequate supply of milk produced in this country if dairymen in the United States must compete against dairy products from abroad, that are not only highly subsidized but are not required to meet the same health standards and the other regulations surrounding the production of the milk that is required of the American farmer.

The idea of free trade appeals to all of us. It does to me and it especially appeals to newspaper editors. It is very appealing, but there ain't anything "free" about trade when I am competing with butter, for instance, from abroad that has been subsidized to the extent of 50 or 60 cents a pound.

The Secretary set the price, the support price, of butter at 61 cents. Some of the butter that can come into the United States is subsidized almost to the full extent of the support price in the United States.

I think the quotas for imports on dairy products need to be on a milk equivalent basis so that the importers and the foreign exporters can't continue a game that they have carried on for a long number of years where they switch from one slightly different

product to another one, and then to another one to avoid, purely and simply for the purpose of avoiding, the import quotas established by the Government. But if quotas were established on the milk equivalent basis, then this would stop this sort of game from being played with our Government.

The lack of strict controls on dairy imports not only endangers the dairy industries and their capacity to produce by lowering domestic prices, if the market falls low enough, then the cost of the price support program to the Government goes up. And I don't know much about international finance and international trade, but it looks like to me that in effect what happens is that the U.S. Treasury winds up in the position of supporting the French, Dutch, or German dairyman who is subsidized already by his own country while the American dairyman has gone out of business.

I don't know what it does to the balance of payments to have money go out of this country to buy dairy products which could be produced here, but it seems to me it could contribute to the problem.

But just as in the case of the producer in the Southeast, while the dairyman in the United States winds up suffering, the consuming public, the people that pay the bill, winds up paying just as much or more for milk and at the same time they have lost a very good local industry.

I know you have had some testimony from other people regarding base plans and some changes in Federal orders, and I certainly agree that a Federal order should have authority to establish base continued. In fact, I believe the dairy industry would be much better off if we had a national base plan that could be operated by the Secretary of Agriculture, with the advice and the consent of the dairy co-ops in the country. I think we need it to control over-production should it ever occur again, and we might need it to stabilize and encourage local production.

I know that the Milk Producers Federation has suggested some changes in the present law. And I would agree with most of their changes but there is one particular one which I do not agree, and I want to take exception to, and I want to explain to you why. This is a change that they suggest proposing the suspension of butterfat supports. And the reason that I oppose is—

Senator ALLEN. What reason do they give for that?

Mr. RANKIN. Well, I think the justification for it was to make the price of butterfat more competitive, and I certainly agree that the butter needs to be more competitive in price, and I have a herd of cows that produce a lot of butterfat so it is more important to me than it might be to some other individual.

But last week I read a newspaper article that was prepared by Mrs. Virginia Knauer, I am sure you know who she is. She was recommending to consumers that milk and cheese were a good source of high grade protein and especially necessary in diets that were short on meat. And her article was, of course, aimed at high costs of meat. But she points out the necessity for a high grade protein from some source, either milk or meat or some similar source, in most diets.

But just at that same time, another official of the Government, the Secretary of Agriculture, was manipulating the price support program so that it penalized the producers who produce the highest protein milk. On the average, butterfat and protein appear in milk in a fairly stable ratio and as the butterfat content goes up, so does the protein content.

Our milk pricing system at the present time is based on milk at 3.5 percent butterfat. A good many years ago it was based on one that required 4 percent butterfat and before that it was based on higher percentages of butterfat. And we have gone through a long trend of lowering the value of butterfat, which is logical in a lot of respects, but it also had another effect in that it has encouraged the production of low-fat milk and thereby has encouraged the production of milk that has lower protein content and is lower in all of the other components of milk, except water.

As far as the consuming public is concerned, the change has been gradual; people your age remember how milk tasted at one time; but there are some people—young people—that don't really know how good milk can be.

There is a considerable amount of research that has been done by the dairy industry that showed that most people prefer milk that contains about 13 percent solids. Nothing has ever happened with this research but it has been done. At the present time the Food and Drug Administration is proposing minimum standards for whole milk at 11½ percent solids. This is not only far below the level that the consumer prefers, it is also much below the level of the average milk produced in the United States.

This same pricing system—3.5 percent plus butterfat differential—does have an effect on the returns to the producer of manufacturing milk in addition to the effect that it has on fluid sales, and I will get some tables and mail to you that will show you the difference in yield of cheese from milks of various fat and protein levels. But the point is, that for the protein, the cheese, that is made from milk testing above 3.5, the only compensation that the producer receives is in the butterfat differential. He receives no other. And the price paid the producer then for these products of milk is different if produced from milk testing above 3.5 than it is if produced from milk testing below 3.5 percent butterfat.

I would suggest:

1. That the Secretary of Agriculture establish a minimum standard of fluid whole milk of 3.5 percent butterfat and 9.5 percent solids not fat, requiring that any solids that are added be the whole dried skim milk rather than solids from which the protein has been removed. I think the public will get a much better bottle of milk this way.

2. And that the Secretary restore the support of butterfat to the level and the relationship that it had last year with cheese and skim milk powder until he can establish, and the industry is using, a plan that pays equally and fairly for the various components of milk except water above 3.5 as are paid for the fat, protein, and other components except water below 3.5, regardless of the use ultimately made of the milk so purchased.

I think both of these suggestions would have to be taken together. I believe that if the Secretary put in one without the other we would have more pandominum than we have at the present time.

I do agree with the Secretary's efforts to make butter prices more competition. I just believe that it can be done without paying one producer different from another for the butterfat and protein solids or other milk solids he produces, and it can be done without continuing to take away from the nutritional value of the bottle of milk that is being sold to the consumer.

Senator, if it would be agreeable to you, I would like to take my notes and make a longer statement, and I will attach the tables that I mentioned and mail it to you.

Senator ALLEN. We would be delighted to have that information. I know it would be of benefit to the committee. One or two questions I would like to ask for my information.

You have suggested a number of changes. Do you feel that most of these changes can be accomplished by department rules and regulations or in the main would it take additional legislation?

Mr. RANKIN. No sir. I think that it could be accomplished under the framework of the present law if the Department of Agriculture would do it.

Senator ALLEN. Well now, I think it might be——

Mr. RANKIN. I think there are some things that, I think there has to be some recognition of the fact that milk marketing is different from other businesses, and I think that the Justice Department, I know every major milk marketing co-op in the country has suits filed against them by the Justice Department for doing things that I can't help believe are necessary and proper to be done if we are going to be effective in marketing. I am sure that the people in the Justice Department are honest, decent sort of people, but I don't believe that they understand the fact that milk marketing is different from other businesses because of the nature of milk and because of the fact that it is not produced all by one company, you know, and there are a lot of different farmers in this country producing it. And the Justice Department needs to recognize the differences and use some forbearance.

Senator ALLEN. Now you spoke of Chicago being the lowest market in the country for milk. I assume on account of the availability of Wisconsin and Minnesota——

Mr. RANKIN. Yes.

Senator ALLEN [continuing]. Dairy products. Why is it that those dairymen in those States, as cold as they are and lacking the long pasturage seasons that we have here in Alabama, why can they produce milk, dairy products cheaper than we can here in Alabama?

Mr. RANKIN. Well, Senator, there are a lot of reasons for that. To begin with, milk production in Alabama grew up around producing for fluid markets with very strict health regulations. The milk production industry in Wisconsin and Minnesota grew up around manufacturing market with less strict health regulations. Fluid milk production must be fairly uniform year round, but manufactured products can be stored so production can be more seasonal.

I think probably the biggest difference has to do with things that we can't possibly control. One of them is whether the optimum

temperature for milk production for a dairy cow is 50 degrees, and anytime the temperature goes above 50 degrees or below 50 degrees, she gives a little bit less milk. She gives—she loses twice as much production for each degree above 50 as she does for each degree below 50.

Then another thing has to do with feed production. Of course, we do have considerably different types of soil in the Southeast than in the corn belt for instance. But then, even if we had their soil, yields of corn depend on hours of sunlight during the growing season. Corn is just stored energy that comes from the sun. And the hours of sunlight are longer in southern Wisconsin, Minnesota, and Iowa during the growing season for corn than they are in Alabama. So I think we will always have a disadvantage there is no way for us to overcome.

Senator ALLEN. That is interesting.

Mr. RANKIN. But there are considerably more. These are just two or three of the reasons. I think if milk could be produced in Alabama as economically as in Wisconsin, we would have a whole lot more milk being produced here.

Senator ALLEN. Well, now, you do not sell at retail?

Mr. RANKIN. No, sir.

Senator ALLEN. You produce and sell to a distributor—

Mr. RANKIN. I produce, our milk is sold through Dairymen Incorporated—a regional cooperative. Before then we sold our milk through Black Belt Dairies, which was not a cooperative but a corporation that operated as a co-op. We sold through Black Belt Dairies for some 20 years before we went to Dairymen Incorporated.

Senator ALLEN. Do you feel that we need some farm bargaining legislation to allow the producers to bargain with the distributors?

Mr. RANKIN. Yes, sir, I do.

Senator ALLEN. With the processors, as the case may be?

Mr. RANKIN. I certainly do. I think the producer and producer organizations are going to eventually have to have more influence on their prices than they can have under the present system and with the present authority for bargaining than cooperatives and individual producers now have.

Senator ALLEN. Now to what extent are the problems in the dairy industry related to Federal laws and Federal regulations and policies and to what extent are they related to Alabama statutes and boards and actions at the State level?

Mr. RANKIN. Well, I think generally, Senator, that the Milk Board in Alabama has, even though the newspapers have taken a different attitude, the Milk Board in Alabama has tended to keep the price of milk below the opportunity for making a profit for a good many people. So that Alabama has had a growing deficiency in production compared to market. And we have today more milk brought into the State from other areas than we did 20 or 30 years ago.

I think the way that the Federal laws and the Federal order system affect the milk pricing in Alabama is to the extent that they affect prices in surrounding areas. And I think if prices in surrounding areas are in alignment, and Alabama keeps its price in alignment with surrounding areas, we will be all right, but when the board made

its most recent price adjustment, the price in most other southern States had long since been raised under the Federal order system and during that time the Alabama dairymen were getting behind and as a result of it a lot of them have gone out of business.

Just one example, in Marengo County, on the first of January this year, there were 15 dairymen and now since that time three of them have sold completely out. One has sold half of his herd so that we have got now 11 farms producing milk in Marengo County. Some of those dairies that sold out were farms that had been in milk production for 50 years. And I think you have two real serious things in dairymen going out of business. One is the loss of cattle, the cow, the machine. She can't be replaced overnight. She has to be replaced and with most dairymen it is a lifetime operation to acquire a good producing herd of dairy cows.

Now, in the case of the people that did sell out, most of these cows went to the butcher, and they won't be available to produce milk, and they also won't be available to produce heifers to replace themselves.

And the other thing is the dairyman himself. I don't know many dairymen who are in business today that didn't grow up in the dairy business, and when that man quits hearing that alarm clock at a quarter of four every morning, once he gets out of it, he is out. Very few of them ever come back into dairying. It is not the easiest way of life. It is a 7 day, 365-day job, and it is—(requires much experience and enthusiasm).

Senator ALLEN. You have certainly got your problems and as I see it from what you have said, the long delayed season of the prosperity that may have come to some of our farm producers has not come to the dairy producer.

Mr. RANKIN. No, sir. I think it would have except for the feed prices and the increase in feed prices has outweighed every other thing. The price of milk in the last year or so has gone up very slowly compared with other farm prices or just almost none when you compare it to consumer income.

I believe milk prices in the last 2 years in the dairy industry has generally increased less than 6 percent and that is not a very large increase compared to everything else that we buy.

Senator ALLEN. Your situation is not dissimilar to that of the broiler producers then?

Mr. RANKIN. That is right. He is dependent on bought feed, and is dependent on high protein feed and we are dependent on the same soybean meal that he is. And the price of it has gone from, well somewhere in the neighborhood of \$90 a ton to \$230—it was at \$230 and I am not sure right now what the price of it is.

Senator ALLEN. Well, are other sections of our Nation experiencing this same squeeze? I assume they are.

Mr. RANKIN. Yes, sir. I think it is more serious in the Southeast and Southwest for the simple reason that—we go back to the corn belt, for instance. Those dairymen (Corn Belt dairymen) produce more of their feed on their own farm and they are not as dependent on bought grain as we are.

Now, in the long run, those (Corn Belt) dairymen will sell their feed another way instead of putting it through their dairy cattle; they will sell it another way.

Senator ALLEN. Thank you very much.

Mr. Clinton Berry of Montgomery, please, is the next witness. Any of you who may be interested in where you appear on the agenda, we do have an agenda of the witnesses here. You might come look at the sheet here.

It is good to see you, Mr. Berry. We are delighted to have you appear before the committee. Your testimony will be a part of the permanent record of the committee. It will appear in the official report of the hearings of the committee and will be considered by the full committee during its deliberations on the mark-up of the farm bill. We would be delighted to hear from you and you may proceed any way you wish.

**STATEMENT OF CLINTON C. BERRY, M. C. BERRY & SONS,
MONTGOMERY, ALA.**

Mr. BERRY. Thank you, Senator.

So as to give you a little information, I am Clinton Berry, owner and operator of M. C. Berry & Sons, with headquarters in Montgomery, Ala. We are shippers of package bees and queens primarily, with the production of honey, beeswax, and pollination as a secondary income. We are one of the larger apiarists of the South.

This business was established many years ago by my father, and is the oldest package bee and queen enterprise in the world. We were the first to ship bees and queens to other honey producers by mail, then express as well, originating this phase of bee culture. Later, trucking took over the transporting and movement of bees as well as full production colonies. Airmail shipment is most commonplace with queen bees individually. We also furnish pollination for agricultural crops wherever necessary.

A good many years ago, the cotton areas were the only spots where chemicals caused the beekeeper any serious problems. Later with peanuts, and so forth. The poisons used at that time, which was back in the "thirties," was the arsenate families. Principally, calcium arsenate, with cotton, to control weevils and worms. This was a deadly poison, extremely toxic, killing honey bees and completely decimating colonies. During this period, apiaries that were moved out of the reach of drifts and cottonfields could be saved to a great extent. Finally the arsenate preparations were taken off the market.

Superseding calcium arsenate came other pesticides. Many of these the beekeeper could live with and have little or no losses. Toxaphene and Benhexachloride were two that seemed to have little effect on colonies located very close or adjacent to dusted and sprayed fields. We have had apiaries of bees next to, or very close to cotton fields where aerial applications as well as ground operations of such pesticides did not seem to adversely effect the bees to any great extent. Here, we were granted a number of years without damage from this quarter. Even with the chlorinated-hydrocarbons and per-

sistent pesticides such as DDT, Heptachlor, and others that were finally outlawed or taken off the market, damage was of a minor proportion.

However, beginning in late 1966 and 1967, the tables completely changed. With sentiment against the residual poisons as paramount as such became, the switch to the phosphates began. Parathion, Sevin, and similar poisons became heavily utilized because of their quick kill characteristics, et cetera. Honey bees as well as all beneficial insects, all succumb to this deadly poison. No living, breathing thing can survive. Not only are these pesticides very dangerous to use, but also have very definite drawbacks. But their use is continued.

Whereas, for so long a time, insect control was confined principally to cotton, now it has been expanded to nearly every crop utilized by the agriculturist. Consequently, where once we moved out of poison area and cleared such fields, we immediately improved colony conditions. Now, with such widespread use of such we are hit without notice from any and all quarters.

We are doing all in our power to avert losses. My operation has moved completely out of many areas that we had extensive apiary holdings in. For example, on both sides of the Alabama River, from Tuskegee to Selma, for we know we cannot live with the cotton poisoning programs in effect in this area. Most of these farmers are on a 4 or 5-day poison application program. Apiaries simply cannot withstand such a constant onslaught.

Our losses continue to mount from the other crops where poison is applied. Clovers, peas, vetch, soybeans, are all sprayed at intervals. We, unfortunately, happen to be in a more progressive farming area and have heavier losses than beekeepers in more remote non-row cropping country. These nonpoisoned areas though are now saturated completely with bees, and there is no place left to move.

Beekeeping is a most vital industry to all of agriculture. It has been said that the farmer receives 95 percent of the benefits derived from bees, and the apiarist only 5 percent. This is a very slim margin with which to operate when faced with so many hazards. I know that you are aware of the countless numbers of crops deriving benefits from the pollination of bees, and will not dwell on this for time will not permit. I might mention, though, that it was quite interesting to us, some years ago, when crimson clover first began to be cultivated in this country, that an experiment was conducted. This was shortly after the use of calcium arsenate and we had vacated a number of locations because of the use of this pesticide. As a result, this was the initial clover-growing area, and the plant had a beautiful bloom but no seed formed as a yield. With the help of Auburn University and agricultural experts, we got to the bottom of it, just no cross-pollination. No insects left to perform the job.

The following year Auburn supervising, an experimental program was initiated. One in Lowndes, Montgomery, and Autauga Counties each. Bees were furnished for pollination on each of these three areas. Once the clover began blooming, Dr. George Blake of Auburn, brought down a crew with screened cages of a measured size, screened on all four sides and the top. Thus wind and smaller insects other than bees could penetrate the screen, but the bees were excluded.

These cages were placed here, there, and yonder over the fields. The open and normal areas of clover the bees could visit, the caged spaces they could not. When the seed matured, a seed count was taken on both screened portions and open fields. This was most interesting, as this was Alabama, not Iowa, Washington, or Arizona. We had quite a ratio to compare. One county 56 pounds against 596, another 46 against about 600, and the other just between. These are things we have experienced locally and that we know exist. To a vast degree this same holds true with melons, cucumbers, all clovers, fruits, and most principal row crops.

We ship vast quantities of bees to the North as well over the United States. Principally, though, the heaviest shipping goes to the North Central States, Northwest, and the Canadian Provinces. One pollinator of cranberries reports that the growers claim 2500 percent in yields with the proper use of bees.

This year we are faced with another dilemma in national beekeeping. It also is indirectly connected with the pesticide usage. The California beekeepers this spring were able to get very little in package bee swarms out to honey producers and pollinators. Their colonies were in poor condition from pesticides of the previous season that they did not build up properly. As a result, the honey producers in the North, who come down to pick up thousands of swarms to carry back, have been going back empty or with partial loads. This placed the buyers of the Northwest in great shortage. I received a call from Alberta last night claiming they will be nearly 10,000 colonies short this year because of no bees for replacement of winter losses.

Arizona was nearly wiped out 2 years ago as a result of aerial applications of pesticides on cotton. From ecological uses and urbanization, as well as agricultural chemicals, the number of colonies has decreased on a national level a full 26 percent in the last few years. Alabama has experienced an even more drastic reduction, from a peak of about 191,000 colonies 20 years ago to less than half this amount. We beekeepers would much rather have our hives in normal healthy condition, performing their tasks as pollinators and honey producers, than to have them dead or so badly damaged that they are of no use to anyone. We all realize, that without these beneficial insects as cross-pollinating agents, a great many phases of agriculture are definitely doomed.

The indemnity program has been a great help and a shot in the arm for a rather desperate situation. We all realize that this is not the complete answer, but it is a step in the right direction toward help until a better biological approach can be reached. A program similar to that of the screwworm fly eradication, which was so successful, is to be recommended. We are progressing along these lines with the dia-phause program in cotton insect control. So things of this nature are in the mill. I feel that if we can hold on for a few more years we will be on the safe side for everyone concerned.

Senator ALLEN. You mean to reduce or eliminate the use of pesticides?

Mr. BERRY. To a great extent reduce, if not eliminate. The situation is bad in that once you start using chemicals you can hardly do without them. The biological approach will eliminate this. Our biggest mistake is knowing so little about the chemicals we utilize.

I would advocate a little more extension work on the experimental farms and at schools before we turn any and all chemicals loose for usage. We simply don't know the long-range effects. We read a label, take advice from our agricultural experts, use, and hope. This is the wrong procedure. I personally feel that the biological approach is the only avenue open.

I am not naive enough to believe that tomorrow we can disperse with chemotherapy in agricultural use, but it is encouraging to note that our Ag-schools, experimental stations, and closely coordinated groups are at last admitting that this pesticide program is a one-way street to disaster for us all. This includes the whole human race.

The actual cost of the entire indemnity program has been only a little over one-third, I am led to believe, as to what was originally anticipated, so this is encouraging.

Senator ALLEN. What were the figures? Do you have them at hand?

Mr. BERRY. It was first thought, to bring the program up through retroactively, the costs would be about \$20 million. When I last heard, this had been accomplished for about seven and a half or so. Financially the indemnity program is better off than anticipated it seems.

Speaking for the apiarist of Alabama and this southern area, I wish to thank you for your help in this important matter, and ask for your continued support for this measure. This, we realize, is not a permanent program, but a great aid to the industry until a better remedy is at hand.

Proper pollination means greater harvest of crops and a more bountiful food supply. This in turn will lessen inflationary food prices of which we are all so aware. Your help in the continuation of the indemnity section of the farm bill will be greatly appreciated by the beekeepers nationwide.

I want to thank you for your indulgence and attention and the opportunity to testify before you this morning in behalf of the renewal of the Beekeeper Indemnity Section of the Agricultural Act of 1970. I would not advocate any changes in this law as I feel you covered the going program well and thoroughly. Any changes would only serve to disconcert and confuse the application and intention of the present program.

Beekeepers are at the mercy of the elements with the situation as it is in agriculture. We endeavor to get the cooperation of both the farmer and the applicator. In most instances we do. Haphazard application is our biggest problem. The new pesticides' actions as to strength, kill period, drift, and polluting of air and water is quite confusing and controversial. There is so little actual knowledge of them and the long-range effects with their usage. For example, a complete queen apiary operation of cell builders, winter and summer nuclei, and mating colonies, was wiped out in one stroke by parathion being applied on grain top sorghum, three-fourths of a mile from this apiary, and on another farm. As a result of drifting and air contamination these colonies were actually fumigated and killed in their hives as well as outside. So you see we have a problem with many angles.

I would welcome any questions you would like to make.

Senator ALLEN. Thank you very much Mr. Berry. I would certainly enjoy talking with you at considerable length of time about bees and bee culture because certainly it is a fascinating study, what little I have read about it. Time does not permit, however. I think I can safely say that the committee is mindful of its problems and is in complete sympathy with your situation and your need for help.

I would feel that as the 1970 law is extended or renewed, with or without modifications, that the indemnity program for bees would be carried along with it, so, I do appreciate very much your appearing before the subcommittee and giving us the benefit of your views. If you do have a statement that you would like to submit, it might be of some help to the reporter.

Mr. BERRY. Thank you, sir.

Senator ALLEN. Thank you very much, we appreciate it.

Mr. Long, you may proceed anyway you see fit. We are delighted to have you here before the subcommittee to give your views and your experience and your recommendations on the continuation or the modification of the farm program.

STATEMENT OF GODWIN O. LONG, SMITHS, ALA.

Mr. LONG. Thank you, Senator Allen. It is certainly a pleasure for me to be here and testify in behalf of the agricultural program.

I am a cotton farmer from Lee County, Ala., and I am speaking on behalf, I guess, of the cotton industry.

I would like to first mention I personally support the 5-year continuation of the agricultural program. The simple fact is that the economy of this Nation is controlled to a great extent by the Government and laws and regulations. Some basic agricultural commodities, including cotton, have been grown for years under Government-imposed regulations.

I find it kind of necessary to continue to support this type of control and support from the Government, so that it will guarantee an equitable net income for the cotton producers through the use of acreage, controlling price support.

And, I would like to oppose a reduction of \$55,000 limitation that the agricultural act now carries because farmers have got to be—I think he has got to grow to be a larger farmer in order that he can continue to farm because small farmers are falling by the wayside continuously, and thereby this is some relief to him because of the price of equipment and because of the cost of production of crops and so forth are on an increase. I think the farmer has to continue to grow and exercise his right to produce better and enlarge his farm operations in order to do a good job on the farm.

And, to set-aside the third acreage should be continued, but it should be adjusted, though, to reflect the increase in the domestic and export demands.

Also, I would like to mention the fact of the sales and leases. Of course, this is a thing that I think has been good. It has somewhat, lately it looks like it has got a little out of hand in that some of the farmers probably hadn't planted cotton in a number of years, they had this opportunity to transfer, and lease and the

price continues to be a little heavy on some of the farmers that are being able to purchase these leases from other farmers.

I personally favor that something should be done about this, in as much as after a period of time maybe this should go back to the ASC committee rather than continuation of a cost to a farmer, because in 1950, there was a lot less cost in production. We received 43 cents a pound for cotton. Most farmers, of course, cotton it is up somewhat today, but most farmers in 1972, sold cotton for around 30 cents. And, I believe that cotton is somewhat up to date, but even with the price support or the Government payment, it is still not reflected anything like we got back in the 1950's.

Everyone can determine that my labor has gone up some 3, 4, 5 times since that. Everything is in comparison with that to date, and we are still not—we are still having quite a bit of a problem with the insects, with the weather condition here in Alabama. We have some problem with that, and we did, this past fall we didn't have our crops in.

Of course, we especially would like to ask this committee to continue any support they can give to the eradication of the boll weevil. This is the biggest problem and it would help the farmer if we ever get rid of the boll weevil, I believe.

That is about all I have to say, Senator ALLEN. I am available for any questions I might answer that you may have.

Senator ALLEN. What pesticide is best for eradicating the boll weevil, DDT?

Mr. LONG. I don't guess a pesticide is available for that. You might kill a few of them, we use Parathion in most cases, and of course I think, if we can ever get a program something like we had the screwworm program or something, where we could do away with, get a sterile male or something like that could happen, I think it would be the greatest thing in the world.

Senator ALLEN. That is a subject of research going on and—

Mr. LONG. I think the Government could help the farmer quite a lot if they could extend some funds into that area to really dispose of the boll weevil. The boll worm has been quite a problem, inasmuch as the DDT has been discontinued, Government regulations discontinued that, it is a hard problem to control that. When you are trying to control the boll weevil, then you run into the problem of killing insects that have a tendency to expose the boll worm, and then you have to try to get something to kill them, or you just multiply the situation where you increase the cost, trying to produce a crop of cotton.

Senator ALLEN. How many acres do you farm?

Mr. LONG. I am farming some 400 acres but I am only planting about 120 acres of cotton. Of course, part of this is leased cotton.

Senator ALLEN. Well, now, you talked about the \$50,000 limitation on payments. There is a bad misconception throughout much of the country about the nature of the payments. Well, actually, you couldn't plant cotton and sell it at the world market price, could you?

Senator ALLEN. It would be impossible from an economic point of view.

Mr. LONG. Well, it is open end now. You plant all the cotton you like, you couldn't produce cotton for what you could get for it?

Senator ALLEN. That is why I say, you couldn't plant it and sell it for your cost of production.

Mr. LONG. No, sir, that is correct.

Senator ALLEN. So actually, the subsidy payment is not to pay you not to plant cotton, it is to pay you to actually plant the cotton that is allotted you; is that not correct?

Mr. LONG. That is correct.

Senator ALLEN. So, and then, too, the subsidy payment doesn't just go to enrich the recipient of the payment, it goes to pay the cost of production and many people are involved in that payment.

Mr. LONG. That is correct.

Senator ALLEN. The worker, the fertilizer man, the warehouseman, the pesticide dealer, all of these participated in that payment, do they not?

Mr. LONG. That is correct.

Senator ALLEN. Also, on a leased allotment situation, you have to pay something for the lease, do you not?

Mr. LONG. Yes, sir, that is correct.

Senator ALLEN. So many people would participate in that and it would not go merely to the farmer?

Mr. LONG. You wouldn't have many cotton farmers I don't believe if you didn't have the Government set up the payment, he couldn't produce as you say. It goes back to, it is incorporated into the production of the cotton.

Senator ALLEN. Well, now, has the 1970 act, as far as this year's crop, has this law worked well in Lee County and Alabama so far as you know?

Mr. LONG. Yes, sir. I believe the present seems to be the most effective of most any program we have had.

Senator ALLEN. And it does have the support, to the best of your judgment, of the farmers of Alabama?

Mr. LONG. Yes, sir, I have talked to many farmers over the entire State of Alabama and particularly in Lee County, it does have the support of the cotton farmers.

Senator ALLEN. Well, on the issue for the renewal of the law would it be of advantage to farmers to know how long the program is going to be in effect and for it to be a long-range program rather than a short program?

Mr. LONG. Yes, sir, I am sure that it would be most helpful if a farmer knew how long the program was going to be and then it would be better if they had a period of 4 or 5 years for the simple fact that the machinery is a great cost this day and we don't have, most everything is done by machinery. You don't have any labor out there to pick cotton anymore. You go purchase an \$18,000 or \$20,000 piece of equipment to pick cotton. And then it is going to take you several years to pay for that piece of equipment. Therefore, it is almost imperative that we know how long a program will last for the simple reason we need to make our plans on the farm.

Senator ALLEN. Well, it is hard for a young man now wanting to go into agriculture as a life's work to get started on a basis that would make a living for him, is it not?

Mr. LONG. It certainly is. In fact, I imagine most of the farmers in Alabama that are existing today are either a hand-down situation or he has got started back a number of years ago and increased his operation. A person who depends solely on the farm, he has to have an investment of \$50,000 or up, maybe \$1¼ million, and you can see, even with the interest rates as high as they are now, you could almost sit home with some investment and make almost as much or more than he can make on a farm, because there is quite a lot of cost in the equipment that it takes to have a good operation on the farm these days.

Senator ALLEN. What all do you raise on your farm other than cotton?

Mr. LONG. I raise soybeans and vegetables.

Senator ALLEN. Do you do any truck farming?

Mr. LONG. Yes, sir, some.

Senator ALLEN. Were you holding any of the soybeans after the price got up around \$6?

Mr. LONG. No, sir. I sold mine for \$4.23 a bushel.

Senator ALLEN. That is pretty good.

Mr. LONG. Most of the farmers, though, turn that loose when the price goes up. Of course, they were up some to what they were in the early fall of the year.

Senator ALLEN. Do you intend to plant more acreage to soybeans?

Mr. LONG. Somewhat, about the same; yes, sir, I don't have the land.

Senator ALLEN. I think it is fortunate for Alabama that we do have the soil and the climate that enables us to grow a cash crop like soybeans.

Mr. LONG. Yes, sir, it is a good crop. It takes a lot less labor on soybean operation than a cotton operation.

Senator ALLEN. Do other farmers that you know of plan to go into the planting of soybeans more this year?

Mr. LONG. Well, of course land, most of the land that is available is already in production. Of course, the forest industry I guess has been expanding in Alabama and most in our area that has expanded somewhat, and the land is not available there for additional crop land, too much, only small plots and soybean operation tends to be a larger operation in order to make much out of it so you can afford to buy a combine and things necessary to handle your soybean crop.

Senator ALLEN. Mr. Long, I appreciate it very much. I know the members of the entire committee will be appreciative of your coming and giving us the benefit of your views and your experience. You have made a fine contribution.

Mr. LONG. I appreciate the opportunity to come before you and this committee and present—I don't have a written statement.

Senator ALLEN. I wouldn't be at all surprised but what the committee would be more interested in a spontaneous bit of testimony rather than a long prepared statement. It is sort of like a Member of Congress, a Member of the Senate, he is interested in those handwritten letters that come in as well as those form letters, and letters on typewriters. So I think that your testimony will be of great interest to the members of the committee.

Mr. LONG. Thank you.

Senator ALLEN. And it will be a part of the published hearings. Thank you very much.

Mr. Lawrence Davis, please. [No response.] Mr. Davis is not here.

Mr. Ralph Martin, Catherine, Ala.

Mr. Martin, we are delighted to have you appear before the committee, and we certainly welcome your views and ask you to proceed in any way you see fit.

**STATEMENT OF RALPH WINFRED MARTIN, DIRECTOR,
ALABAMA SOYBEAN ASSOCIATION, CATHERINE, ALA.**

Mr. MARTIN. Yes, sir. I have talked to quite a few farmers since about a month ago you notified me you would like for me to appear on this. The main thing that I have been able to find out is possibly the support price on soybeans should be raised a little bit to a more realistic figure.

Senator ALLEN. What is it now?

Mr. MARTIN. It is \$2.25. The reason that we think it should be raised, maybe more farmers would maintain control of these beans by getting a loan on them, instead of going ahead and putting them on the market; and I think if you had the figures that you would find most of the people that made money out of the increase in soybean prices since harvest are not farmers.

If the farmer could, say, sell part of his crop and borrow from CCC on the balance, at we'll say \$3, which would be about 75 percent of what the next new crop's future prices will be—well, right now they are about \$4.25. And if he could borrow \$3, I believe it would be a little more realistic figure here.

Now, I am not trying to get the Government to buy my beans, but I think if you could—

Senator ALLEN. Give you an opportunity to choose the time that you would market this.

Mr. MARTIN. Right, let more farmers maintain more control of the bean so they could sell them at a little higher—of course, they could get cheaper, as far as that goes; but, like I say, this thing, if it could be made flexible where it could float up and down with the market, that might have some merit.

Another thing that most all soybean farmers is against is planting soybean on diverted acres, and they are afraid that these good prices won't hold too long if you get too many soybeans.

Is there anything you would like—

Senator ALLEN. Is your chief crop soybeans?

Mr. MARTIN. Yes, sir, it is my chief crop.

Senator ALLEN. Do you plant any cotton?

Mr. MARTIN. No, sir.

Senator ALLEN. How many acres do you have of soybeans?

Mr. MARTIN. Last year I had 1,200. We'll have a few more this year.

Senator ALLEN. 1,200 acres?

Mr. MARTIN. We have had a lot more than that, but that probably—we'll plant 1,200 to 1,300 acres.

Senator ALLEN. How many bushels?

Mr. MARTIN. Last year we made about 30 bushels per acre.

Senator ALLEN. Is that about the average?

Mr. MARTIN. Yes, sir, probably just a little better than our average. We have some beans that go over 50, but we have some—like, when we plant wheat and plant beans behind wheat, oats, small grain, it doesn't yield very good.

Senator ALLEN. Did you sell your whole crop?

Mr. MARTIN. No, sir, I did maintain a little, not much.

Senator ALLEN. Do you still have some?

Mr. MARTIN. I still have about 2,000 bushels, plus some seed beans.

Senator ALLEN. And you sold out as the market advanced?

Mr. MARTIN. Yes, sir, I sold most of them before they went up. Of course, I could have kept them.

Senator ALLEN. Well, the loan in the neighborhood of \$3 a bushel, or, as you say, some flexible loan in that area, would enable the farmer to choose the time when he put the soybeans on the market and give him an opportunity to get the best price or at least have the opportunity to exercise his judgment on when he might get the best price.

Mr. MARTIN. Yes sir, most of the years it is lower at harvest. The last thing I want to do is let the Government buy my beans, though.

Senator ALLEN. Yes, I'm sure.

Mr. MARTIN. I am not after that at all.

Senator ALLEN. Did you put any in the loan this time?

Mr. MARTIN. This is the first year I hadn't put any in the loan, but I've been using the loan for years.

Senator ALLEN. Well, that speaks well of the general prosperity of the Martin farming operation, then, doesn't it?

Mr. MARTIN. Well, we didn't have to put any in loan this year.

Senator ALLEN. The farmers with whom you have come in contact, what seems to be their general attitude about the continuation of the 1970 Farm Act?

Mr. MARTIN. I think most of them seem to think mighty well of it.

Senator ALLEN. That seems to be the general consensus of opinion among Alabama farmers?

Mr. MARTIN. Actually, it affects—I'm in the cattle business and soybeans. Personally, I don't participate too much in it. We raise wheat, but we don't have a wheat allotment, so we have to put it on the market for what we can get for it.

Senator ALLEN. Now, how many cattle do you raise?

Mr. MARTIN. We have about 150 brood cows. We have timber, also.

Senator ALLEN. What sort of effect—getting a little far afield, but what sort of effect do you think the price freeze on meats, etc., the prices might have on the cattle production and the putting of cattle on the market?

Mr. MARTIN. Well, personally, I think that the freeze won't hurt too much, but the boycott might and so forth; and, of course, it can work both ways, by discouraging farmers to raise more beef and other's land could very easily be plowed up then for soybeans. It takes three or four years to get in the cattle business, but it doesn't take very long to get in the soybean business. You can change real fast to get into the soybean business, corn or what or whatever you like; but if you are going to raise beef, it takes a little time to raise

your own brood cows. I reduced my herd in 1960 because of cheap cattle prices.

Senator ALLEN. Now, soybeans—where do you sell your soybeans? How do you go about selling them?

Mr. MARTIN. We sell them at local elevators, mostly; and, of course, we can load them on a railroad and ship them to processors.

Senator ALLEN. Now, the soybean meal is used in the production of broilers and cattle and dairy stock as well. Is that right?

Mr. MARTIN. Yes, sir.

Senator ALLEN. How is the worldwide production of soybeans? Is that on the increase?

Mr. MARTIN. I understand Brazil is on the increase. They have a real good potential in Brazil. I understand.

Senator ALLEN. Well, the largest exporter from this country.

Mr. MARTIN. Yes, sir. I believe about 50 percent of it or somewhere around 50 percent.

Senator ALLEN. Are foreign countries not able to produce soybeans to the extent we are here in this country?

Mr. MARTIN. That is correct.

Senator ALLEN. So it has a good prospect, then, of being a good money crop, then, for years to come.

Mr. MARTIN. Yes, sir. And I think a devaluation of the dollar has helped the soybean market tremendously in export and I know the American Soybean Association didn't want the price support raised. I am not sure about last year, but I believe the year before last they voted to not have it above \$2.25 per bushel; but I think—since the devaluation—I think it's got a lot different situation, and I believe the American Soybean Association doesn't want the Government to buy its beans.

Senator ALLEN. I see. Thank you very much, Mr. Martin, I hope your testimony will be helpful to the committee in its deliberation.

Mr. Albert McDonald.

Mr. McDonald, we are delighted to have you before the subcommittee and give us the benefit of your views; and, if you will, you may proceed in any way you see fit.

STATEMENT OF ALBERT C. McDONALD, HUNTSVILLE, ALA.

Mr. McDONALD. Thank you. Senator Allen, my name is Albert McDonald; I live in Huntsville, Ala., and have a farming operation in Madison and Limestone Counties. Farming is my sole occupation. I raise cotton, feed grain and soybeans and maintain a level of beef cattle. As you recall, I testified before this committee earlier in the year in Washington, D.C., on behalf of Southern Cotton Growers, Inc. Today, I speak in my own behalf as a citizen vitally interested in the course taken by the Congress in developing new farm legislation.

Before making specific suggestions, let me say that I favor continuing legislation which has served agriculture well for some 30 years. From many quarters, including the present administration, consumer groups, certain economists and editorial writers, we are being told that farm programs must go. The present overall rise in

food prices and increased costs of some foods in particular have made the average American consumer more receptive to such statements because they hope that ending farm programs will result in lower food prices. This would not be the case. Consumers generally do not know that it is farm products not under farm programs that are most responsible for the steep rise in food prices. It is my opinion that the consumer and farmer as well will eventually suffer if present farm programs are not continued. Everyone has a right to his own opinion, and I don't propose to be critical of individuals with opposing views. However, I think the present administration in its representation of the people is taking an irresponsible approach to farm program legislation. Agricultural organizations and individuals interested in influencing farm legislation to replace that which expires in 1973, were told by USDA spokesmen that the administration would favor an extension of the present farm program with a few minor changes and asked that all interested organizations support such a plan. Many farm organizations complied with this suggestion. When modifications wanted by the USDA were announced by the Secretary, it became apparent to all that the present administration favors elimination of acreage control and price support programs. These same programs have served to stabilize farm prices to the extent that wide fluctuations inherent in a strict supply-demand economy have not allowed the decline in American agricultural efficiency which was occurring before farm programs were first developed. Recently, remarks have been attributed to the Secretary of Agriculture that indicate he advocates repeal of present permanent farm legislation. Let me emphasize permanent. Such action might allow a return to a great depression farm economy; an agricultural disaster.

I favor a minimum 5-year extension of the Agricultural Act of 1970. This program provides for specific amendments to permanent legislation resulting in Government regulation of some farm commodities and no control of others. I think this system has worked well in the past. Practically all farmers have a diversified operation, producing one or more commodities under farm program controls and other commodities not under controls. This mix of regulation and price support for different farm enterprises in varying degrees has allowed the development of an agricultural economy which has provided this country with abundant food and fiber and allowed it to become the greatest force for agricultural production in history. Now is not the time to tamper with this complex machinery.

Senator, an extension of the Agricultural Act of 1970 with modifications prescribed by the USDA will essentially emasculate the program. However, there are some modifications which could prove helpful to Alabama farmers. The present level of farm prices will soon decline because of the law of supply and demand. However, I feel that a decline in costs of production will not "follow suit." For this reason an increase in loan-level support for commodities covered by the Agricultural Act of 1970 tied to inflationary factors seem to be greatly needed. The parity principal has been used for this purpose in the past and has proved effective. Those who oppose it have provided no sound basis for their argument. As a bare mini-

num, parity provisions pertaining to price support and loan levels in the present law should be maintained with specific instruction by the Congress to the USDA to enforce the regulation without negating its intent by making various arbitrary adjustments.

Senator Allen, farmers in Alabama have experienced a great deal of inconvenience and difficulty in making the annual transfer of cotton allotments by sale or lease as provided under the present farm bill. This inconvenience cannot be completely eliminated; however, the situation could be helped through the following administrative changes: (1) A shorter period in which to make transfers would lessen the inconvenience involved. The period not to exceed 1 month; (2) allowing sale of allotment transfers without making yield productivity adjustments would encourage allotment holders, who no longer intend to plant, to sell allotments, thus effecting more permanent transfer of allotments. Productivity adjustments could be made where exceptional cases of a wide variation in yields exist.

I think specific congressional direction or even legislative adoption may be necessary to insure that such recommendations are carried out by USDA. I also think a legislative change to provide for sale and lease of cotton allotments across all county lines after a period for negotiating sale and lease contracts within the county would be beneficial to the majority of cotton producers in Alabama and it certainly would be of overall benefit to the Alabama cotton economy.

Results of the Piolet boll weevil eradication experiment in south Mississippi indicate the ability to eradicate the boll weevil may be a proven procedure within a few short months. Eradication of the boll weevil will result in a reduction in cost for insect control which may allow producers to help stem the tide of increased costs of production. Any eradication effort will require Government involvement to give technical direction and share in the necessary costs of the project. I am sure that most producers in Alabama will favor a joint effort of Government and producer on a cost-share basis. If you think that legislation to provide for such an effort may be included in the new farm bill, I urge its inclusion.

Senator Allen, your dedicated service on this important Senate committee, and your presence here today to conduct this hearing is an indication of your vital interest and concern for Alabama agriculture. I greatly appreciate your hard work in our behalf and thank you for the privilege of being heard.

Senator ALLEN. Thank you, Albert. I appreciate that fine statement and it will be included as part of the official hearing record and will be considered by the entire committee as we proceed to mark up the bill.

You made a suggestion or two on the possible changes in the law. If, from a mechanical point of view, in drafting a new farm bill, we get the opportunity to merely extend the 1970 act for a period of 5 years or a lesser period if we can't get the 5, without any amendments, would it be the better course of wisdom to merely extend the act or to seek to get the amendments adopted, weighing the benefits with the dangers?

Mr. McDONALD. I am not the politician that you are, Senator, but I am politician enough to know that if we could get an extension

without any modifications, I think that would be desirable. The only reason I mention modifications is that it appears that the administration is going to attempt modification.

Senator ALLEN. Yes, naturally.

Mr. McDONALD. And if this occurs, there are some things that we may trade with, but I certainly favor a straight extension.

Senator ALLEN. What about if we could get into the matter of suggestions from the administration, from, you might say, the urban senators and we advance the suggestion on amendments that our people want, what do you think of the loan rate of cotton?

Mr. McDONALD. That is a good question, Senator. Speaking as an Alabama cotton farmer, I think the loan rate is very important, because of its effect on so many small farmers.

I am sure that there is going to be a great attempt to lower the price-support payment, but just let me say, in my part of the State that practically all cotton for consumption for production this fall has been sold in the 30 cent area; and this is not the 40 cents implied by future's market, the apparent 40-cent prices will not come true. I don't know who is going to get 40 cents. I doubt if very few people will. So we do need a substantial price-support payment.

Now, when you get into negotiation—if negotiation comes about with the USDA—we will just have to leave that up to your good judgment.

Senator ALLEN. Of those who sold their crop before the fall last year, they are probably going to be a little more careful this time, are they not?

Mr. McDONALD. No; they will not. They have already sold it.

Senator ALLEN. Sold it again?

Mr. McDONALD. They have already sold it again.

Senator ALLEN. An increased price or same amount generally?

Mr. McDONALD. Generally, some sold at a lesser amount, but when the price went to 30 cents, which was the going price last year, practically all of it sold for 30 cents, the same price as last year. There are a few people who still haven't sold in my immediate area, a few wise people, but that's not a great many. I suppose 80 percent of next year's production has been contracted for, between 28 and 32 cents.

Senator ALLEN. What is the present world price of cotton?

Mr. McDONALD. That would be hard for me to say. I would say the present spot price would be—well, for 1972 production, it is probably over 35 cents; but, you must add shipping charges to that and so on and so forth—

Senator ALLEN. Well, I guess it would be—

Mr. McDONALD. I couldn't arrive at that figure, there is very little cotton owned by farmers now.

Senator ALLEN. Are you very close, as far as the weekly cotton market review, the spot price on middling cotton, 36.84 cents per pound net weight?

Mr. McDONALD. Well, middling would be just a little better grade than we usually produce in our area, but I guess it is fairly close.

Senator ALLEN. It would be very close to 35 cents. Well, is it possible for the cotton farmer to stay in business without some sort of price support or payment support?

Mr. McDONALD. The way that I would like to answer the previous question and also this question is that we feel—and I have talked to farmers in our area—that we must realize a gross price of in excess of 40 cents. Now, if you can combine loan and price support payment—however you want to figure it—we figure that is about the minimum; so that would be an easy answer and something to guide you in your deliberation—your committee in its deliberation.

Senator ALLEN. Well, that's very fine. I am glad to get that estimate. What effect are you saying that the carrying out of the administration's program of eliminating price support and subsidy payments would have on production and on the Alabama farm economy?

Mr. McDONALD. Well, I think it would be drastic, particularly tied with the elimination of allotments. You see, this allows us to go back to the complete supply and demand situation. An immediate effect would be a less—a lessening of acreage of cotton, a dramatic rise in the price of cotton; but then when you get over-production, you get a drastic fall with wide fluctuation, which in my estimation would eliminate the cotton industry as a viable industry because of the threat that we have from the synthetics, which can maintain a stable supply and stable price for their product.

Senator ALLEN. What is your opinion of the reaction of the Alabama farmers to the 1970 law? Do they support its continuation? Are they satisfied with the present law?

Mr. McDONALD. They overwhelmingly support it. I can maybe find a few dissenting voices, but I have never known of a farm bill that's had the acceptance, as this does, at the present time. Of course, it has been helped by high prices, prices above what the farm bill itself would support, but farmers are very well pleased.

Senator ALLEN. Mr. McDonald, I appreciate very much your appearing before the subcommittee and giving us the benefit of your views and your recommendations. Certainly, your testimony will be a part of the hearing record and will be considered by the entire committee, and I know that it leans very heavily on the opinions of all of the witnesses at the hearing today. I appreciate it very much. You always do a mighty fine job.

Mr. McDONALD. It has been my pleasure. Thank you.

Senator ALLEN. Mr. Nathaniel Reid. [No response.] Mr. Wheeler Foshee.

Mr. Foshee, we are delighted to have you appear before the committee and give us the benefit of your views. If you will, you may proceed in any manner as you see fit.

STATEMENT OF WHEELER FOSHEE, RED LEVEL, ALA.

Mr. FOSHEE. Thank you, Senator Allen.

You know I am just a shuck-collared, pea-patched farmer from down at Red Level, Ala., and my speech-making is not very good or my testimony probably won't be very good, but I have a few things I would like to say.

Senator ALLEN. I am sure that you will take care of yourself. [Laughter.] Your views will be of great benefit to us.

Mr. FOSHEE. Thank you, sir. It is indeed an honor and privilege to appear before you today to give you my opinion on several matters of utmost importance to farmers in the State of Alabama.

It appears to me that the administration—and I mean the national administration—is singling out us farmers in an effort to make a goat out of us to reduce the higher and higher cost of living.

As you know, the administration started right after the election by cutting out the conservation program. This was a severe blow to many farmers. Then comes along this freeze on retail meat, which, in effect, is a freeze at farm level—a ceiling, mind you, and not a floor. Spokesmen for the administration have spoken out very frequently, stating that their aim was to reduce livestock prices at the farm level. We all know the reasons for high meat is the high cost of feed, and why do we have high price feed? And why do we have high-cost price of feed?

Senator Allen, I submit the reason for high-priced livestock feeds is the selling of millions of dollars worth of soybeans, wheat, and feed grains to the Soviet Union.

It is mighty strange that the administration talks about high-priced food costs and how bad it is; and, at the same time, selling our supplies of feedstuff to the Soviet Union and Red China, thereby creating a short supply of feedstuff, causing livestock prices to soar. Hardly anyone has mentioned the fact that soybeans and wheat were sold to the Soviet Union just prior to the last devaluation of the dollar, causing the Soviets to make millions of good U.S. dollars out of this deal. The devaluation came about only a few weeks after the sale. It is my understanding that we have sold, or will sell, \$2 billion worth of soybeans, wheat, and feed grains to the Soviets. I believe we devalued the dollar 10 percent. This would mean that the Soviets made a net of \$200 million in a matter of a few weeks—on the purchases from the United States.

Mr. Chairman, this is not the worst part of this deal. In my estimation, these sales are responsible for meat being about one-third higher now than it was 6 months ago, and it is directly responsible for our present situation with regard to meat.

Since President Roosevelt's days, we have had farm programs based on a parity concept, and it has worked very well for 30 odd years.

1. Maintaining farm income at an approximate 75 percent of parity, which, admittedly, was too low.

2. Keeping food and fiber at a very low level to the housewife.

This administration seems hell bent on eliminating all farm programs. This can be accomplished, but the consuming public will have to absorb the differences between the subsidized programs and what the market used to absorb. Mind you, it is my opinion that this cost to the housewife will be extremely high.

I support farm programs somewhat along the lines of what we have been accustomed to in years gone by. This will assure we farmers of an adequate income, and at the same time give the housewife a break when she shops.

And now to a more specific problem which you are very familiar with, Senator. This one is the 1973 peanut program announced by the Department.

These three imposed regulations that the Department put into effect for the 1973 crop are:

1. Elimination of the sheller purchase program.
2. Peanuts having asper—this is a mighty hard word for me to pronounce—aspergillus flavus mold, which is a mold on peanuts that has been on there since the good Lord first created a peanut or somebody created it through his information.
3. Requiring producers to assume storage, handling, and inspection cost of approximately \$15 per ton on peanuts placed in the warehouse storage loans.

Senator Allen, we produced 187,826 tons of peanuts in Alabama last year. It is entirely possible for the entire crop to be infected with this mold. If this should take place, and it could, farmers in Alabama would be assessed \$65 a ton or \$12,209,690 based on production last year.

To further show tactics being used by this administration—meaning the national administration—in an effort to rewrite a new peanut program, whether good or bad, it appears they are willing to dismantle the whole peanut industry from the farmer right down to the kid making a peanut butter sandwich.

Last week in a meeting held in Washington in secrecy a few select peanut people, Mr. Kenneth E. Frick, Administrator of the ASCS, and Under Secretary Phil Campbell, both stated to this group that if they would get a peanut program passed through the Congress that they approved of—meaning Mr. Campbell, Mr. Frick, and others in the Department—they would, in turn, eliminate these imposed regulations on the 1973 crop; which means, unless we bow down on our knees to this bunch of bureaucrats, that we will have ramshackled peanut farmers and the industry as a whole forever more.

Another thing I would like to bring to your attention, Mr. Chairman, is the plight of the farmers in the Tennessee Valley area due to flood damage and freezes which destroyed peach and apple crops in central Alabama. The Farmers Home Administration has been called upon to assist these farmers, but so far all response has been lip service. Senator, I would like to call to your attention the fact that these farmers—this Farmers Home Administration has been unresponsive to the needs of these farmers and their losses. I can say truthfully that the only thing this agency has given these farmers is a bunch of lip service.

I submit, in closing, sir, that our only hope is in the hands of the U.S. Congress. I hope that the Congress will rise and tell these appointed bunch of dudes that they are only hired gunmen, hired to administer these programs which, thank God, were passed by the Congress.

Thank you very much, Senator. It is a privilege to be here.

Senator ALLEN. Thank you very much, Mr. Wheeler. I am sorry to learn that the Farmers Home Administration is not giving proper response to those who have suffered as a result of weather accidents here in the State. I am going to promptly check on that and see if we can't get some action out of them. The Farmers Home Administration is under the oversight of the Agriculture Committee, and, certainly, we want them to take note of our situation down here, to give the relief that the law provides.

Mr. FOSHEE. Yes, sir.

Senator ALLEN. We certainly want to work on that.

Mr. FOSHEE. Those farmers up there I am sure will appreciate your help, Senator. The reason that I pointed this out to you is some of my farmer friends in north Alabama heard that I was going to appear on this and contacted me to give me this information so I would bring it to your attention.

Senator ALLEN. Yes; I understand the peach crop in Chilton County and other counties has been wiped out.

Mr. FOSHEE. Almost 100 percent, so I am told.

Senator ALLEN. So, apparently, we want to do everything we can to help on that. This secret meeting that you spoke of there in Washington on the peanut program, was that an effort, you think, to club the peanut growers into revising the permanent legislation having to do with the peanut program?

Mr. FOSHEE. Absolutely, no questions about it. This is just three devices that the Department has imposed on the 1973 crop. The overall picture is, so they say, will save \$4 million on the program in 1973. During this meeting at the time, this same meeting you are talking about, some of the peanut industry people posed a question to Mr. Frick: "How much would this actually save?" And he stated, "\$4 million." Well, they said, "How about us getting up the \$4 million through the peanut industry and pay it to the Department? Would you then dispense with these three imposed regulations?" His answer was, "No." If they would in fact support the Department in getting a peanut program that they approved of—but, then, at that point these imposed regulations would be dispensed with. It is not a thing in the world but unadulterated blackmail.

Senator ALLEN. Well, now, did not the Department come out with some revised regulations that were—

Mr. FOSHEE. Yes, sir.

Senator ALLEN [continuing]. Imposed, I believe, \$50 a ton penalty on these peanuts infected with the mold?

Mr. FOSHEE. The mold, yes, sir, they did. That's exactly right.

Senator ALLEN. That would be—I know that a number of peanut farmers came to Washington and talked with the Alabama delegation. We made a plea to the Department of Agriculture, and they are claiming that they were going to give us some relief. The burden of the revised regulation is less penalizing than the original. Is that correct?

Mr. FOSHEE. That is correct.

Senator ALLEN. But still imposes an undue burden on the peanut farmer; will be highly costly—

Mr. FOSHEE. Yes, sir.

Senator ALLEN [continuing]. To the people of southeast Alabama and other sections of Alabama where peanuts are raised.

Mr. FOSHEE. Yes, sir, this is very true, and in my estimation it will not save \$4 million. It will increase the cost by \$4 million or \$5 million, I would say, to administer the program like the Department said they are going to administer.

Senator ALLEN. Now, peanuts, the traditional crop of the wire-grass area of the State, I believe are grown in about 30 counties of the State, are they not?

Mr. FOSHEE. Yes, sir, that's right. Well, maybe not 30, but 25, anyway. Something like that, maybe 30.

Senator ALLEN. Well, it is a very important crop to our economy. I think possibly the cash receipts from peanuts ran something over \$50 million last year.

Mr. FOSHEE. This is very true, very true.

Senator ALLEN. Certainly, we don't want to see any penalties placed on the peanut farmer. Peanut legislation is permanent legislation. It is not part of the overall farm program and does not have to be reviewed from time to time as the farm program does. This is outside the 1965 and 1970 acts.

Mr. FOSHEE. Right.

Senator ALLEN. But to get around the regulations of the Department, we are going to have to get them to back up or to put in new legislation—

Mr. FOSHEE. That's right.

Senator ALLEN [continuing]. Wiping out their regulations.

Mr. FOSHEE. That's right; Senator, you are entirely correct. What they are after is a new peanut law. As you stated, peanut farmers have been protected for several years. In fact, the Congress in its wisdom several years ago decided it would put in a permanent-type peanut program, which has worked fairly well for several years, but the Department's argument is it costs too much money. In 1971 I believe it cost \$97.4 million to operate the peanut program, the cost of the Department of Agriculture.

Senator ALLEN. Throughout the Nation?

Mr. FOSHEE. Throughout the Nation. Of course, we are not talking about just Alabama, throughout the Nation. The thing that they don't mention is that is 1971. In 1972 they reduced that cost—they won't put out those figures, but I estimate myself a reduction of \$40 million. They don't mention anything about that. They just say the cost of the program is too high, which, admittedly, it is extremely high; but it will be higher under what they are trying to promote this year, I am saying.

Senator ALLEN. I believe the new regulations raised the support for the purchase price from \$285 to \$310 a ton.

Mr. FOSHEE. Yes, sir, this is correct; right; and then the Secretary imposed this \$15 a ton, which reduced it by 15; and then he imposed his \$50 a ton on this mold business, and that reduced it another \$50, so they are telling us—

Senator ALLEN. Giving it on the one hand, and taking it back on the other.

Mr. FOSHEE. That's right.

Senator ALLEN. That is very interesting and certainly gives the committee additional matters to look into and to seek to solve. On your own farm, how many acres do you have in cotton and how many in peanuts and what other crops do you have?

Mr. FOSHEE. We grew 1,150 acres of cotton last year, and our production was real low on cotton due to rains, and 900 acres of peanuts. Out of that 900 acres of peanuts, maybe 450 tons—I made about 1,000 tons; and out of that 1,000 tons that I made, 450 of it has this mold in it, and nobody knows what causes this mold. I had

eaten molded peanuts all my life. Somebody fed some peanut meal to some turkeys over in England about 5 years ago and they died, and some expert, you know—you have always got all these experts—they traced it back to the peanuts. They said it was the mold on the peanuts that killed the turkeys, which is a bunch of hog wash. They don't know anything more about it than I do, and I don't know nothing. The only thing I can tell you is that I have eaten a ton of molded peanuts in my life, and I ain't dead yet. [Laughter.]

Senator ALLEN. You don't raise any soybeans?

Mr. FOSHEE. Yes, sir, I had approximately 500 acres of soybeans this past year, and I sold them for about \$3.40 a bushel. Mind you, it is the same thing that the Soviets paid the United States. Now, they paid \$3.40 for all these millions of bushels of beans that they bought in this country, and do you know what the market is today? Just twice that amount. So, actually, we didn't really sell the Soviet Union any beans; we gave it to them, and then gave them \$2 million to get them over there.

Senator ALLEN. Well, it looks like they kind of took our people for a ride. They don't believe in the capitalist system over there, but they sure did get the best of our capitalist over here.

Mr. FOSHEE. They evidently must be some new traders over there in the Soviet Union, also, because they really snookered us on that one.

Senator ALLEN. I suspect they can resell that grain there that is still in this country at a pretty good profit right now, of course.

Mr. FOSHEE. They could sell it to our own people. They could turn right around and sell it and not even ship it and make \$3 a bushel on their soybean. And, of course, you know when we are talking about \$3 a bushel on 60 pounds it don't take many bushels before you've got—as old Mr. Will used to say, “They got a plum big gob of money.” They made an excellent buy as far as the Soviets are concerned.

Senator ALLEN. Now, on the extension of the 1970 law or the drafting of new legislation, do you feel that the 1970 law has been effective and that it has met with general approval among farmers of the State?

Mr. FOSHEE. Yes, sir, I surely do. I would like for Mr. McDonald—this program is pretty widely accepted, and most people—I would say 90 percent of all farmers I am in contact with would like to see it extended, the act back in 1970, so far as cotton and feed grains and other things are concerned. I think you have pretty wide support in the State for that.

Senator ALLEN. Well, thank you very much. We appreciate your coming and giving us the benefit of your experience and views. You did a good job.

Mr. Jim Paulk.

Mr. Paulk, we are delighted to have you come before the subcommittee. We would like to hear from you on any subjects you might care to discuss.

STATEMENT OF JAMES L. PAULK, PRESIDENT, BONNIE PLANT
FARM, INC., UNION SPRINGS, ALA.

Mr. PAULK. Thank you very much, Senator. I am James L. Paulk, president of Bonnie Plant Farm, Inc., Union Springs, Ala. Senator, I am promoting a nationwide gardening program to benefit every person in the Nation. Back on November the 6th of this last year, I met in Montgomery with the State board of education; and I made the board a proposition that if they would permit gardening to be taught in the schools of Alabama—with a little plot about 20 feet square—that I would donate the necessary plants and seeds for these gardens. The board accepted the proposition, and passed a resolution endorsing it 100 percent.

The State superintendent of education, Dr. Leroy Brown, wrote to all of the schools in Alabama and made the offer; and as of today, we have already delivered plants and seeds to 401 schools in Alabama, where they are teaching gardening. They have a little plot, 20 feet square, and they are planting cabbage, onions, tomatoes, lettuce, peppers, turnips, cucumbers, and squash. I have the full support of the extension service at Auburn University. Dr. Ralph Jones, director of the extension service, has written to all of the county agents in the State to assist any school who needs help in this program.

I wanted to appear before this committee to say a few words about this gardening program, because it goes farther than teaching gardening in the schools. Last spring, in Conecuh County, Ala., they had a commodity program. They don't give food stamps. They give commodities. Billy Pierce is the director of that program, and last spring Billy gave to each of 642 families in Conecuh County an \$11 purchase order to a garden supply store for seed, fertilizer, tools, and supplies. That amounted to about \$7,000. Billy hired three farmers as gardening assistants, to go out and assist people who needed it. When the vegetables matured, he hired three ladies to go out and assist in canning and freezing. He kept records on this; and they grew, ate, canned and froze \$242,000 worth of vegetables.

Now, these people not only saved us some money. For a \$7,000 initial investment of the taxpayers' money, they produced \$242,000 worth of food. We have made better people out of these people. This program is in process again today. They have already planted their gardens.

Now, I know for a fact that we, the American taxpayers, are spending billions of dollars a year feeding people in this Nation; and I am not against feeding the poor, and I am not against feeding the handicapped. I am for it 100 percent, but we the taxpayers are feeding too many people in this Nation. I am a farmer. I farmed all my life. And anytime I criticize any program, if I criticize it, I am going to have an alternative to make it better.

Now, this is what I would like to offer. In Bullock County, my own county, we have 900 families receiving food stamps. This costs the taxpayers between three quarters of a million and a million

dollars a year. I know for a fact that at least 800 of these families have people in them who are physically able to work. What I propose is that we do with food stamps what they already do in Conecuh County under the commodity program. Say, for instance, we have a family receiving a thousand dollars a year in food stamps; I would like for this food stamp office to be able to issue that family a \$20 order to a garden supply store, and give them \$980 in food stamps. Let's not increase expenditures or raise taxes at all. The family can take this \$20 order, buy the garden supplies, get out and produce \$600 worth of food, eat it, can it, and freeze it; and save the taxpayers some money.

Next year \$400 may be sufficient for food stamps. A family can get a \$30 return for each \$1 invested in a garden. Instead of the \$4 billion we now spend for food stamps, we can cut that to \$2 billion in less than 2 years and make better, happier people out of these people who are receiving food stamps.

Now, this is my ultimate goal. Senator Allen, I have an appointment in the morning at 11:15 with Secretary of Agriculture Buttz to talk about this program, and a good friend of mine, Red Blount, got the appointment for me, so I won't be able to be here very long; but I did want to take a little more time, if I may.

I am planning next spring to make an offer to every State school system in the Nation, to the other 49 States, that I will donate 50,000 vegetable plants to every State in the Nation. Now, I can't deliver these plants to these schools, as I have done in Alabama. What we are going to do in these other States, we are simply going to notify all of the State superintendents of education of this offer. They will coordinate or some civic group will coordinate the gardening program in the State. Some interested person in the State may send their truck to Bonnie Plant Farm, in Union Springs, Ala., pick up the necessary plants, take them back to their headquarters and distribute them out to the schools. This is the way we will handle this.

I know a half-dozen seed companies in the Nation who would donate the necessary seeds, like turnips, squash, and cucumbers; and we will teach these children how to do something for themselves so 8, 10, 12 years from now when they get out, they won't have to get in the food stamp line. They won't have to draw a welfare check. They will know how to do something for themselves. This is the purpose.

I wish I had time to read you some letters. I have over a hundred letters from teachers and principals, telling me about what a good program this is. I had a phone call yesterday from a lady who is teaching a retarded class. These children are learning to grow their own vegetables.

Now, if you want to bring prices down, like the housewives want to do, you can increase the supply, and you will bring the price down within the boundaries of the free enterprise system; and it won't be necessary for the President to have to put a ceiling on it. This is my ultimate goal.

And I want to say this, Senator. As you know, I worked pretty hard on this program.

Senator ALLEN. You sure have.

Mr. PAULK. And I have enjoyed it thoroughly, and I am enjoying it more and more. Now, about 30 days ago I visited Mrs. George

Wallace, talked with her about this program, and she thought it was a wonderful idea. So I asked her to let me plant her a garden back of the Governor's Mansion, and she did, and we planted her a little garden, 20 feet square. We set out tomatoes, cabbage, onions, lettuce, pepper, turnips, squash, and cucumbers; and I wish while some of you people are in Montgomery today, if you have time, go by and look at that garden. I was there yesterday; and it is beautiful. Tomato plants are blooming 2 feet high.

Now, I am going to talk to Secretary Butz about this \$20 order—this is not going to cost the taxpayers anything. You see, this program is designed to benefit every person in the Nation. The peanut farmers, the cotton farmers, the cattle farmers, they have to pay these taxes to give these food stamps, you see. They have to pay them, too, and I do; and I want to say again that I am not against feeding the poor or the unfortunate. We must do that. That's our duty to do that, and we will do that, but we are feeding too many.

Now, I am also going to talk to Secretary Butts about asking Mrs. Nixon to let me plant her a garden back of the White House in Washington. I may not get to do it, but I may get to do it, because I believe the President and Mrs. Nixon are wholeheartedly in agreement with what I am talking about, and I believe 90 percent of the thinking American people are in agreement with what I am talking about. Thank you Senator Allen, very much.

Senator ALLEN. Thank you very much, and I appreciate your fine work you are doing on this program. I think everyone supports it. [Witness stepping down.] Mr. Marion Sanders, Mr. Wilbur Nolen.

Going back to two witnesses who were not present when their names were called, Mr. Lawrence Davis, did he come in? [No response.] Mr. Nathaniel Reid? [No response.] Mr. George Tibbetts?

STATEMENT OF GEORGE F. TIBBETTS, THEODORE, ALA.

Mr. TIBBETTS. Good morning, sir. George Tibbetts from Theodore, Ala.

Senator ALLEN. Have a seat. We are delighted to have you appear before the committee.

Mr. TIBBETTS. Here is a copy for you, sir.

Senator ALLEN. You may proceed in any way you see fit.

Mr. TIBBETTS. Well, I haven't got this in my talk here, but I would like to tell you, eyeball-to-eyeball, that I think we have the finest Senator in Washington, D.C., Senator Jim Allen.

Senator ALLEN. I didn't know you had that comment. [Laughter.] Thank you very much.

Mr. TIBBETTS. It is indeed a privilege for me to have this opportunity to express to this committee a few of my ideas regarding the future of the farming industry. Thank you, Senator Jim Allen, for making it possible for Alabamians to come before this committee.

I wish to touch on three problems which I have experienced in trying to operate a small business—raising beef cattle:

1. Tax problems encountered while beginning the business;
2. Financial assistance to encourage more young family farms;
3. Encourage veterans to go into farming or business for themselves using skills they acquired in the Armed Forces.

Are you aware of the fact that the Internal Revenue frowns upon tax exemption for expenses incurred in building up a herd of beef cattle? With the cost of land, equipment, and livestock, it is impossible for anyone to get into the beef cattle business without incurring losses for about 5 years. The law should allow for losses up to 5 years not to exceed \$5,000 per year. See Tax Court Memo 1962-222, and I have a copy of that if you would like to look at it, sir.

Senator ALLEN. Yes, sir. Thank you. You are supposed to put this in the record, then, as an exhibit, Mr. Tibbetts.

Mr. TIBBETTS. Fine.

[The above-mentioned tax court memo follows:]

T. C. Memo 1962-222

TAX COURT OF THE UNITED STATES

EDWIN H. MINER, ET AL.,* Petitioners, V. COMMISSIONER OF
INTERNAL REVENUE, Respondent,

Docket Nos. S2275, S2276, S2277, Filed September 19, 1962.

1. Expenses incurred in building up a herd of beef cattle with the hope that at some future time sales of cattle from the herd might produce a profit, are not deductible under section 162 (a) of the 1954 Code, as ordinary and necessary expenses of carrying on a trade or business for profit.

2. Issue raised for the first time on brief will not be considered.

Henry W. Korade, Esq., for the Petitioners.

Hyman Maron, Esq., for the respondent.

*The following cases are consolidated herewith: Estate of Leona R. Miner, Deceased, Edwin H. Miner, Executor, and Edwin H. Miner, Surviving Husband, Docket No. S2776; and Edwin H. Miner and Clara S. Miner, Docket No. S2277.:

Mr. TIBBETTS. When I retired from the U.S. Coast Guard on June 1, 1965, under the enlisted pay grade of E8, we were buying our home and 45 acres of land in Theodore, Ala., in Mobile County.

We had about eight head of cattle. I worked on the farm, building fences, planting pastures, and buying equipment with what money I had from My Coast Guard retirement, and my wife's salary as a secretary with the Mobile County School Board.

Our progress was very slow due to unavailable credit and an insufficient amount to purchase animals and have some operating capital.

I tried the Farmers Home Administration. They said that my income and my wife's income was too much to borrow money from them. The Production Credit Association and Federal Land Bank said I did not have enough farm income to borrow from them. The Veterans Administration gave me a certificate of eligibility and said that I would have to be turned down by three lending institutions before they could help. They would put me on a list of names they had of veterans that wanted to borrow from the Government.

Mr. Campbell, in charge of the Mobile Veterans Administration office at that time said it would take several months to even get any assistance from the Federal Government. I could wait no longer, so I got a job in January 1966, and I have been working since in the daytime—working with our cattle after getting home in the afternoons and on weekends.

The Internal Revenue Service told me in 1967 we could no longer claim a farm loss while building a herd of beef cattle—see above memo.

Senator ALLEN. Yes, sir.

Mr. TIBBETTS. This made the burden greater but we struggled on. We finally had to sell the bulk of our herd in June 1972—a total of 42 head. We are rebuilding again.

My recommendation for the lack of credit would be—my recommendation for the lack of credit would be to make provisions in the farm bill to amend the GI bill to allow any eligible veteran and future veterans who wish to go into any business, agricultural, or any other field, to be allowed to borrow up to \$75,000 on the same terms that we lend money to any foreign governments. This would—

Senator ALLEN. Now, that's a giveaway situation, isn't it?

Mr. TIBBETTS. Well, we don't want a giveaway. We just want to pay it back. We don't expect to be treated equally with them.

This would create an incentive for family owned and operated businesses or farms. I believe that this type business or farm could be operated more efficiently and render better service. It would most likely rejuvenate the family farm and tend to decentralize overcrowded cities.

By extending this to veterans in the future it would help to insure that all volunteer peacetime armed forces would attract some of the most creative young men. They should have to serve at least 4 years continuous active duty to be eligible.

Please bear in mind that the average age of the American farmer is over 50 and getting older. Financial assistance to the men and women who serve the United States of America should take precedence over financial assistance to foreign governments. There are very few who have shown any gratitude.

If NATO is so important to us in Europe, why did France pull out? I read recently in the U.S. News and World Report magazine that anti-American feeling is so high in West Germany that establishments are refusing service to American servicemen.

President Nixon is not using the economic power at his disposal in the best interest of the United States. We do not need more military power in Western Europe. A cut is long overdue.

Let's face it, America, we are all consumers, regardless of what we produce, we are all dependent on what the other fellow produces. The farmer needs steel, wood products, paper, et cetera, just as the steel worker, longshoreman, plumber, schoolteacher, lawyer, doctor, needs beef, flour, oranges, potatoes.

There is too much economic imbalance between union workers and nonunion workers. A Federal minimum wage is not the answer. A Federal maximum wage would be more correct. A rise in the Federal minimum wage will contribute to our balance of trade deficit that would price American goods out of the domestic and world markets.

The American merchant marine is proof of how we have priced ourselves out of the world markets. Men wearing their hair longer has forced many a barber to seek other employment.

Due to the cost of labor, when available on the farm, is one of the reasons why I suggest credit up to \$75,000 to purchase necessary equipment for a family operation.

Some urban Senators, and Congressmen and the national news media have developed an antiagricultural attitude because for too many years the Federal Government has paid huge subsidies to wealthy land owners not to produce food. Anyone who owns land enough to collect a Government subsidy of over \$10,000 for not producing food has resources enough that he does not need the money. That is what I call "fat cat welfarism."

I am 100 percent against paying anyone not to work who is able bodied or has resources enough to take care of himself.

My recommendation would be to allow any farmer who owns, rents, or is buying his land to be paid 100 percent of parity for all he can produce on from 5 to 160 acres of land, whatever crops or livestock he chooses to produce. Crops and livestock not commonly used for human consumption would not be allowed to participate in the program.

President Washington warned us about entangling foreign alliances in his farewell address. President Eisenhower, a great general, warned us about the overemphasis of armaments. We have failed to heed the warning and the advice of these two wise men.

Let us now rededicate ourselves to the principles that made America great. Let us use the technology to better help mankind to be better fed, better clothed, and better housed, and wars will fade from the minds of men. Wars, lawlessness and communism are fed and nurtured by hunger and illiteracy. What would be the condition of the world today had we spent the money in Indochina on food, clothing, and housing in that country and the underdeveloped countries of the world? Let us get on with the production of food in such abundance that we will be able to trade it for Middle East oil and hence lessen the tensions between Israel and her Arab neighbors, and make a major contribution to our balance of payments deficit.

The Mobile Register carried an article Friday, 13, 1973, quoting Dr. John T. Dunlop, Director of the Cost of Living Council, as contemplating Federal action to force cattlemen to sell cattle for slaughter. Federal action along these lines, I believe would bring chaos and disruption in the production and marketing of beef. Please remember it is due to too much Government interference in food production that has caused food shortages in Communist controlled countries and is helping to contribute to our own shortages.

There should be a law against any person or persons, or organizations organizing boycotts against people lawfully conducting a business, especially when they are dealing with perishable products such as flowers, fresh fruits, live cattle, seafoods, et cetera.

The shortage of food in this country today, particularly red meats, is due to the use of food stamps. People who could not afford meat before are eating it now. I think food stamps should be continued. The children of today from underprivileged homes will develop better minds and bodies and be better able to compete in our highly technological society in the future. I recently read an article in a farm magazine how much larger the Japanese children of today are in comparison to past generations. It was attributed to the American type food they are eating today.

Let us remember it was the need of food by Russia that helped bring a ceasefire to Southeast Asia and the withdrawal of American troops and the return of most of our prisoners of war.

A wise man once said it is better to light a candle than to curse the darkness. Let us therefore light the candle with food, clothing, and shelter rather than create darkness and destruction with bombs, shells, and bullets. Money spent on war is spent on destruction, not on creativity. We have too long followed the paths of wars being trapped by well meaning but misused military assistance programs. If we are going to kill people let it be by overeating good American food, not by American lead in the head or body. Let us be guided by the book "The Ugly American in Foreign Policy" and the Ten Commandments and the Sermon on the Mount in our dealing with everyone at home and overseas.

For Almighty God shall look down upon us from heaven and see in America his recreation of the Garden of Eden and he will continue to bless America.

Gentlemen, thank you very much for coming to Alabama and listening. God bless you all.

Senator ALLEN. Thank you very much, Mr. Tibbetts. Your statement has been interesting indeed. A couple of suggestions you made there I think I might comment on.

I certainly agree that we need to take care of our own people before we take care of foreign nations, as a matter of foreign aid. And, another point you brought out there that was very intriguing and interesting was the role that agriculture is playing and an increasing role that it is going to play in helping our balance of payments deficit, and with some \$11 billion in agricultural exports from the United States to foreign nations, which are paid for, certainly helps our balance of payments situation. We are glad of that role that agriculture is playing and it certainly goes to promote and up-build our economy.

You made a number of suggestions in the tax field and other fields, and I am sure the committee will be very interested in studying.

So, we appreciate very much your appearing before this committee.

Mr. TIBBETTS. One more comment I would like to make, Senator. Every time the U.S. Government gets involved with any foreign government, especially the Europeans, the American negotiators are obsessed with the idea that they are supposed to settle everything to the benefit of the foreign government. We need to tell these foreigners that America became a rich country because we worked hard with our hands, heads, and hearts, not wearing the seats of our trousers out sitting down.

Senator ALLEN. It is like we are trying to buy friendships abroad, and that has been our traditional policy through the years.

Mr. TIBBETTS. And that is what has got us in our troubles, too. When we started lease-lend is when America started to go down in prestige, America's prestige started to go down overseas.

Senator ALLEN. Thank you, sir.

Mr. TIBBETTS. Thank you.

Senator ALLEN. Mr. Wilbur Nolen and Marion Sanders. Is Marion with you?

Mr. NOLEN. He is not here, Senator. I will speak for him and our group.

Senator ALLEN. Well, we are delighted to have you appear before the subcommittee.

Mr. NOLEN. Thank you very much, Senator.

**STATEMENT OF WILBUR B. NOLEN, JR., EXECUTIVE SECRETARY,
ALABAMA SOIL AND WATER CONSERVATION COMMITTEE,
MONTGOMERY, ALA.**

Mr. NOLEN. It is a distinct pleasure and privilege and honor for me to be here to appear before you in behalf of the State Soil and Water Conservation Committee, the Alabama State Association of District Supervisors in all 67 Alabama counties and more than 55,000 cooperating landowners, both private and corporate, in behalf of the Soil and Water Conservation Programs that we deem so vital and so necessary to the agricultural economy and to the well-being of all the citizens of Alabama.

I would like to say to you, sir, it is indeed an honor for me to appear here today as a spokesman for these whom I have named.

I greatly appreciate your courtesy in allowing me this opportunity to make a short statement in behalf of agriculture and in support of a farm program that will provide farmers in this country a fair share that is equitably related to their investment of both labor and capital. I want to state to you unequivocally, Senator Allen, that the people we represent are most grateful to you for your historical recognition of what agriculture has meant to this country. Please allow me to quote what you had to say on this in a recent issue of the Alabama Cattleman magazine, which is published by America's largest cattlemen's organization:

Our great nation was built under a rural ascendancy. The farm homes of America have helped give us the moral and spiritual values that have preserved the vigor of our country. To forsake our farmers and ranchers is to forsake our priceless legacies of initiative, independence, and free enterprise, the fountain-heads of our strength and greatness. We must have a farm bill which will meet our obligations to the American farmer and rancher.

If I might add to my printed comments, I would like to commend you for that tremendous statement which I have just quoted, Senator.

Senator ALLEN. Thank you very much, Wilbur.

Mr. NOLEN. I am a strong believer in the American free enterprise system, but we must recognize the well established fact that farm produce comes from a few million farmers whose investment risks are unparalleled in any other type of enterprise.

If our farmers are to continue to feed and clothe the American people with plentiful food of high quality, at lower prices, then it follows that the entire Nation, both urban and rural, must assume the responsibility of contributing to the enactment of a sound agricultural law. This is the only way to insure that economic disaster will not be the ultimate lot of our farmers and ranchers. We are well aware of the indisputable economic fact that this country can easily

overproduce for home consumption. It is therefore axiomatic that the real key to agricultural prosperity in America lies in our ability to produce and capitalize to the fullest possible extent on foreign markets.

Most assuredly, Mr. Chairman, agriculture is a creator of health, wealth, and happiness in our great land. We must surely agree, however, that this vital segment of the Nation's economy must be kept strong and fully capable of meeting not only the domestic needs but those of underfed and undernourished peoples in many foreign lands.

If the agriculture of which we speak is to have this strength and vitality it is absolutely essential that the Congress provide realistic and adequate funding for those resource conservation agencies that have made it possible for our farmers to produce an abundant supply of food and fiber, for both American and foreign consumption.

Mr. Chairman, I want to especially commend to you those people in our soil and water conservation districts throughout Alabama and all the 50 States who, with technical assistance from the Soil Conservation Service of the U.S. Department of Agriculture, have done so much to help our farmers for more than 30 years. I am speaking, sir, of people such as the district supervisors in all 67 Alabama counties and of our State Soil and Water Conservation Committee all of these dedicated men have served the State of Alabama during this time of more than 3 decades, without remuneration or favors from any Government entity whatsoever. Their sole objective in this vitally important conservation work has been to provide that necessary leadership, which would insure the sensible and orderly development and preservation of Alabama's unparalleled natural resources.

I would now like to quote, if I may, Senator, from the report of our National Association of Conservation Districts and the quotations which I will use, our State Association and the State Committee concur in them wholeheartedly.

The federal funding picture for several programs of key concern to the Nation's soil and water conservation districts have never looked more serious. The Rural Environmental Assistance Program (REAP) and the water banks have been abolished by presidential action. The National Association supports the reinstatement of these two programs that were established by the Congress. REAP provides important incentives to land owners for installation of conservation measures that benefit not only themselves but the entire public. The water bank is a unique program that protects prime waterfowl nesting and breeding areas from destruction by drainage. Important soil and moisture conservation work of the Department of the Interior needs acceleration and the President's budget calls for some small increases.

The National Association and our State Association of Conservation Districts support these advances. But, there is a critical area of concern in the 1974 fiscal budget. Deep slashes from 1973 appropriation levels are proposed for technical assistance to districts, watershed construction and resource conservation and development projects.

The President proposes to make up some of the differences with funds impounded from last year's budget, but Congress made it clear that those moneys were to be expended in the fiscal year 1973, not held over until 1974. During this time of vastly increased Federal

support for some environmental programs, technical assistance from the Federal Government for conservation district work has been declining.

In fiscal year 1967 the number of permanent fulltime employees of the Soil Conservation Service assisting districts was 15,758. This number had been declining steadily since that time. If the levels of funding proposed in the 1974 budget are adopted, the number of employees will drop to 13,060, a decline of 2,700.

Some of the conservation developments, Senator, to which I refer, that greatly benefit urban and rural people alike, are to be found in Public Law No. 566 small watershed projects and in our resource conservation and development or R. C. & D. projects, as they are commonly called. All of these developments are sponsored by local people such as soil and water conservation districts, county governments, municipalities, and other interested local groups. This is a fact, Mr. Chairman, that I would like to emphasize and reemphasize. These projects are not the same, as some of the new breed of instant ecologists and environmentalists would have us believe—and I might add, sir, some misguided and ill-advised members of the fourth estate as well—they are not bureaucratic proposals that are hatched in Washington or Montgomery. They are conceived and implemented at the grass roots local level. I happen to know that both you, Mr. Chairman, and our great Governor, George C. Wallace, are staunch believers in this philosophy of local self-government, and local control.

There are a few misinformed and misguided citizens of the new breed I have referred to who, unfortunately and unwisely would, if they could, stop all farming, all watershed developments, all industrial expansion, all powerplant construction, et cetera, ad infinitum, ad nauseam.

It would seem that this small but highly vocal minority is absolutely intent upon the objective of completely shutting down normal capitalistic progress and returning America to the neolithic age.

Let me say in closing, Mr. Chairman, that the people I represent are proud of the fact that you, as a member of the U.S. Senate, have not been willing to let these few ill-advised and misguided militants destroy our great resource plans that will make of America an even greater and more fruitful land than she already is.

As an example of your keen knowledge and foresight regarding both human and natural resources I would like to end my testimony by quoting from the Congressional Record of July 17, 1972, page S 11023, a statement that you made on the floor of the U.S. Senate following the terrible destruction of Hurricane Agnes, and I quote from that record:

Mr. President, Hurricane Agnes, one of the most ravaging storms in the history of our country, has come and gone, leaving behind a trail of death and destruction. What Agnes did not destroy were the hundreds of dams in the small watershed flood control projects located in the hurricane's path. These dams designed and built with the help of the Soil Conservation Service, U.S. Department of Agriculture, were severely tested by heavy rainstorms in the mid-Atlantic States. Not one of these SCS designed dams failed under even the most severe conditions. Not one came close to failure. All of them functioned as planned, and in the process prevented millions of dollars in damages and may very well have saved many human lives.

That finishes my testimony, Senator, and I want to thank you for this opportunity and if you have any questions, I will be glad to try to answer them.

Senator ALLEN. Thank you very much. That is a real fine statement. I know that members of the full committee will be delighted to receive this and to read it.

I want to commend you again for your concept of the small watershed and resource conservation and development projects, and your emphasis on the fact that these are local projects, chosen by the local people, selected by them, pushed by them, and that far from the selection being made far away from the local level, the selection is made by our friends and neighbors at the local level.

The Rural Development Act of 1972, what effect, if any, does that new program have on your work, your program?

Mr. NOLEN. Senator, it coincides with our program, and it is suffering the same fate as the other programs that I have mentioned in the impoundment of funds and in our judgment, this is an absolute abomination of the will of the Congress of the United States by the executive branch of the Government.

Senator ALLEN. Well, about all the Rural Development Act is, then, is an authorization that needs to be funded, but without the funds, of course, no matter how much you authorize, you cannot put it into effect.

Mr. NOLEN. That is correct.

Senator ALLEN. How many watershed projects that were in the planning stage will the President's impoundment of funds halt?

Mr. NOLEN. It will probably affect in the neighborhood of 50 projects over the State of Alabama.

Senator ALLEN. Fifty projects.

Mr. NOLEN. That is correct.

Senator ALLEN. How many that are actually underway will be allowed to be completed?

Mr. NOLEN. I daresay there wouldn't be but about a half a dozen under the present funding for SCS 1973 fiscal year.

Senator ALLEN. Well, it looks like to me that this program is a great conservation program that actually complements ecology and improves the environment. I do not see how any environmentalist could object to the progress.

Mr. NOLEN. Senator, as you are aware, and as I stated to the Alabama Joint Senate-House Interim Committee on Finance and Taxation in this very chamber just a few days ago, many of these projects are what we refer to as multi-purpose in nature. They provide not only flood control to prevent property damage and loss of human life, but they provide the recreational water supply for skiing, fishing, swimming, et cetera. They provide industrial and municipal water supply, just as we have a large watershed project in Representative Hugh Merrill's area in the city of Anniston, in Calhoun County. When that project is completed in the not too distant future, it will provide the people in Anniston with all of their expected or anticipated, needed water supplies for the next 100 years and many of these projects are multi-purpose in nature, as I have mentioned.

The instant ecologists and the new breed of environmentalists would have us believe that these projects prevent the poor, as one Auburn professor stated recently, when he said, "they would keep tens of thousands of poor families from being able to get down into the swamps to get their supply of the fur bearers and catfish for food." Such preposterous accusations or allegations, or whatever you would call them, are ridiculous. I am sorry to say that sometimes there are those in the daily press who are misinformed and misguided about the importance and concepts of these projects. They would only have to read the Congressional Record and excerpts from people like you, and I will add, from even say a fellow you don't always agree with too much, like Senator Jake Javits of New York, and others who are on the opposite end of the political philosophical spectrum from you, Senator, who agree on the importance of these projects.

Senator ALLEN. What is the average acreage of a typical watershed project?

Mr. NOLEN. Well, you think of the watershed as a drainboard on your sink at home. One drainboard might be 40 square inches; another one might be 100 square inches. And it is the same with watershed acreage. Some of them might be 10,000 acres, some less. Some of them might be as many as 100,000 acres.

Senator ALLEN. Well, isn't the water level—the water table constantly going down?

Mr. NOLEN. Right.

Senator ALLEN. And isn't it just good judgment to store water in these watersheds compartments to accumulate it?

Mr. NOLEN. I will give you a good example, Senator, in my and your home county, in Clay County, Ala., it has only two incorporated towns as you know, the little towns of Ashland, which is my home, and Lineville. These small towns had gotten several new industries several years ago, including a Swift poultry-packing plant. That plant employed three or four hundred people with a good payroll for a very poor area of our State. Because of the lowered and inadequate water supply, they had to cut their operating time by about 50 percent, which meant instead of having 400 people drawing wages every Friday, they had only 200. And you can readily see what this would do to the economy. So under our program we developed a small watershed arrangement in the Crooked Creek area, which I am sure you are familiar with, and thanks to the funding from SCS and our organization and State government, from the Farmers Home Administration, the Department of Housing and Urban Development, and other agencies, those two little towns will have an adequate water supply, foreseeably for the next 80 to 90 years, and as a result they will be able to keep these industries that come in going full steam, and folks can work 40 hours a week instead of working 20.

Senator ALLEN. Wilbur, I want to commend the Alabama Soil and Conservation Committee in general, and you in particular, for the fine work of your committee and for the way that you keep up with, and on top of, any move of benefit to the committee and people of Alabama. I am delighted to say that you are a frequent visitor to my offices in Washington and any time anything comes up

that would benefit the people of Alabama through the work of your committee, you are there having your say. I find that the suggestions that you make and the recommendations that you make, are generally in line with my own views. You have helped me and the Alabama delegation in performing some of our duties. I want to thank you for the help that you give to the Alabama delegation——

Mr. NOLEN. Thank you, Senator.

Senator ALLEN [continuing]. In Building up the economy and well-being of the people of our State.

Mr. NOLEN. Thank you.

Senator ALLEN. Mr. Dennis Bragg.

Mr. Bragg, we are delighted to have you come before the subcommittee. Your views will be incorporated in the hearing record and will be considered by the full committee in its deliberations on the bill and on the markup.

STATEMENT OF DENNIS BRAGG, TONEY, ALA.

Mr. BRAGG. Thank you, sir. It is my pleasure to be here and present to you my views on the farm programs. I am Dennis Bragg from Madison County. The next few remarks are to qualify me as a cotton producer. My son, son-in-law, and I produce 825 acres of cotton, 700 acres of soybeans, and we also have a herd of beef cattle. This year I will serve on the Alabama Farm Bureau Federation State Board of Directors; serve as chairman of the Alabama Farm Bureau Cotton Commodity Executive Committee; be a delegate to the National Cotton Council; and will represent Alabama and Florida as a member of the Producer's Steering Committee of the National Cotton Council.

Even though I actively represent the cotton industry in these organizations, my remarks today are my own and represent my views as a cotton producer. Farming is my only business.

I want to comment briefly on a future farm program and parts of the program such as subsidy, limitation of payments, the transferring of cotton acreage by sale or lease, set-aside acreage, loan rate, energy crisis, allotments, and a suggested alternative.

Farm program as it affects cotton: I solicit your support and influence for a 5-year extension of the 1970 Agricultural Act as it applies to cotton, with no reduction in support or limitation of payments. This act has been favorably accepted by cotton producers in all cotton producing States. We have not had a farm program since the beginning of farm programs in the early 1930's that has served the producers and consumers so adequately.

Subsidy: Subsidies have allowed cotton to sell cheap enough to attract foreign countries and thus increase export trade. As a result, we are now experiencing a rapidly expanding export market as well as good domestic sales.

Subsidy payments allow cotton to be competitive with manmade fibers—thus keeping the manmade fiber prices down. This is a great consumer savings that is often overlooked.

I think subsidy payments should follow the same procedure as in the present 1970 act, because basing payments on projected yields encourages producers to farm at their best.

Limitation of payments: I oppose the reduction of the \$55,000 limitation for the following reasons: (1) Lowering the limitations penalized the producer who has the labor, land, machinery, and ability to operate large farm units. Many large, efficient farm operators would be forced to sell or lease part of their allotments; (2) lowering the limitation would not decrease the amounts spent by the Government because the total acreage on which payments are made would not be decreased but only shifted to smaller farms. I feel this action would jeopardize the program rather than improve it.

Transferring of cotton acreage by sale or lease: Alabama cotton producers need to be able to transfer acreage across county lines within our State. By transferring, both parties involved are benefited. The purchase of allotments should be tax deductible just as the leasing transfer are now. This tax advantage would encourage producers who are geared to cotton production to buy and make permanent their allotments, rather than leasing for 1 year and being constantly in a temporary situation.

I strongly oppose transferring acreage across State lines because of the drastic effect it would have on the economy of the State losing the acreage.

Set-aside: The present law on set-aside should be continued with adjustments made each year to reflect changes in domestic and export demands.

Loan rate: The loan rate for cotton needs to be raised for several reasons:

1. The market price tends to settle slightly above the loan rate when over-production occurs. The loan rate as set in 1970 does not cover the rise in production cost since then.

2. The foreign market price has increased enough to justify a rise in the loan rate.

3. With no restrictions on acreage planted, over-production is a real possibility. The present low loan rate would not protect farmers from suffering severe financial losses.

Energy crisis: Farmers are very concerned about the energy crisis. A shortage in most fuels is becoming more evident every day, and we know that without fuel we cannot produce food or fiber.

I think it should be mentioned and remembered that according to a national cotton council study—Energy Crisis: Can Cotton Help Meet It?—it was found that the energy required to produce 1 pound of manmade fiber will produce 5 pounds of cotton with cotton giving the added benefit of providing seed for food.

The study further states that if cotton had to be replaced by man-made fibers in this country, the additional energy required would be enough to supply a city of over a million people or power 2.4 million automobiles.

Allotments: The decrease to 10 million acres in allotments forced many cotton-producing farmers to turn to other commodities to survive. In many cases this resulted in inefficient farming because of a lack of machinery, suitable land and knowledge to make the changes. This reduction resulted in each producer having his acreage cut 13 percent and the available acreage he could lease or buy to overcome the loss cut 13 percent also. With such a shortage the price paid for transferred acreage increased so much that the profit of an active

producer who leased or bought was sharply decreased. To produce cotton to be sold on the open market the producer must have subsidy payments.

A suggested alternative: If the 11.5-million-acre allotment cannot be restored with a subsidy of 15 cents per pound on the projected yield, I recommend the following:

1. Reduce the subsidy to 12½ cents per pound.

2. Increase the paying allotment to 12 million acres. This would not increase the program cost but would insure a sufficient amount of cotton to meet domestic and export demands. It would also allow both parties of an acreage transfer to get an acceptable return.

After suffering through a 13-percent cut on payment acreage and seeing the REAP program discontinued, I believe any further reductions in payment programs would drastically affect the producer as well as the national economy.

My thanks to you for permitting me to express my ideas of a farm program that would benefit both the producer and the consumer.

Senator ALLEN. Thank you very much, Mr. Bragg. You have certainly presented an excellent statement, and it is divided into the various subjects to make it easy for the committee to analyze and learn your recommendations.

You certainly qualify as a farmer through your operations.

I noted that you said that farming was your only business, and you seem to have a well-rounded operation, 825 acres of cotton, 700 acres of soybeans, also a herd of beef cattle.

I note that you recommend a 5-year extension of the 1970 Agriculture Act as it applies to cotton?

Mr. BRAGG. Yes, sir.

Senator ALLEN. That seems to be the opinion of the farmers in your area and those that you know throughout the State; is that correct?

Mr. BRAGG. Yes, sir. Many of the young farmers, as well as some of the older ones like to plan ahead and some of them are wanting to buy a piece of machinery and can't usually pay for a pretty good sized piece of machinery in less than 5 years. And if they think they are going to have a 1-year program they will hold off until that year is over.

Senator ALLEN. You know, I note from a number of articles I have read from time to time that production costs and inflation generally are hitting the foreign countries and it is certainly within the realm of the possibility that the world price of cotton is going to go up, and these production costs raise the world price of cotton. That would seem to make your recommendation on raising the loan price sound and not putting cotton in a noncompetitive position with foreign purchased cotton.

Mr. BRAGG. I think the fact that some of the foreign countries depend mostly on importing their cotton, have contracted cotton for their fall delivery and contracted cotton for 1974 delivery, these facts show that they are interested in our cotton, and that the production of other countries is going to cost them more money, too.

Senator ALLEN. Yes, sir, I don't think there is any doubt about that. I think that certainly makes our cotton more competitive with theirs, but I think it is a fine situation.

Mr. BRAGG. But without a farm program, and just growing cotton for the open market, I don't believe we could.

Senator ALLEN. No, sir, you would have your—

Mr. BRAGG. I don't believe we could make production expenses.

Senator ALLEN. No, sir. It is your opinion, of course, that it would take payments by the Federal Government to allow a farmer to come anywhere near breaking even in his operations; is that not correct?

Mr. BRAGG. Yes.

Senator ALLEN. He cannot produce and sell on the market without some help from the Government.

Mr. BRAGG. According to a study, the cost of production 2 years ago was 33½ cents; that was nationwide.

Senator ALLEN. It has gone up a great deal since then, of course, labor costs, machinery costs, costs of everything, interest costs.

I am intrigued by your statement of suggested alternative, reducing the subsidy payment from 15 cents a pound down to 12½ cents and raising the acreage to 12 million acres. That is an unselfish view of making it possible to have the same amount—of having the same amount of money spent by the Government to open up an additional 2 million acres for cotton. But I am somewhat doubtful if the average cotton producer would want to see the subsidy reduced 2 and a half cents, even though it might make more cotton land available.

Mr. BRAGG. It wouldn't help everyone, but the people that are leasing cotton, it would help them and it would help the economy of the Nation because—

Senator ALLEN. Yes, sir.

Mr. BRAGG [continuing]. Because we would be assured of a certain amount of cotton.

Senator ALLEN. But the man operating a family farm, though, is more concerned with what he gets out of his crop; he couldn't afford to take a 2½-cent reduction in the subsidy, could he Mr. Bragg?

Mr. BRAGG. The average farmer that operates a family-sized farm goes out and leases 20, 30, 40 acres to add to that farm, and the shortage of allotment has caused him to have to pay so high for that leased cotton that he can't afford to do it. He is paying 10 to 12 cents for cotton and getting 15, he is not making much money. If the allotment was raised already he would be receiving the same amount of money and be allowed to grow a little more cotton.

Senator ALLEN. Yes, sir.

Mr. BRAGG. The person that has all of the land filled up with cotton, on 10 million acre national allotment, and I don't think there is too many of those, the cut was made when they were planting, the 11½ million acres they were planting their allotment then, since then they went out and tried to lease cotton to replace the acreage they lost, and what they had to pay for the lease, or buying, was so high that their profit on it was a small amount. So in the long run I feel that if the subsidy was lowered to 12½ cents, they would still get the same amount of money.

Senator ALLEN. Yes; well, now, if it was kept at 15 cents, he could plant a lesser amount, instead of going out and getting allotments to use for planting, and thereby get an equal amount of money by planting more cotton; couldn't he get the 15-cent subsidy

and then plant whatever the fraction would be, a sixth as much additional acreage outside the program and get no subsidy on that, and would still get the same amount of money then, under your reasoning?

Mr. BRAGG. In some cases it would work all right that way, and other cases we have people in our area that are leasing close to half the cotton they grow.

Senator ALLEN. Yes, sir.

Mr. BRAGG. And they would have to plant over the allotment.

Senator ALLEN. Yes, well, it is an interesting suggestion, certainly. I am sure that—

Mr. BRAGG. Would you notice there that I said if the 11½ million can't be restored?

Senator ALLEN. Yes, sir.

Mr. BRAGG. With 15 cents—

Senator ALLEN. I am hopeful we can.

Mr. BRAGG. Then let's figure on—

Senator ALLEN. It can be restored, because the policy seems to be increase production in other areas, so I don't see why USDA would ask us to cut back on a part that is covered by the program when they are encouraging planting more grain.

Mr. BRAGG. I have discussed this alternative program with some, oh 75 or 100 Alabama farmers and some from out of the State, and many of them said they would rather have that program than to have the 10 million acres at 15 cents.

Senator ALLEN. Well, that makes sense.

Mr. BRAGG. And some of them, I would say some few of them said they would rather have the one we have. Of course, what they would rather have is what we had a couple of years ago.

Senator ALLEN. Yes.

Mr. BRAGG. When we had 11½ million acres with the 15-cent subsidy payment.

Senator ALLEN. Yes.

Mr. BRAGG. But I think we should keep in mind that we need enough cotton to meet these export demands and if we depend on people to grow it outside of the allotment, they might find soybeans more profitable than cotton. As some others stated before, a lot of this cotton has been sold for 26, 27, 28 cents, and the market today is not going to go to the farmers because the farmers don't have much more cotton on hand. And, if you got to figure it from 26, 27, 28 cents, we need our allotment raised with more of the subsidy scattered over more acres.

Senator ALLEN. Yes, sir, that is very fine, a very fine suggestion. I found your entire statement very interesting and very sound. I appreciate it very much, Mr. Bragg.

Mr. BRAGG. I appreciate the opportunity of being heard.

Senator ALLEN. Thank you very much. You were an excellent witness.

Senator ALLEN. Maston Mims and Mr. Bob Mims, please, sir.

Maston, we are delighted to have you appear before the committee.

STATEMENT OF MASTON MIMS, URIAH, ALA.

Mr. MIMS. Thank you very much, Senator. I appreciate this opportunity to visit with you and the subcommittee. Bob couldn't be here. We are in the process of planting cotton in Monroe County and we had a little rain this morning, and were hoping it would quit so we could proceed with some planting, so he is holding down that end.

I am a farmer and we grow cotton and soybeans, small grains. We have a cattle and hog operation and we operate a partnership there in Uriah, and we have quite a bit of movement about, here and there, as a member of the Legislature, and to hear a lot of people talk about what they would like to see in the way of a new farm program, and basically most of our people would be in favor of an extension of the present farm program.

But also, with a lot to do about the possibility of having to take reductions, with a lot of our people in the country saying that we have to change the program, how much of it will be changed, we are yet to see. But I would like to share with you some of the things that a lot of people seem to think we should do. And that is:

No. 1, to keep the present payment at 15 cents, the direct payment, and with \$50,000-maximum left as it is.

The reason that we feel that this should be left on there, most of this money is plowed back into the local economy and thereby steps its way on through the next several steps which increases the worth to the local and State and national economy in many different forms.

Today we have many farmers who are living in mobile homes and who have employees in mobile homes, and this is just one example of the importance of keeping a strong farm base, and the reason for keeping this \$50,000 maximum on, because we have a lot of money; most of this money goes back into obligations that tend to make the farm strong and keep it operating.

Senator ALLEN. Without that payment he would be greatly in the hole, would he not, unless he receives that?

Mr. MIMS. This is right. One thing that has come to mind, a number of people have called it to our attention, if we were to have to, as some—and we read in the press on occasion, that maybe one day we just do away with all of it, the direct payments. This would be a catastrophe so far as farming in Alabama is concerned. And the only way we could live with that or anywhere near it would be to increase the Government-loan price where you have production of cotton based on the warehousing only, which would have to be at least 45 cents a pound to even get by.

We are talking about adding to 31 or 32 cents plus 12 or 15 on direct payments, and you would have to have at least a 45-cent base, a guaranteed price.

Senator ALLEN. When they tried that, didn't they fill all the warehouses in the country?

Mr. MIMS. And there was a big complaint and cry about this, that is right. But we believe we should set the national acreage not less than 10 million acres. Mr. Bragg has already reasoned before me, or given reasons for this.

One thing that has been brought to my attention and being a cotton farmer and hearing a lot of cotton farmers talk is that per-

haps some alternative as to change within the present program, is some changes must be implemented. Of course, we all know that sometimes when we come to the final analysis we do have to accept change. This is life and living, and this particular thing has come to my attention that perhaps this would fill the need in some cases to have an automatic cut-off or automatic reversion date in which all farmers would have until a certain date to say to the county committee that "I intend to plant cotton."

If they did not choose to make that in writing, then after that date they would be fully warned ahead of time that their cotton allotment would be redistributed within the county, and following a certain date another automatic reversion, it would revert to the State committee or the type programs which we did have some years back.

This would give the farmers who just didn't want to plant cotton at all a chance to plant whatever they want to or grow whatever they wanted to but it also would make available some acreage. We have got, I don't know how much acreage we have that is just going with nothing done with it. And if we could have some means by which you could have an automatic reversion, then I would suspect we have close to 1.5 or 2 million acres across the country that nothing is done with in the past couple of years, and how much longer they are going to allow us under the program to let that happen without just completely cutting out this, just be nonexistent cotton, and actually now the allotment, total allotment that we have, I suspect we have a million or two acres just nothing being done, so we actually don't know whether they are getting the true picture or not so far as total acreage planted.

But, we are concerned with the transfer of allotments, and I have had a lot of—I have traveled a good bit and I have talked to a lot of farmers and a lot of people may not agree with this, but I am trying to bring some views that I pick up along the way.

A lot of farmers are of the opinion that the leasing portion, not the sale, of allotments, but the leasing portion itself may well have outlived its usefulness in that as Mr. Bragg again pointed out, the cost of leasing this year has reached the point to where there is no incentive to lease and many farmers have told me, and it was in a meeting in central Alabama just on the past Wednesday night, and the farmers, quite a number of them expressed to me the fact that they just didn't think it would be worthwhile to go into another year of leasing under the present conditions, what with the pricing itself actually out of the market. So, whether this—

Senator ALLEN. What is the average lease payment there in Monroe County?

Mr. MIMS. Well, it runs as high as 12 and 13 cents.

Senator ALLEN. Really!

Mr. MIMS. In some cases.

Senator ALLEN. Well, it is just about outside the program on that, then, isn't it?

Mr. MIMS. Well, it is a program which lends itself to dying because it is pricing itself out of the market. So, when you come to change, and thinking of proposed changes, then I am sure that you need to consider this a possibility.

I am not saying this is the answer for everybody. I am not saying this would be agreeable to everybody, but it certainly doesn't give much incentive for continuing a leasing program under like circumstances.

Senator ALLEN. Wouldn't that be equivalent of the subsidy being only three cents then?

Mr. MIMS. This is right. You really have a false bottom there that is a nonexistent margin of profit, that it looks like you are doing something that you are not.

One thing I would like to point out is that whenever we have the incentive removed from cotton farmers, whether it be under a leasing program or what, when the incentive to produce is knocked in the head, then we are going to have one more whale of a grain surplus in this country and we are talking about now we don't have enough protein and certainly we don't but these cotton acres which have been well managed, well cared for, limed and highly fertilized, and with all the production practices that we farmers know how to do now, if this cotton land were for various reasons to be discouraged from planting in cotton, if it were to go into grain, then you have never seen anything like the pile of grain we are going to have in this country.

And I would like to touch on something at this point. A lot of people may very drastically disagree with me on this, but a few years ago I was able to buy at a sale a number of grain bins for just a very minimal cost. Of course, I had to build drying bottoms and add dryers to them, which were torn down and shipped from the midwest, and I think this was frankly silly to do this, whenever you have existing storage and you don't look any further than that particular program was looking and here we are now with not enough grain to feed the country and this has been only 5 years ago that this happened, and we are talking about the life of the equipment which was torn down, hauled across the country. It was the cost of tearing it down, packaging, handling and shipping, and we gave something like \$200.00 per bin for these bins. And this kind of thing, perhaps there would be some way to prevent this kind of thing from coming back, but we will have a tremendous grain surplus in this country if we go into a program which destroys the cotton producer's incentive and puts them into some other type of business operation.

One thing that I would like to just have my say on is that I believe that the cotton farmers and the manmade fiber producers, and most of us have some neighbors who are in this business in the State of Alabama; we have much of our economy based on this, and in our neighboring States we are interrelated, and so far as competing, I think that the manmade fibers have reached a point in most cases to where they are dependent on cotton. So if we reduce the incentive to produce cotton, we are, in fact, reducing the incentive to cause greater production and greater efficiency within our man-made production also.

So it is a never ending wheel that we see spinning, that will cause confusion if we try to divert very drastically from the type of program we have now into some unexplored territory of trial and error.

And another thing I would like to touch on is the protein market. You know in the hog and cattle business, for some months, not much over 2 years ago, we—the kind of operation that we have, we sell our grain that we produce to our hog operation and our hog operation ran \$22,000 in the red to our own selves. Now, we were able to survive this and we are just now paying off the last of that indebtedness.

Now, what shape other farmers are in I don't know, but a lot of them were forced out of business. Nobody said a word, not a cotton picking word as long as we were selling those hogs for 13, 14, 15, 17 cents, and just barely breaking even, in many cases running far behind, but now that the protein market is what it is, I would hate to see what would happen to what food would cost or would be worth if the protein market remains where it is and the meat market is brought down drastically. It simply, I just give you an idea of what we are doing, we are selling today the first hogs we have sold in a month and we are selling only because we absolutely must sell some of them to move them because they are bordering on real heavy. But a lot of farmers in our area are against the wall, and all over the country because of the high protein market. A lot of people are wondering what is wrong.

The world price for more protein, the demand is high, Mama nature has entered into it and by famine and by drouth also, we are seeing for the first time a real first hand lesson in supply and demand. The demand is high, the supply is short, and the price is high. And I don't think the housewife can help it. I don't think the farmer can help it. I don't think anybody can help what is going on now. We are in it so we are going to have to ride through it.

I thank you for your attention and for your permitting me to appear here today. I have not had a prepared statement, just a few notes I wanted to share with you, and I hope to be able to visit with you again in Washington real soon.

Senator ALLEN. Thank you, Maston. You made a real fine statement and one that I know will be of benefit to the members of the full committee. We will see that a copy of your remarks are sent to you for possible revision and then when the printed hearings are prepared, we will send you a copy of that. You made a mighty fine statement.

Mr. MIMS. On the sales, I might not have—for fear I did not make myself clear, but if you have to make changes, I believe our people, and this is throughout the State, would be in favor of the continued sale of cotton acreage, but so far as the leasing portion of it, it is in doubt and in question at this point. But, if we could retain the ability to sell and this—another idea has come to me that perhaps, if we could say that we had a law that would say to the farmer, “Well, beginning in 1974, you must plant your cotton or you must suffer a final cutoff”—now this is very deep and I am not going to say that this is the right thing to do, but this has been mentioned and I did want to bring this out, that give every cotton farmer, every landowned holding a cotton allotment 1 year in which to plant that allotment, beginning in 1974 and thereafter, if it was not planted in 1974, it would revert to the State and be

redistributed to the farmers within the State and the several counties within the State.

Senator ALLEN. Planted by the owner of the allotment rather than—

Mr. MIMS. Right.

Senator ALLEN. [continuing]. Under lease?

Mr. MIMS. Right; now, I am not going to get into a whole barrel of snakes whether this is right or wrong, but it might be something to consider.

Senator ALLEN. Well, now, what do the allotments sold, as distinguished from leasing, a lease would be from year-to-year.

Mr. MIMS. Well, the leasing, of course, is on a yearly basis, but I had, this last point I am making is some people believe that we ought to just give everybody a chance to plant.

Senator ALLEN. I understand.

Mr. MIMS. And if he is not interested in the cotton profession, he has lost.

Senator ALLEN. And would not be able to lease his allotment thereafter?

Mr. MIMS. No; he would no longer have an allotment. Of course, this can be very argumentative and I am sure, as I understand it, and you do, too, but it is a point we have to consider, all these ramifications, what we might have to do in the final analysis, but frankly we would like to have an extension of the present program.

Senator ALLEN. Well, I think there has been a great deal of testimony given at the hearing, at the committee in Washington, and a certain kind here, and by questioning of friends throughout the State, certainly indicated a strong sentiment for renewing the 1970 act for another 5 years, and that would be your recommendation?

Mr. MIMS. Yes, sir.

Senator ALLEN. And that is the opinion that your farmer friends have expressed to you?

Mr. MIMS. Yes.

Senator ALLEN. Thank you very much, Mr. Mims.

Mr. MIMS. Thank you, Senator.

Senator ALLEN. At this time I am going to insert into the record statements from witnesses who are not able to attend but who did submit their written statements. Mr. Larry Marshall, 1901 Charlton Drive, Dothan, Ala.; Mr. L. J. Lowery, route 2, Georgiana, Ala.; and Mr. Otis Marshall, route 2, Headland, Ala. And, these statements will be included in the record, please.

Mr. Matthews? Is he present? He is scheduled for this afternoon but two witnesses did not show up, Mr. Lawrence Davis and Mr. Nathaniel Reid, scheduled for early this morning. Did they ever come in?

STATEMENT OF LARRY MARSHALL, DOTHAN, ALA.

DEAR SENATOR ALLEN: In response to your letter of March, 1973, I would like to give you my ideas as to our next Farm Program and protest the changes made on April 5, 1973, in our present Peanut Program. I understand that on April 5th, 1973, it was established that the top price for peanuts for 1973 would be \$312.00 per ton for top grade nuts with \$12.00 to \$15.00 to be deducted for storage and inspection fees.

I also understand that nuts where A-Flavus is found will be \$50.00 per ton less the same deductions. I don't know who established these prices; but, they are terribly wrong because you can't grow peanuts for less than \$200.00 per acre and in a normal year a farmer shouldn't count on but one ton per acre. If this included in our next farm program, it will put many farmers out of business.

I will get on to my ideas as to our next Farm Program: We would like to see peanuts set at approximately \$315.00 per ton without the deduction for storage and inspection and no deduction for A-Flavus found in nuts.

For cotton, we as cotton producers would like to see cotton prices set at \$30 per lb. plus the \$.15 per lb. paid by ASCS Office for base yield per acre.

Corn should be at least \$1.50 per bushel plus ACGS payment on set-aside acreage.

I feel that the aforementioned prices for products produced on the farm should rise as the prices of farm machinery, fertilizer, seed, insecticides, fungicides and pesticides rise. When machinery and materials used by the farmer decline in price, then, let the price of what the farmer sells decline accordingly.

Appreciating anything that you can do concerning these matters, I am, sincerely Yours, Larry W. Marshall.

STATEMENT OF L. J. LOWERY, GEORGIANA, ALA.

Senator Allen, I thank you for the opportunity of testifying before the Agricultural Committee. But as I explained to Mrs. Golden circumstances prevented me from doing so. Instead I am sending written testimony and if the committee sees fit to incorporate any portion in future legislation I think it will make the average dirt farmer's job a little easier as well as help the average consumer in the long run.

My opinion of the present farm law is that it is serving the farmers very well but I would like to see some major changes in future Legislation.

I would like to see all allotments reallocated to individuals who are actually interested in growing the particular commodity rather than tied to a farm. In other words allot the acreage to the people who have a past history of growing the commodity keeping in reserve a good portion or some acreage for new growers, particularly young people who are interested in getting into agriculture. I think it is imperative that some young people be induced into agriculture if this country is going to eat at a reasonable cost in the future, otherwise, I believe corporations and mammoth sized operations will eventually squeeze the small farmers out of business and they would then be in a position to ask and get a price for their product that only the rich could afford. One way of stopping the big corporations and operators from putting the squeeze on smaller operators is to limit government subsidies to the average wage earners annual salary. Let them market their surplus at the world price or on open market.

I would also like to see Legislation that would prevent the flow of allotments across county and state lines. This one thing could boost the economy of almost every Community in Alabama because almost everyone gets a piece of the expenses it takes to grow cotton, peanuts and tobacco. The fertilizer dealer, chemical dealer, seedsmen, ginner, equipment dealer, local labor and through labor the groceryman. I think a good row crop economy is a healthy economy as it takes a good portion of every crop to produce and market it. Therefore, if the allotments are distributed I think you will find the prosperity fairly evenly distributed which will serve to distribute the population, as everyone is aware that labor usually goes or stays where it can make a decent living.

I would like to see some special program to get some young farmers started, such as lending money at no interest through the F.H.A. to young farmers of ages 25 years or less who are truly interested in production, not someone who will just use the money for quick build up of collateral. I believe that this country needs a steady supply of truly dedicated farmers in order to supply the needs of the American consumer as well as meet the export demand. I believe we have the land and the people to feed our own and a good portion

of the other world if given the incentive to do so. However, as all of you must realize farming is a hard and vigorous life and it takes a special person to farm. He must love the land and be able and willing to sacrifice to make it on the farm. Contrary to any picture that is painted, farm life today is more time consuming and less rewarding than any public job a person can have. I dare say that the average farmer will work from 15 to 30 hours more per week than most people on industrial jobs for less than one half the pay. This in my opinion is the prime reason a huge portion of today's farmers are above the age of 50 years. This and the almost impossibility of anyone to achieve land and allotments to get started even if they can raise the capital.

Changes in future Legislation I think would be beneficial to the real farmers of Alabama, not the landlords.

1. Allot to an individual the acreage he has historically grown taking the allotments away from the land itself. This would eliminate the continuous rise in cost to individual farmers by alleviating the necessity to bid on land with an allotment on it. It would also eliminate absentee land owners and non-farmers from participating in government programs. In other words allow a farmer to take his allotments to any land he chooses.

2. Keep in reserve a good portion of national allotments for new growers of 25 years old or less so that we might be able to entice into agriculture some younger people for the future to insure a continual bountiful supply of all commodities.

3. Limit any government payment to average wage earners annual salary. This would help to control big corporations by making them grow commodities at the world price.

4. Prevent the flow of allotted crops across county and state lines. This would distribute the economy and also the population as people have a tendency to live where they can have steady employment.

5. Give every farmer an incentive to feed on the farm the grain that he raises, this would enable every farmer to have a year round job. It would also in my opinion be the quickest way to alleviate the present inadequate supply of beef and pork that exists today.

STATEMENT OF OTIS MARSHALL, HEADLAND, ALA.

DEAR SENATOR ALLEN: In response to your letter of March, 1973, I would like to give you my ideas as to our next Farm Program and protest the changes made on April 5, 1973, in our present Peanut Program. I understand that on April 5th, 1973, it was established that the top price for peanuts for 1973 would be \$312 per ton for top grade nuts with \$12 to \$15 to be deducted for storage and inspection fees.

I also understand that nuts where A-Flavus is found will be \$50 per ton less the same deductions. I don't know who established these prices; but, they are terribly wrong because you can't grow peanuts for less than \$200 per acre and in a normal year a farmer shouldn't count on but 1 ton per acre. If this is included in our next farm program, it will put many farmers out of business.

I will get on to my ideas as to our next farm program: We would like to see peanuts set at approximately \$315 per ton without the deduction for storage and inspection and no deduction for A-Flavus found in nuts.

For cotton, we as cotton producers would like to see cotton prices set at 31 cents per pound plus the 15 cents per pound paid by ASCS office for base yield per acre.

Corn should be at least \$1.50 per bushel plus ACSC payment on set-aside acreage.

I feel that the aforementioned prices for products produced on the farm should rise as the prices of farm machinery, fertilizer, seed, insecticides, fungicides, and pesticides rise. When machinery and materials used by the farmer decline in price, then, let the price of what the farmer sells decline accordingly.

Appreciating anything that you can do concerning these matters.

Senator ALLEN. Mr. Ed Mauldin, you may come forward. Ed, we are delighted to hear from you and you may proceed in any way you see fit.

STATEMENT OF ED MAULDIN, TOWN CREEK, ALA.

Mr. MAULDIN. I am a farmer—cotton farmer—and an implement dealer at Town Creek, Ala., and for more than 20 years I have been interested in agriculture as a producer. And, I am interested—because I am a producer—in Government programs and policies which regulate, control, and actually have permitted my continuance, as a farmer and a producer.

During all those 20 years, Senator, I believe today we have a unique experience. In Alabama, since your tenure in the Senate, and as a member of the Senate Agricultural Committee is the first time that I know of that a Senate committee has come to Alabama and made itself available to the rank and file producers of this State to present their viewpoints in a location convenient to them. And I personally want to express my appreciation to you, to your colleagues on the Senate Agriculture Committee, and to the delegation from Alabama, for making this possible because I am convinced that if you continue this practice, and if the members of your committee emulate you with hearings in all sections of the country, with the staff you have, listening to witnesses like those that you have heard today, that we will have sound farm programs in the future.

Senator ALLEN. Thank you very much. I appreciate that.

Mr. MAULDIN. I would like to associate myself with some of the comments made by previous witnesses, especially Dennis Bragg in his comments about cotton, Albert McDonald in his very effective testimony, Jimmy Hays in his presentation of resolutions pertaining to cotton, of the Alabama Farm Bureau; Wheeler Foshee, Mr. Mims and others.

I, too, believe that we would be fortunate, pleased if not satisfied to have a continuation of the 1970 act.

Probably the most versatile farmer that this country ever produced, Thomas Jefferson, said that, "the light to guide us in the future is the lamp of the past." Our Secretary of Agriculture, Earl Butz, as we know is temporarily popular, possibly due to the relatively high farm prices that we now enjoy—we producers enjoy—but as I said I have been involved in legislation and suffering the consequences of legislation as well as the benefits for more than 20 years and I remember Secretary Butz before he became popular, but not before he held high office.

His current proposals to get the Government off the farm are the same old policies that he imposed on us in agriculture as Ezra Benson's disciple, and Assistant Secretary of Agriculture during the 1950's. Now, we all recall that Benson and Butz, and their policies, drove hundreds of thousands of farmers off the soil here in Alabama and across the Nation in their zeal to get the Government off the farm. And, the havoc which they wrought, which caused the "flight from the soil" described by the business department of the University of Alabama during the 1950's, was subsequently thoroughly repudiated in the 1960's, yet it is the same old disastrous ideas, disguised in the academic language of a college professor in the 1970's that the Nixon administration proposes today as a panacea for American agriculture.

Now, we who have lived through the Benson-Butz era of the 1950's must expect what history has taught, that those who would get our Government off the farm will, if allowed to do so, ultimately get more farmers off the farm in so doing.

So, Senator, I submit to you in the wisdom of your office in the Congress of the United States, that for me, certainly one such experience during a lifetime is sufficient. Therefore, I again join all those everywhere, who favor as a minimum the simple extension of the 1970 act as continuing legislation. I believe that it is necessary to give farmers some measure of assurance, not only the policy for 1973-1974 and the immediate ensuing years, but down the road into the future at least to the extent they can make commitments for capital and financing during the amortization period which they must commit themselves to in order to acquire the capital necessary to substitute for labor to produce the food and fiber needs of this country.

So I recommend to you for consideration by your committee that you enact the 1970 law as continuing legislation rather than an extension for 5 years, or another, any given period of time; continuing legislation with the continuation of the snap-back feature, which would revert to the 1958 act, the provisions of the 1958 act if all else failed.

Such a long range program is more necessary now because of the capital requirements, because of the shortage of labor available to the agricultural producer, actually more necessary now than ever before.

This, then, Senator, is the burden of what I would like to call to your attention and visit with you about.

As has been pointed out here earlier today, should the Senate see fit to become involved in refinements of the existing law, in modifications of the existing law, then I would like to suggest there are a couple of items which I believe could be improved upon to gain better public acceptance:

The direct payments to the farmers are considerably misunderstood. In my judgment very few people not actively engaged in agriculture understand that the direct payment is a way for our farmers to receive fair, equitable, parity prices for the results of their labors as expressed in the sale of their crops in the marketplace, plus what they get as a direct payment totaling up to a fair price.

Many of the people think that these payments are a subsidy, a gift, a grant, a dole, a form of welfare to our producers. Now, I would hope that in the long range some method could be devised in the wisdom—Congress in its wisdom, the Senate in its deliberations, your committee in its search for a better farm program, could devise a method that our producers could be compensated—compensated in a way so that those not producing, the consumer, the citizen who has to depend on the farmer production would not consider him as an enemy but would realize that in total he is only getting a fair price for his labors and his efforts.

The set-aside feature of the present bill also tends to be misunderstood by the consumer, by the nonfarmer segment of our economy. They think the set-aside payment is paying the farmer something for doing nothing, paying him to not plant.

We, of course, in agriculture, well understand that this is not the case. The set-aside is an additional requirement imposed on the farmer to help control the production of farm products and keep them in balance, but it does not seem that we, in agriculture, have done an adequate job.

Because of that feature of the program, payments described entirely as set-aside, it is deceptive in that the rank-and-file taxpayer feels that the farmer is being paid something for doing nothing.

So those are two areas, Senator Allen, that I would hope that your committee would consider if the opportunity is given to refine and improve on the present program.

Senator ALLEN. Thank you very much, Ed. I enjoyed your presentation and I have enjoyed getting the benefit of your philosophy and your overall view of our agricultural problems.

I feel like we both are of the opinion, based on the testimony today and other testimony that we have heard that a continuation of the 1970 law is probably the best that we can do, perhaps with some amendments. But, I am wondering and I would like for you to give me your views, in my opening statement I pointed out, according to the Department of Agriculture and Statistics, we now have 2.8 million farms. And, it is estimated that of those 2.8 million farms, in time and in the reasonably near future we are going to lose 1,200,000. Now, that doesn't mean all of them are going to start being farmed by somebody else, the bigs are going to swallow up the marginal or little ones. Some will just be abandoned, a large number will; marginal farms are closing down at the rate of 865 a week.

Now, how are we going to stop that? How can we stop the migration from the farms, away from the farms into the big cities? Even though the 1970 act has wide acceptance, it doesn't seem to be able to prevail against this trend of the loss of the farms and the loss of farming as an occupation for our people.

Now what can we do? How can we counteract it?

Mr. MAULDIN. Senator, Alabama probably more than most rural areas has suffered from this flight from the soil. Scarcely 30 years ago there were more than 250,000 working farms in Alabama. This year ASCS reports less than 80,000 work farms in Alabama. That is, as you indicated, a loss of some 5,000 farms per-year for more than 3 decades.

Now, certainly, as we approach infinity, we don't lose all of our farms. If we do, then we are going to be faced with the problem of not enough food and fiber at any price.

The tide has to be stemmed. Obviously, the Agricultural Act of 1970, if continued, will not completely reverse the tide. I think that if we want to reverse the tide we have to think in terms of a quality of life in rural America at least equal to the quality of life in suburban America. Personal health care and its attendant medical bills; the cost of electricity; the cost of groceries, are just as much in rural America as they are in our suburbs. Yet most rural Americans make less for an hour's labor than do most urban Americans.

As a farmer I am glad our urban friends and neighbors and fellow citizens are making more. I just wish that our rural people were making more so that they, too, could enjoy the benefits of the higher standard of living.

So I think if we want to retain the people that we now have, and certainly if we expect to reverse the trend, keep the people on the farms, out of the cities, out of the ghettos, then we have to make provisions which will allow a quality of life in rural America equivalent to the quality of life in suburban America, and that goes beyond mere farm commodity programs.

Senator ALLEN. Yes. Certainly the quality of life there, as to people living in the rural areas, they would not necessarily work on farms. They might work in the city but live in the rural area, but we are losing them to farming as a profession, to the agricultural economy. Sometimes we might feel that agriculture has done too good a job, just through use of improved technology and techniques, that it does such a good job, with fewer people, that it has done too good a job. So, as we get more efficient, we lose job opportunities on the farm.

Mr. MAULDIN. Yes, sir, certainly agriculture now, farming as practiced in the 1970's, is no less complicated than industry. The driver who operates Dennis Bragg's \$30,000 cotton picking machine must be equally as well qualified, if not more qualified, than the fellow who operates a dumptruck in Washington, D.C. Yet, there is no comparison in the reward for the labor of the dump truckdriver in Washington, D.C. as compared to what Dennis Bragg can afford to pay.

Senator ALLEN. That is right.

Mr. MAULDIN. Because of the low prices he receives from his products the farmer is limited in his ability to compensate his operator on his farm. It is a gross inequity there, and I know Dennis and Albert and Wheeler and I would like to be able to have our people to enjoy the benefits of a quality of living equal to that other Americans enjoy.

Senator ALLEN. Thank you very much. I thoroughly enjoyed the exchange of views.

Mr. MAULDIN. Thank you.

Senator ALLEN. I believe that covers all the witnesses we had scheduled for this morning.

Governor Wallace is scheduled to appear at 2 o'clock.

I notice Mr. Matthews of Decatur is scheduled to appear at 1:20 so the subcommittee will stand in recess until 1:20 this afternoon, at which time if Mr. Matthews be present we will ask him to testify.

AFTERNOON SESSION

Senator ALLEN. The committee will please come to order. At the request of Lt. Gov. Jere Beasley and without objection, I am going to insert in the record of the hearings a report of the Intergovernmental Committee on Agriculture and Rural Development, a report made to him on the date of March 15, 1973, by Goodwin L. Myrick, chairman, Intergovernmental Committee on Agriculture and Rural Development.

[The report follows:]

REPORT OF INTERGOVERNMENTAL COMMITTEE ON AGRICULTURE AND
RURAL DEVELOPMENT, SUBMITTED BY LT. GOV. JERE BEASLEY

March 15, 1973.

To: Honorable JERE BEASLEY, *Lieutenant Governor of Alabama.*

The Intergovernmental Committee on Agriculture and Rural Development was assigned the responsibility of conducting a study concerning various aspects of agriculture and rural development in the State of Alabama.

The committee wholeheartedly commends the Lieutenant Governor for his foresight and concern in initiating this study.

The chairman also wishes to thank those members of the committee who contributed much of their time, knowledge and effort in preparing this report.

After an intensive study by well-qualified citizens involving a cross section of many professions and occupations the committee submits the following report and recommendations. Respectfully submitted, Goodwin Myrick, Chairman, Intergovernmental Committee on Agriculture and Rural Development.

INTRODUCTION

This committee has considered many problems with respect to agriculture and rural development. An obvious trend is that people are leaving the rural areas and are going to urban areas. During the past decade, Alabama lost approximately 30 percent of its farmers. Many of these people have either moved to or commute to urban areas for employment. Why? Most are leaving the farms for economic reasons. Net farm incomes generally fall below the established poverty guidelines. Many farmers have been able to remain on their land only because of additional income from off-farm employment. We cannot expect these people to remain on their farms unless they either increase their income from farming operations or from off-farm earnings.

Despite the trend toward urbanization, Alabama is still more rural than most other areas of the United States. However, average gross and net farm income in Alabama is much less than the national average. The problem of Alabama's lagging growth stems from underdevelopment and underemployment of its resources, both human and physical. If Alabama is to experience the growth and prosperity of other areas, we need to seek means to fully utilize resources. Means must be sought to encourage farmers to remain on the farms and upgrade the quality of farm life. Financial, technical, and educational assistance should be made available to them. This committee has considered financial incentives that we feel would be valuable toward rural development.

In reference to agriculture let's look at some of the facts of farming. Farming is the art of producing food and fiber. It is basic and one of the most rewarding of all professions. In the early days of our country such occupation was a way of life for many families and contributed much to the development of the great nation in which we live.

However, today this venerable and noble profession has become involved in a complex mechanism of government red tape. Agriculture is indeed passing through a period of economic change and is very rapidly getting more complex in its operation.

Today the average American farmer is subject to government regulations to an extent that his grandfather would have considered an intolerable invasion of individual rights. Yet, changing economic conditions have dictated that government assume a more positive role in agriculture.

Contrary to popular belief those in agriculture are not getting rich from government payments. No doubt government payments to farmers have served a purpose. Despite the fact that the consumer pays only 16 percent of his disposable income for food, the lowest rate in the world, the farmer is not receiving parity for his services.

This committee feels that the image of the farmer today is not adequately represented to the public in general. We feel that the public should know the real story about the farmer and what he is doing to help feed the people of this nation and the whole world. Since it is true that less than 4 percent of the population live on the farm or the rural areas of our country we feel that this trend should be reversed.

The backbone of our country is the small farm. In Alabama, farming is still basically built around the farm family and a limited amount of hired labor. During the last forty years the average size farm in Alabama has increased substantially. However, in Alabama, according to the 1969 census of agriculture, 76% of all the 72,491 farmers in the State were below 180 in size. Needless to say, most of these farmers are supplementing their farm income by working off the farm in order to make ends meet.

Financially speaking, the capital structure of most farms has grown at a rate that most other businesses could not survive. The average investment per U.S. farm more than doubled from 1960 to 1970. Most of this capital is in the form of land, machinery and livestock.

In reference to land, this involves most of the investment of today's farmer. Today's farmer has an operation quite different from that of his grandfather. He must be a shrewd businessman and conduct his farm in a businesslike manner. Today's farmer and his farming operation is based on science and technology.

Many young people attending college are not returning to the farm because of more lucrative and attractive employment. Since the average age of today's farmer in Alabama is approximately 55 this is a critical area that needs urgent consideration by all of the leaders in our state and nation.

Realizing that this nation is still the strongest in the world, and that an integral part of this strength is due to its agriculture, we need to look at some of the problems affecting agriculture and try to breathe some life back into a way of life which helped make this nation one of the most prosperous.

We should be thankful for the fact that one U.S. farmer now produces enough food and fiber for himself and 45 others and that this nation is still the most efficient and the most productive agricultural nation. However, let us not overlook the fact that the reason for this is the contribution now being made by those few dedicated farmers and others on the farm. Let us be mindful that there are many problems facing the farmer today that could drastically change our position as a leader in agriculture.

TAXATION AND FINANCE

Ad Valorem

Let's examine some of the major problems confronting rural Alabama, particularly agriculture. It is easy to see that one of the largest capital investments of a farming operation is land. In Alabama, as in other states, the farmer is faced with a property tax burden and the inescapable dilemma of inflationary farm real estate values.

The question of how we should tax farmland has plagued lawmakers for many years. On the other hand, still another important question is that farmers are being forced off their land by developers and real estate investors buying up the land in fringe areas for subdivisions and making it unprofitable for farmers to use their property for agricultural use.

Generally, the property tax throughout the country has been the target of much criticism and many states have passed laws regarding the assessment of agricultural land. The purpose of such laws is to protect farmland, particularly farmland in the rural-urban areas. Many groups behind this movement feel that there is a real need to preserve the agricultural character of the countryside. Under some laws that require assessment of property at market value, the assessor can assess the land according to its value for nonfarm use. The point here of course is that because of higher taxes farmers can be forced out and land speculators allowed to take over.

Taxing agricultural land at market value has a detrimental effect on land ownership and its use. Using the market value approach on farmland tends to destroy some of our agricultural production capacity and results in loss of open spaces that are rapidly becoming valuable to an urbanizing society. Most of all, such a practice is totally unfair.

Why should the owner of farmland that has become valuable as a future site for a residential subdivision be taxed on the proposition of this higher market value?

Some say that a farmer can always sell his property, take the gain, and if he wishes to farm, go farther out in the country and buy some more land at a cheaper value and continue to farm.

This would place an undue burden on the farmer. Most farmers have spent a lifetime in improving their property. If they are forced to sell, most farmers

lack the financial ability to take advantage of the capital gain. The investor who buys such land can afford to hold the choice undeveloped property and pay the tax rate.

Many landowners are convinced that real estate speculators are responsible in encouraging tax assessors to increase assessments on fringe-area farmland, then buy up the land at bargain prices.

The power to zone is the power to tax. Many speculators persuade zoning boards to rezone property and then force farmers to sell because of higher assessment rates or market value. Many times this practice results in leaving the land idle, once it comes into the hands of an owner who is holding the land as a source of capital gain instead of farm income.

In a real sense the farmer is at the mercy of the real estate developer. Many times the farmer is forced to sell a portion of his property to pay the taxes or he may decide to subdivide a portion of his property and attempt to sell a few lots.

Such a practice is occurring all across the country. The end result is that the *Income tax*

farmer is forced to destroy the use of his property. His land then becomes a residential area and a community of scattered homes—often federal financed houses. It is understandable why owners of farmland are cynical toward some real estate developers when they are convinced that these speculators are interested only in making a profit and exploiting government programs.

Once agricultural or other open space land has been converted into higher tax use, such as urban or housing developments, the changes are generally nonreversible.

In order to solve the problems discussed, several suggestions have been put forward and this committee offers the following recommendations:

Agricultural land should be assessed according to its value for agricultural use. Simply, this means that the assessment on farmland shall be based on its value as a farm and not what a real estate developer or tax assessor thinks it might be worth for some other purpose.

Relationship between taxes and the ability to pay is nowhere more apparent than in the case of farmland, particularly in the urban-fringe areas. Therefore, in assessing farmland it may be more desirable to use an income approach in arriving at a fair market value.

We support the classification system of taxation as passed by the Alabama Legislature.

Personal property not used in a trade or business or otherwise applied to income producing activities should be exempt from all taxation.

It is the consensus of this committee that there will be a great increase in land taxation if the Department of Revenue hires out-of-state land appraisers. The committee feels that the reappraisal program is a local matter and should be handled at the local level.

Each county governing body through its respective tax assessor should have the property of such county appraised.

The appraisal of property should be based on the present use doctrine and not potential use.

The appraisal of property should by law go to the lowest bidder.

Incentives for farmers and for the development of small rural industries: Aid, such as given through the small business administration to businessmen, might be granted to farmers. This would be similar to subsidies given to industry through the Wallace-Cater Act. If other industry is exempted from taxation it may be desirable to also exempt agricultural land as an incentive to encourage rural development in this state.

Inheritance tax

Some relief should be given on the inheritance tax. This tax is taking land from farm families. At the present time the State and Federal Government control this tax.

Income tax

Apparently, legislation is still needed in this area, as it relates to farmer to encourage and promote agriculture. However, since this a federal issue the committee will not devote any detailed recommendations on this matter. Some revision should be made in long-term capital gains regulations. Provisions in the law should be made for more equitable handling of capital gains transactions for income purposes.

Capital gains

The tax treatment of capital gains should encourage investment without creating tax loopholes or discouraging the sale of property.

As a partial answer to this inequity we recommend that the rate of tax on capital gains be reduced as the length of the holding period increases. We favor retention of the present minimum holding period.

Where farmland is acquired for public use by eminent domain or private treaty, the owners should be permitted to reinvest in farming or another business with the same tax treatment. In addition, we recommend that persons over 55 years of age whose property is taken for public use be allowed to invest the proceeds in government or municipal bonds without paying the capital gains tax.

We oppose proposals to apply the capital gains tax to the appreciated value of property transferred by reasons of the death of the owner.

We recommend that capital gains tax apply on the sale of brood cattle, dairy, draft, or other breeding animals held at least twelve months.

Farm support payments

Since the Federal Government is involved in this area, the state and counties do not need to participate.

Sales tax exclusions

The present state sales tax exclusions should be retained. Since the farmer is a manufacturer and producer, he should be given this advantage.

Low interest rates

Farmers could be placed under a small business Classification loan provided by the Federal Government. The Federal Land Bank, the Production Credit Association, the Bank for Cooperatives, and the Farmers Home Administration are the proper agencies for providing these services. Emergency loans to farmers and rural home owners with the disaster-relief provision should be continued.

Footnote: The Hotel Room Tax (4%) is indirectly related to the improvement of conditions in so-called rural areas. It was created specifically to aid the promotion of tourism in Alabama. Adjustments should be made in this tax, which is presently allotted on the basis of $\frac{1}{4}$ to travel promotion and $\frac{3}{4}$ to education. It is suggested that this be reversed or that all of the revenue derived be given to travel promotion. In a relatively short period the increase in sales tax paid by larger numbers of tourists would more than reimburse education for its loss.

LAND USE PLANNING

There appears to be an urgent need for the establishment of a Land Zoning Commission in each County which will have authority over land use control. This will be in essence a Peoples Property Protection Commission. Enabling legislation is needed to empower the counties to control land use within their boundaries. Guidelines should be given to the counties for procedures to be followed. It is also recommended that a State Land Use Commission be created. We may want to examine the procedure as outlined in the Rural Development Act of 1972. (Public Law 92-419). An explanation and copy of this act are attached. The counties need such services as fire protection, housing, water systems and rural industrial parks. There are insufficient finances within the counties at the present time for providing these services. The Alabama County Commissioners and the State Department of Revenue should make a careful study of the sources of income to meet rural needs. Codes on buildings are lacking. (The State Of New York has a system of agricultural districts—this should be examined).

It must be realized that all land is not suited for every type of development. Land varies tremendously in its ability not only to support agricultural production, but also to adequately and properly support industrial plants, housing developments, shopping centers, etc. This committee believes that land use planning should be vigorously encouraged as a part of any effort to develop specific rural areas or any rural development. Countywide land use planning is recommended for future rural development. Such plans would zone appropriate land for industrial and residential development and classify agricultural

or other open space land. This committee feels that land use planning is very important in the area of rural development.

INDUSTRIAL DEVELOPMENT

We recommend that:

The state conduct a study on *reasonable* industrial zoning for rural areas. Also, that all Alabama Counties be given the authority to zone rural areas if they so desire.

The state provide some financial and technical assistance to small towns in constructing industrial parks. It was the opinion of our committee that towns without industrial parks had very little to offer potential industry. Consequently, our group agreed that an industrial park was absolutely necessary for industry to come to a small rural town.

The State Legislature provide adequate laws for proper solid waste disposal including sanitary landfills for each county. This program is absolutely necessary for rural areas and we would like to encourage the State Health Department to maintain strict enforcement of these laws.

The State Legislature consider giving a tax advantage to absentee land-owners and heirs of property sold only for industrial and residential development. We feel this would encourage these landowners to release land for developmental purposes. It was our thinking that many of these property owners (heirs and absentees) live away from their property and may not be aware of the need for more land development.

Adequate laws and strict enforcement of strip-mining be provided. It was the feeling of this Committee that all property strip-mined should, by law, be returned to usable form such as leveling the land and planting it back in trees or grass for pastures.

The AIT (Alabama Industrial Training) program be commended for the fine job it has done in providing training for industry in rural areas. We certainly want this program to continue because proper training of personnel is absolutely essential for rural areas to compete for industry.

The State Legislature provide state and federal aid for an adequate system of paved roads for rural areas. Transportation is vital for rural industries.

Our Committee encourages the State Legislature to help provide, in any way possible, for adequate medical personnel and facilities for rural areas. We realize this is a tremendous problem and one that will require much effort. However, we feel that adequate medical facilities are necessary to encourage industry to come to rural areas.

The Legislature give the authority to counties to condemn land for drainage purposes to make this property, or adjoining property, suitable for industrial and residential development.

In view of the recent power and gas shortages in other areas due to the ice storms and long periods of freezing temperatures (during the early part of January) that the Legislature assist in any way possible in encouraging power and gas company officials to provide more adequate electrical power manufacturing and distribution, and more gas storage facilities for our state.

Some sort of priority be given to the development of industries related to agriculture, such as small packing plants.

CULTURE AND RECREATION

There seems to be a lack of cultural and recreational activities for community residents. These activities, especially the advertisement of such, are keyed to tourists. Therefore, we recommend that:

The State colleges and universities as well as art councils be asked to take cultural displays, art works, antiques, Indian relics, small bands, choral groups and theatrical groups out to the rural schools. These could be used at weekly assemblies as well as on Saturdays and possibly in the summer months. These activities would have to be either taken out to the rural areas or transportation would have to be provided for groups to come into the towns or cities.

A State Community Service Award to be given to school groups or organizations for their contribution to rural culture and recreations.

All news media be supplied with information about points of interest in Alabama for spot announcements on radio, television, and newspapers. Local personalities should be used in the spots and advertisements.

TRANSPORTATION

The State's transportation system is both a major component of our economy and an important factor in shaping our life style, community development and industrial location patterns. The total system includes highways, rail, air, water, and pipeline.

The development of expanded transportation facilities for rail, air and pipelines depends on private initiative and private capital; therefore little effort was spent analyzing these modes of transportation as a part of rural development. The majority of this report and the recommendations adopted by the committee will deal with highway and water transportation modes.

Since the responsibility of the committee was limited to transportation related to agriculture and rural development, no attempt was made to review or make recommendations relative to urban or mass transportation.

Population growth and distribution, increased vehicle registration, greater traffic volume and a rising economy are the dictating factors in efforts to meet present and future transportation requirements. As in most of the nation, highways have been a major concern to Alabama; and the changing requirements of highway design follow a general pattern of greater volume and capacity which necessitates increased construction and maintenance costs. This creates a need for a long-range plan in keeping with traffic demands to avoid early obsolescence of costly facilities.

The long-range plan should take into consideration the need for transporting people, crops and equipment by all modes of transportation, but especially highways and waterways since these two modes are primarily developed with public funds. Properly planned and financed transportation systems can and will improve the quality of life for all Alabama residents. The proper planning and development of these transportation facilities should take into consideration all aspects of their environmental impacts.

Alabama is blessed with many miles of rivers and streams and many of these have already been developed to the point that they are navigable. Dock facilities have been developed at the Port of Mobile and inland along Alabama's navigable waterways and these play an important part in the transportation and marketing of agricultural products and natural resources.

The completion of the Tennessee-Tombigbee Waterway Project will provide a direct channel between the waterway of the Mid-Continental United States and the Gulf of Mexico through the Port of Mobile. Throughout the southern region of the United States, where the future of the economy is deeply dependent upon the full development of all natural resources and in particular the waterways, the people look to this project for stimulating economic growth; assisting in the rehabilitation of a region long plagued by chronic depression, and for creating a sound foundation for providing for the balanced growth through planned development of our human, physical, and economic resources.¹

This project will play an important role in stimulating increased activities in all sectors of not only Alabama but the nation.

During the past 20 years, from 1951 through 1971, Alabama's motor vehicle registrations have almost tripled (from 690,002 to 2,095,186) and the road mileage has increased from 60,443 miles to 68,114 miles. This vast network of highways including the 898.4 miles of interstate highways authorized (656.7 miles were open to traffic as of October 1, 1972) provides Alabama's citizens with excellent mobility. Almost all sections of the state may be reached over hard surfaced highways. As a result of the policy of periodic re-surfacing of pavements, only a few miles of Alabama's state highways have poor surface conditions. Most highways provide a smooth surface with good rideability qualities. Some of the existing highways, however, do not conform to modern design standards. These include highways which lack sufficient traffic capacity for modern travel or which have surface widths that do not conform to tolerable standards due to narrow lanes on two-lane roadways or because two-lane roads are presently serving traffic which should be served by a four-lane divided highway. Work is either planned or underway on most of these highways to correct the deficiencies.

Although Alabama is fortunate in that it does have a good network of primary and interstate highways, as well as a better-than-average system of county and feeder roads, there is still much that needs to be done if we are

¹ Policy Position, Tennessee-Tombigbee Waterway, Alabama Development Office, page 1.

to realize our potential agricultural and rural development. The one thing which prevents carrying out every needed highway building and maintenance project is insufficient funding.

Rural highway investments need to be made on a priority basis and should be divided into two classes: Those with a purpose of lowering user costs and reducing congestion and those having other primary purposes. The latter category should include replacement of unsafe or obsolete structures, alignments, paving dirt or gravel roads and the construction of roads associated with the location of industry. A federal analysis² was performed on rural arterial highway investments related to user cost and congestion.

This analysis indicates that the overall user cost improvement desired can have a significant effect on rural highway investment requirements. For example, if Alabama simply were to maintain the same rural average user cost that exists today, very little more investment would be required beyond what would be necessary to replace or reconstruct obsolete structures, alignments and pavements. On the other hand, if the decision were made to invest in rural arterial highways to the point where the last dollar would just pay for the incremental benefits received from the savings in travel time and operating costs, then the total investment requirement to accomplish this and to replace and reconstruct could be nearly three times what would be required for replacement and reconstruction alone. The 1972 National Transportation Report suggests that the rural arterial highway system has significant available capacity and latitude for being more fully used without a requirement for massive investment relative to reducing average user cost and congestion.

Funds for highway construction and maintenance came from four primary categories, they are as follows:

1. The state's 7 cent per gallon gasoline tax.
2. The state's 8 cent per gallon diesel fuel tax.
3. Vehicle registration fees.
4. Federal Highway Trust Funds.

The \$120,598,869.38 produced by the 7 cent per gallon gasoline tax in the fiscal year ending September 30, 1972 was divided 45 percent to the State Highway Department and 55 percent to counties and municipalities. The \$14,733,730.42 produced by the 8 cent per gallon diesel fuel tax went to the State Highway Department.

According to testimony submitted recently to the Legislative Fiscal Study Committee, the State Highway Department is still woefully short of funds to do an adequate job of building and maintaining highways in the state.

In view of this, the Committee recommends the following:

Preserve the anti-diversion amendment to the constitution (Amendment XCIII) which requires all highway user revenues, such as gasoline and diesel fuel taxes and vehicle license fees be used for highway construction and maintenance.

Appropriate from the general fund sufficient revenue to insure the Alabama State Highway Department an adequate budget. A report made to Congress estimated that the general public (or general funds at the state level) should bear approximately 14 percent of the cost of highways on federal-aid system.³

Support the establishment of a rural general transportation fund as incorporated in the proposed 1972 Federal-Aid Highway and Mass Transportation Act.

Include in the 1974-75 State Highway Department biennial budget adequate funds for building and maintaining access roads to industrial parks and agricultural marketing centers.

Require the State Highway Department to undertake a long range study (10 to 20 years) developing and refining state transportation goals and objectives as well as establishing performance criteria and standards. This long range needs study should include anticipated costs and projected anticipated revenues.

The Alabama Legislature and the Alabama Development Office, as well as interested citizens and organizations, should be encouraged to take whatever action is necessary to see that the Tennessee-Tombigbee Waterway is completed at the earliest practicable date.

² 1972 *National Transportation Report*, Executive Summary, U.S. Department of Transportation, page 18. 19. July, 1972.

³ *Final Report of Highway Cost Allocation Study*, House Document No. 54, U.S. Department of Commerce, Bureau of Public Roads, 1961.

HEALTH, EDUCATION AND YOUTH

Health

In the field of Health it was determined by the Committee that consideration should be given to upgrading of the health programs being taught in our public schools and that health programs dealing with the major problems of our areas should be required in our public school systems. It is recommended that instructors teaching these courses be highly qualified in the field of Health. The Committee feels that the Alabama Educational Television facilities are very effective and that more use of the Alabama Educational Television Network in this field could help to solve the problem. For example; an instructional program originating from the campus studios of all our state universities could go into the classrooms of all our public schools at the same time each week by means of the Alabama Educational Television Network's facilities. With a coordinated program such as this one could be assured of qualified instructors to present them. And by the subject being required in the public schools and the schools being required to have adequate television monitors in certain classrooms for scheduled programs one could be assured of the students' exposure to this course.

A broader health program should be made available to rural and urban areas making information available to adults in these areas on up-to-date waste disposal methods for home and communities, as well as general sanitation, birth control and other health related areas where today's problems exist. Again, the Committee feels the Alabama Educational Television Network could be effectively used here.

In the past few years it has become evident that many of our younger children have gone through school with undetected health related problems that could have been prevented with the proper diagnosis from parents and teachers. A good example of this is "Dyslexia". A child who has this has difficulty in reading caused by visual confusion in letters. He sees letters backwards. The child never knows he has this because he thinks it is the way everyone sees. The teachers earmark the pupil as slow while his real problem goes undetected. A teacher with proper training can recognize this and other health related problems in a student and the student can overcome this handicap with medical attention especially if it is caught at an early age in the student's life. An "in service" educational training for public school teachers should be required so that the teachers would better recognize these hearing and sight problems.

Education

It was the Committee's finding that many of our school children today are not receiving the thorough training they are entitled to because their instructors are not qualified to teach in the subject to which they are assigned. Teachers with a major in math and a minor in physics can not adequately teach a student in history or English. The Committee on Education feels that teachers should be permitted to teach only within their major and minor fields.

With respect to teachers, there was a great deal of concern as to why Alabama is losing many of its teachers each year to neighboring states. The overall pay scale of teachers and the "long run" financial picture seemed to be the main factor. It was felt that our teachers need a pay scale incentive plan where they could increase their income other than by having to get a Masters degree or Ph.D. to qualify for a raise. Some teachers who do the best jobs in our schools can not stay in college long enough to get a Masters degree for the entire summer months every summer due to family and other reasons.

A statewide requirement should be implemented as a policy for teachers certification that refresher courses be taken every three years to keep teachers up-to-date on their field of teaching. Such refresher courses for teachers in their major and minor fields in which they are teaching would assure of students of qualified teachers to instruct them in the subjects they are taking. Once having taken and passed this refresher course, the teacher maintains her certification and qualifies for a raise.

A need for vocational training within our high schools is greatly needed and in areas where Federal Appalachian funds are not available, state funds should be given to the student who knows he will never go beyond his high school education to prepare him for a field in which he is best suited. If he is farm oriented, courses in farm power, machinery maintenance, etc., should be offered him.

Finally, in the field of education, the Committee feels that the regional libraries sponsored by the Federal, State and Local governments are not adequately serving the needs of youth and adults in the rural communities of Alabama. Consideration should be given by the State Government to establish and supervise the proper operation of community libraries throughout rural Alabama.

Youth

The Committee on Youth was greatly concerned about today's youth and their unwillingness to accept a leadership role within the community, and youths' overall outlook on accepting any responsibility. The Committee felt that the loss of interest by today's young people in youth organizations may play a big part in this and it is recommended that the state board of education encourage each of the various school boards to make available and encourage membership of the youth organizations available within the schools and communities. Youth organizations in schools should be promoted and made popular rather than being pushed in the background. The best place to do this is within our school systems with the encouragement of our school officials.

LIVESTOCK AND CROPS

The following recommendations are presented as they relate to livestock and crops in Alabama:

Fire Ant Control—Fire ants are an acute problem in both crops and livestock production. The legislature should appropriate funds to carry out a complete fire ant control program. This should be done in such a way as to do the least harm to wildlife.

Packing Plants—That the Industrial Development Office, in cooperation with the farmers organization in the state, encourage the establishment of more livestock and poultry slaughtering and packing plants in order to provide adequate markets for increased production.

Land use—That Auburn University through its Cooperative Extension Service and Experiment Station System conduct a research and education program whereby the hundreds of thousands of idle unproductive land might be made more profitable through livestock and forestry production.

Lending Agencies—That banks and other lending institutions be made more aware of the increased needs of the producers of crops and livestock. Livestock and crop production is changing rapidly and land owner's credit needs are changing just as rapidly.

Auburn University—The committee wholeheartedly endorses and urges the legislature to appropriate the necessary funds to finance Auburn University's program to modernize and expand its Agriculture Experiment Station System. **IMPORTANT NOTE:** We strongly recommend that the preservation of our open spaces and the natural beauty of our countryside be a paramount and joint effort of all the citizens of Alabama.

We urge the State Legislature to seek realistic legislation to halt the senseless littering and dumping of trash on public and private property.

We recommend that the State Legislature create an independent state agency to administer and enforce the state antilitter laws; also, to coordinate and work with the law enforcement people at the local level.

We further recommend that all utility companies and the Public Service Commission accelerate their efforts to improve the utility accommodations for the rural citizens of Alabama.

We recommend that the county, state and federal governments accelerate their efforts to provide rural homeowners with adequate water and sewage systems.

The following is a list of those appointed by the Lieutenant Governor to serve on the Citizens' Advisory Board for Agriculture and Rural Development:

1. Mr. Goodwin Myrick—Chairman, Route 1, Gadsden, Alabama, 442-2706.
2. Honorable Frank Ellis—V. Chairman, Attorney at Law, Mark Street, Columbiana, Alabama, 669-6873.
3. Mr. M. L. Allen, 3920 Stratford Road, Anniston, Alabama, 236-9026.
4. Honorable O. D. Alsobrook, Judge of Probate, Chambers County Courthouse, LaFayette, Alabama, 864-2121.
5. Mr. David Anderson, % Sigma Nu House, Samford University, Birmingham, Alabama, 879-2906.

6. Mr. William G. Baccus, Farmers Home Administration, 474 S. Court Street, Room 700, Montgomery, Alabama, 265-5611.
7. Mr. Carl R. Baker, Eclectic, Alabama.
8. Dr. Marvin L. Barron, Rainsville, Alabama, 638-2111.
9. Mr. Winston Biggs, Maury Lane, Florence, Alabama, 383-6017.
10. Mr. L. O. Bishop, Route 2, Cherokee, Alabama, 360-2204.
11. Mrs. Jan Bolt, 415 Linwood Avenue, Albertville, Alabama, 878-5732.
12. Mr. Dempsey Boyd, Route 1, Clayton, Alabama, 775-3261.
13. Honorable M. N. Brown, City of Enterprise, Enterprise, Alabama, 347-8824.
14. Mr. Joe Bruno, P.O. Box 2486, Birmingham, Alabama, 786-5251.
15. Mr. John Ed Butler, RFD 1, New Hope, Alabama, 723-4175.
16. Mr. Charles L. Byrd, President, George C. Wallace St. Jr. College, P.O. Box 537, Selma, Alabama, 872-0458.
17. Mrs. Linda Byrne, 301 Moog Avenue, Bay Minette, Alabama, 937-5581.
18. Mr. Frank Campbell, Livingston Motel, U.S. Highway 11 and I-59, Livingston, Alabama, 652-5381.
19. Mr. Thomas C. Casaday, Bay, Enterprise, Alabama, 347-9067.
20. Mr. Ben Coker, Box 624, Pell City, Alabama, 338-9494.
21. Mr. Gerald Crowley, Route 3, Box 133-A, Dothan, Alabama, 677-5551.
22. Mr. Emory Cunningham, President, The Progressive Farmer Company, 821 Nineteenth, North, Birmingham, Alabama, 35202, 324-2571.
23. Mr. C. D. Davenport, 2200 University Blvd., Tuscaloosa, Alabama, 758-7588.
24. Mr. Bill Deloney, Jr., Route 4, Ozark, Alabama, 774-8304.
25. Mr. Ben P. Dilworth, State Department of Education, State Office Building, Room 824, Montgomery, Alabama.
26. Honorable William B. Duncan, Judge of Probate, Lauderdale County Courthouse, Florence, Alabama, 766-5180.
27. Mr. Milton R. Durrett, 1350 Brown Marx Building, Birmingham, Alabama, 251-9554.
28. Miss Tricia Elgin, 404 Noblitt, Albertville, Alabama, 878-4692.
29. Mr. W. I. Etheridge, Jr., Route 7, Box 283, Bessemer, Alabama, 425-8562.
30. Mr. J. E. Franks, Route 2, Box 304, Haleyville, Alabama, 921-3133.
31. Mr. Raymond Freeman, Sr., 315 Montevallo Road, Centreville, Alabama, 826-5451.
32. Dr. James A. Glasgow, President, Northwest Ala State Jr. College, Phil Campbell, Alabama, 993-5331.
33. Mr. Harold O. Glass, Highland Avenue, Thomasville, Alabama, 636-4580.
34. Mr. Howard Hall, Jr., P.O. Box 698, Birmingham, Alabama, 841-7571.
35. Mr. J. Lewis Harper, P.O. Box 366, Northport, Alabama, 345-6222.
36. Mr. Irby C. Harris, 1503 Watkins Avenue, North, Fort Payne, Alabama, 845-4962.
37. Mr. James W. Hart, Jr., 660 Adams Avenue, Suite 188, Montgomery, Alabama, 758-6624.
38. Mr. C. J. Hartley, 1005 Canterbury Road, Tuscaloosa, Alabama, 758-6624.
39. Mr. John B. Hawthorne, Alabama Chamber of Commerce, P.O. Box 76, Montgomery, Alabama.
40. Mr. Dorsey L. Haynes, 1800 Waverly Parkway, Opelika, Alabama, 745-6437.
41. Mrs. Jo Hazen, P.O. Box 2047, Birmingham, Alabama.
42. Mr. John Henderson, Agronomist—Soybeans, Cooperative Extension Service, Auburn, Alabama, 826-4987.
43. Mr. Jack W. Hines, 1404 Escambia Avenue, Brewton, Alabama, 867-5418.
44. Mrs. Betty Hixon, Route 1, Banks, Alabama.
45. Mr. C. Fred Holle, 4557 Old Dolly Ridge Road, Birmingham, Alabama.
46. Mr. Yancey B. Hughes, P.O. Box 36, Decatur, Alabama.
47. Honorable Ernest Jackson, Mayor, City of Flomaton, Flomaton, Alabama, 296-4644.
48. Mr. Joel Johnson, 309 West Lake Shore Avenue, Geneva, Alabama.
49. Mr. DaNue Jones, Route 6, Box 33, Jasper, Alabama.
50. Mr. J. Frank Keown, Box 1248, Decatur, Alabama, 355-4660.
51. Mr. Hoyt Kirk, P.O. Box 833, Scottsboro, Alabama.
52. Honorable Martha Kirkland, Probate Judge, Escambia County Courthouse, Brewton, Alabama, 867-3252.
53. Mrs. Ann Krienbrink, Route 1, Box 226, Summerdale, Alabama, 986-6557.
54. Mr. B. E. Lee, President, Patrick Henry State Jr. College, North, Birmingham, Alabama.

55. Mr. Larry Lee, Birmingham Jaycees, 1914 Sixth Avenue, North, Birmingham, Alabama.
56. Honorable Kyser Leonard, Judge of Probate, Talladega County Courthouse, Talladega, Alabama.
57. Mr. Robert R. Lockwood, 407 Colby, Eufaula, Alabama, 687-4624.
58. Mr. G. O. Long, Route 1, Box 285, Phenix City, Alabama.
59. Mr. Billy Jack Loyd, Caperton Ferry Road, Stevenson, Alabama.
60. Mr. Earl Manning, Jr., LaFayette Highway, Roanoke, Alabama, 863-4139.
61. Mr. Charles O. Mason, Jr., P.O. Box 327, Pine Hill, Alabama.
62. Dr. Virgil McCain, President, Snead State Jr. College, Boaz, Alabama.
63. Mr. Glenn McClendon, Opelika Highway, LaFayette, Alabama, 864-2411.
64. Mr. Emory S. McNider, P.O. Box 68, Coffeeville, Alabama, 276-3240.
65. Mr. James Earl Mobley, Montgomery Seed & Supply Co., 243 Dexter Avenue, Montgomery, Alabama, 265-8241.
66. Mr. John W. Morgan, Montgomery Seed & Supply Co., 243 Dexter Avenue, Montgomery, Alabama, 265-8241.
67. Mr. J. Lem Morrison, Erwin Circle or P.O. Box 159, Greensboro, Alabama, 624-2041.
68. Mr. John C. Mosley, Director, Hobson State Trade School, Highway 43 South, Thomasville, Alabama, 636-4429.
69. Mr. Ross Neely, Jr., 1500 Pratt Highway, Birmingham, Alabama, 798-1137.
70. Mr. E. C. Nevins, Brantley Highway, Opp, Alabama.
71. Mr. Hollis Nichols, 101 Water Avenue, Selma, Alabama, 872-2406.
72. Mr. J. C. Niehuss, Overlook Drive, Monroeville, Alabama, 743-3006.
73. Mr. Chris C. Norris, Jr., P.O. Box 278, Milbrook, Alabama, 285-4315.
74. Mr. Ralph H. Phillips, P.O. Box 2029, Montgomery, Alabama, 265-4581.
75. Honorable Willard Pienezza, Attorney at Law, 17 Sistrunk, Tallassee, Alabama.
76. Mr. Charles E. Reeves, 109 Woodlawn Drive, Jackson, Alabama, 246-3417.
77. Honorable Cecil R. Rodgers, Mayor, Town of Clayhatchee, Clayhatchee, Alabama.
78. Mr. W. D. Rutland, Jr., Fitzpatrick (Mitchell Station), Alabama.
79. Honorable James L. Sawyer, Probate Judge, Coffee County Courthouse, Elba, Alabama, 897-2211.
80. Mr. Fred Sington, Jr., 510 Broad Street, Gadsden, Alabama, 546-5233.
81. Mrs. Durrell Smelser, Sanders Ferry Road, Tuscaloosa, Alabama.
82. Mr. Paul E. Smith, 407 Baltimore Avenue, Albertville, Alabama.
83. Honorable W. L. Spigener, Route 1, Wetumpka, Alabama, 567-6249.
84. Honorable R. J. Stenbridge, Probate Judge, Houston County Courthouse, Dothan, Alabama.
85. Mr. Roy N. Strickland, Isbell, Russellville, Alabama, 332-4194.
86. Mr. A. B. Stutts, WTQX Radio, 729 Dallas Avenue, Selma, Alabama.
87. Mr. Jack Tanner, P.O. Box 248, Warrior, Alabama, 647-0836.
88. Mr. C. M. Thackston, P.O. Box 447, Montgomery, Alabama.
89. Mr. Grady M. Wakefield, Route 1, Box 43, Wedowee, Alabama.
90. Mr. David Walker, P.O. Box 257, Atmore, Alabama, 368-2619.
91. Mr. J. Ray Warren, 1202 South Edgewood Drive, Dothan, Alabama.
92. Mr. Durrell Whiddon, P.O. Box 809, Abbeville, Alabama, 693-2311.
93. Mr. Benjamin T. Williams, 120 Thomas, Andalusia, Alabama, 222-4267.
94. Mr. Roscoe Williams, Highway 65, Clanton, Alabama, 872-0461.
95. Mr. Ham Wilson, Alabama Cattlemen's Association, 660 Adams, Montgomery, Alabama, 265-1867.
96. Mr. Lloyd Wood, 1 Wood Manor, Tuscaloosa, Alabama.
97. Mr. Stephen T. Woodley, P.O. Box 1370, Auburn, Alabama, 821-7000.
98. Mr. Cecil B. Word, 124 North Broad, Scottsboro, Alabama, 574-2691.
99. Honorable Howard E. Yeager, Commissioner, Mobile County Courthouse, Mobile, Alabama, 661-1422.
100. Honorable William B. Young, Judge of Probate, Cleburne County Courthouse, Heflin, Alabama, 463-2976.

Senator ALLEN. The first witness is Mr. John Matthews, Decatur, Ala. Is Mr. Matthews here?

Mr. O. H. Bowden, the next witness, if you will come forward, Mr. Bowden, sir.

Mr. Bowden, we are delighted to have you appear before the subcommittee and your views will become a part of the hearing of the full committee. It will be printed as part of the hearing testimony, and you may proceed in any manner you see fit.

**STATEMENT OF O. H. BOWDEN, VICE PRESIDENT,
GOLD KIST, INC., ATLANTA, GA.**

Mr. BOWDEN. Thank you, Senator. I am delighted to be here. Most everybody has, I presume, seen where I came from to here today—Atlanta, Ga.—but that's not necessarily always true. I am a native Alabamian by birth and by training.

I was born and raised on a farm in Cullman County in north Alabama. I received my education in Alabama at Auburn University and worked for many years here. I have only been in Georgia a few years.

I am vice president of Gold Kist Inc., a farmer cooperative, to further qualify myself. We represent, from the Tidewater area of Virginia through Arizona, about 153,000 farmer members. Of that number, about 27,000 of those members are Alabamians: Alabama farmers. This involves poultry, soybeans, grain, farm production supplies, peanuts, et cetera. Of our last year's operations of over \$467 million, over \$100 million of that was Alabama farmers' business. With the coming on stream in the fall of 1974, for processing the soybean crop at the new facility in Decatur, Ala., this should generate about another \$150 million for farmers in a radius of about 100 miles around Decatur. Hopefully, much of that will be North Alabama farmers' income. So, that qualifies me, I believe—

Senator ALLEN. I believe it does, sir.

Mr. BOWDEN [continuing]. To speak a little bit in behalf of these Gold Kist members in Alabama.

Of course, some things that perturb us and things that I see consistently are the ecological bit, the consumer bit, and a lot of the ideological thinking on the part of a lot of people. If we did everything, I suppose, that some of the groups would have us do, there would be no food and fiber in this nation, because it would be totally impossible to grow crops or to process those crops if all groups were listened to. And we are extremely thankful that we have some very fine leadership in Washington that has been able to keep us going down a relatively stable path over the years.

Consumers are upset and angry at recent food price increases, and they are protesting and boycotting certain agricultural products at the present time. But, the American public should be mindful that this is the best fed. and at the lowest cost and with the least percentage of the total wages that he receives spent on food of any other country in the world.

The efficiency and ingenuity of the American farmers, and many of them I listened to here this morning, are due full credit for this. Yet, he receives little credit for a truly remarkable performance. He consistently receives less return on his investment, less labor income and under the most uncertain circumstances of any other segment of the American public.

Unless the consuming public is made aware of these facts, and unless our full leadership in Washington is cognizant of what makes this the best fed nation in the world, we can soon turn from a nation of over-abundance and plenty to a nation of hunger and poverty. There certainly must be some parity between agriculture and other segments of this nation.

The way we understood the President's farm policy proposal, as set forth in his February 5, 1973 address, is that farm programs will be altered considerably and that programs for cotton, feed grains and wheat will be phased out. That, along with supplemental payments, will be phased out over a three year period. Such action, as we see it, would pretty well totally eliminate cotton production in this country.

While Gold Kist is no longer involved to any great extent in cotton, we have many members who continue to grow cotton, and of course, we continue to have an interest in it for that reason. While some of these things are not tremendous, it does constitute a portion of the diversified agriculture across the south, and certainly here in Alabama.

To totally eliminate these things, we feel, would be really a catastrophic blow to southern agriculture. Without some supplemental payments there is no way that our American farmers can compete on the world market under existing conditions.

Over a period of some 30 years we have sent the most skilled scientists, at our American taxpayers' expense, to countries all over the world, teaching them to grow products that are now in direct competition to the agricultural products that we produce, process and market today. So, hopefully an equitable and a fair solution will be found.

While there are some corporate farming operations in existence in this country, by and large the greatest portion of agricultural production is still from the dynamic and challenging farm as we know it today and as I feel we will continue to know it as it changes to meet the Nation's needs for many years to come.

Gold Kist membership is made up of every type of farming operation that exists throughout our operating territory. And, without some equitable form of governmental support undergirding farm commodity prices, we feel that many farmers can no longer survive and produce the food and fiber this nation must have.

The voice of the farmer, as we all know, is becoming weaker and weaker. Someone brought out this morning the fact that—I believe it was Commissioner Gilmer—just a short time ago, we had approximately 6 million farmers and that has dwindled to less than half of that number today. So, the voice of the farmer is becoming weaker, and our numbers are continuously declining.

We do have a strong and abiding faith in our way of government. I don't think there is any other government in the world that is comparable to ours. I would sincerely hope that programs that are fair and equitable to farmers will be worked out by the Members of our Congress: programs which will keep our people on the land and enable them to continue producing crops which would generate an equitable income and to meet market acceptance and continue to make this the greatest and best fed Nation in the world.

If there are any question, Senator, we will be delighted to answer them.

Senator ALLEN. Thank you, Mr. Bowden. We appreciate your testimony. We appreciate your coming before the committee and giving us the benefit of your views and your experience.

Now, the Gold Kist organization is a co-op?

Mr. BOWDEN. We are a cooperative. Our only justification for existence is to generate net margins that go back to our farmer members and to process, alter, package and put into world channels of trade the products from their farms. That is our only justification for existence.

Senator ALLEN. And in that connection you do have mills and plants, factories, you might say; is that correct?

Mr. BOWDEN. That is correct.

Senator ALLEN. I had the pleasure earlier this year to attend the ground-breaking ceremony of one of your plants up in Decatur.

Mr. BOWDEN. This plant will process 25 million bushels of farmers' soybeans annually, which is about 80,000 bushels of beans a day. You have to combine several acres to feed that monster each day.

Senator ALLEN. Most of those will be purchased from Alabama farmers?

Mr. BOWDEN. We certainly hope so, yes. In fact, we are sure that will be the case from past history. We have another plant, a smaller soybean processing plant located in Lowndes County, Ga. The first year we processed 15 million bushels of beans. The products from this plant are used in our own feed mills, sold domestically and exported. We manufacture over 1 million tons of feed annually. A great portion of the high protein soybean meal goes into our own feed. We sell and export about 40 percent of the meal and about 60 percent of the oil goes to export, and about 40 percent is sold to converters domestically. At the present time we are exporting numerous farm commodities from the south to 37 different countries over the world. We have won the Presidential E Award on two different occasions for bringing dollars back to this country, fortunately.

Senator ALLEN. Well, that's mighty fine and we certainly welcome your operations in Alabama. You are contributing to the development and growth of our Alabama economy and are assuring our farmers of markets for their products.

Now, do you have any great familiarity with the 1970 farm law?

Mr. BOWDEN. Yes, Senator, and the feedback that we get from our membership is that a continuation of this program or modification to make it better is almost a must for them to be able to continue producing crops.

Senator ALLEN. Now, do you purchase commodities direct from the farm?

Mr. BOWDEN. We do.

Senator ALLEN. At the going rate?

Mr. BOWDEN. He is paid on the day by grade and weight for the product he delivers to any plant, whether it be: Poultry, soybeans, grain, cotton, or whatever. The farmer member is paid market price on the basis of grade and weight for that day for the product. Then we take it from there. We take it and package it, process it, alter, do whatever is necessary and put it into world channels of trade.

Anything that is made from that point on forward at the end of the year goes back to him in the way of patrons' refunds.

Senator ALLEN. The co-op is a mutual enterprise. It doesn't have capital stock, then?

Mr. BOWDEN. That is true.

Senator ALLEN. It is able to do a great deal, then, on a cooperative basis; is that correct, by pooling producer's resources?

Mr. BOWDEN. That is correct. We are the fourth largest farmer's cooperative in the world.

Senator ALLEN. Now, the price that the farmers have been getting for their grain, soybeans, they have been going up steadily; is that right?

Mr. BOWDEN. Steadily, yes.

Senator ALLEN. And what effect does the Russian grain sale have on prices of the commodities that you handle?

Mr. BOWDEN. It had a very decided effect, Senator, a very decided effect.

Senator ALLEN. It caused the prices to go up sharply?

Mr. BOWDEN. Yes; and many farmers had contracted their soybeans and other grain, and sold at a much lower price. Some farmers caught by weather were not able to get into the fields with their combines until they were frozen solid. Many farmers harvested and delivered beans that were sometimes very low grade and got twice as much for those as they did their first quality beans sold earlier.

Senator ALLEN. What percentage of your products go into foreign commerce?

Mr. BOWDEN. The past year, Senator, about 21 percent of our commodities went into foreign export channels.

Senator ALLEN. And how much did that aggregate in dollars?

Mr. BOWDEN. I would have to figure it out right quick. I don't have it right before me.

Senator ALLEN. What were your total sales?

Mr. BOWDEN. The total sales last year were \$467 million.

Senator ALLEN. Around \$80 odd million?

Mr. BOWDEN. \$80 million—\$85 million.

Senator ALLEN. And, of course, your activities there then would of course help our balance of payment deficit?

Mr. BOWDEN. That is true.

Senator ALLEN. You approve of that?

Mr. BOWDEN. That is true.

Senator ALLEN. It is quite obvious, then, that you have a lot of dealings with farmers who are covered by the 1970 act, and from your experience with them, in talking with them, do they seem to favor the 1970 act and a continuation of it?

Mr. BOWDEN. Predominantly, I would say, 90 percent, Senator, of the information that we have is to the affirmative on the 1970 act.

Senator ALLEN. Would you suggest any possible changes in the act?

Mr. BOWDEN. No; I think it has been an act that we can live with. It is substantial in nature, and I would be rather presumptuous to offer any suggestions along that line, Senator.

Senator ALLEN. Thank you very much, Mr. Bowden, I appreciate it.

Mr. BOWDEN. Thank you, sir, it has been a pleasure to be here. Good to see you again.

Senator ALLEN. Thank you, sir. Mr. George Robinson, Huntsville—Mr. Don Wallace—Mr. Robinson?

STATEMENT OF GEORGE N. ROBINSON, PRESIDENT, ALABAMA BONDED WAREHOUSE ASSOCIATION, HUNTSVILLE, ALA.

Mr. ROBINSON. Senator Allen, I am President of the Alabama Bonded Warehouse Association and Mr. Wallace is director of our National Warehouse Association in Washington. I believe you know him.

Senator ALLEN. Yes, sir.

Mr. ROBINSON. I would first like to thank you very much for coming down here. I would like to add to what Ed Mauldin said. I think we are fortunate in Alabama to have you up there, and particularly on the Agricultural Committee, and we hope you stay on it.

Senator ALLEN. Well, thank you very much. I have every intention of doing that, providing I have the right to do that.

Mr. ROBINSON. I hope you will. I certainly hope you will.

I have been in the cotton warehouse business for 38 years. I believe my thoughts and recommendations concerning a cotton program will generally represent the feeling of farmers and cotton warehousemen throughout the cotton belt.

Since our livelihood depends wholly on the success of the cotton farmer, we are very concerned that the Department of Agriculture adopt a program under which they can exist and continue in the cotton business.

The ideas we have heard lately of cutting out farm supports is a very dangerous policy at this time, and one which could eventually put the cotton farmer out of business in my opinion. It does not seem fair to me that, with so many large industries being subsidized by the Government, that agriculture is the only one being criticized for getting Government help. From talking to my farmer customers over the years, I am firmly convinced that, because of high production costs and a serious scarcity of labor, they cannot afford to plant enough cotton above present allotments unless price levels rise to such an extent that cotton could no longer compete with synthetics. This is evidenced by the fact that farmers only planted 2.3 million acres above allotments in 1971 and 3.6 million acres in 1972.

I would like to recommend that cotton allotments be adequate to provide enough cotton to provide the nation's mill needs. There have been numerous cases of mills—cotton mills—having to convert to synthetics because of an inadequate supply of cotton in the grades they need. I shall not enumerate other recommendations made by farm leaders—including the \$55,000 limits—but I am in favor of all or most of these. And I also agree that the Agricultural Act of 1970, it has been successful, everyone says, and I would like to see it extended for 5 years. I believe the whole cotton industry is in agreement for cotton to meet its objectives of providing an adequate living for the cotton producer and an adequate supply to meet mill

needs under the present conditions therefore, it is very essential to have a government program.

In closing, Senator, I would like to make one other recommendation for you members of the Agricultural Committee, as well as in the Senate, to consider a couple of recommendations on the wage and hour bill now being discussed in Congress. This bill vitally affects our cotton warehouse business. Because of reduced acreage, scarcity of labor and higher operating costs, we are having more difficulty in operating a profitable business. These are some figures that I secured from the State. In 1968 there were 340 cotton warehouses licensed in Alabama and in just the last 5 years there are only 282 now, in 1973. That is a loss of 58 warehouses in 5 years.

We strongly urge you to keep the minimum wage at a reasonable figure and retain our seasonal exemption in the bill. This seasonal exemption is one of the most important things about the wage and hour bill. I don't think we are going to be able to keep it from going up, it probably should go up, and I am sure it is going up, but this seasonal exemption to anyone in a seasonal business is very important. If that is eliminated, it will force a lot of warehouses to cut out their overtime and only work 40 hours a week, and this would naturally disrupt our customary service, which is so necessary to receiving and shipping cotton to the mills.

We are very concerned about the seasonal exemption in that bill, and I hope that you will be able to retain that in the bill. That is all I have.

Senator ALLEN. Thank you very much, Mr. Robinson. I appreciate your giving us the benefit of your views and your observations and expression. Your testimony will be made a part of the Senate committee hearings.

Mr. Wallace, do you have anything to add to what he has said?

Mr. WALLACE. No, sir.

Senator ALLEN. If the government should phase out the price support and the payments, could the American farmer produce cotton in competition with foreign raised cotton?

Mr. ROBINSON. I don't believe they could, Senator. A lot of them say that their profit is just about what their price support payments are. That is just about the profit they make out of a bale of cotton, and I don't believe it could in my opinion.

Senator ALLEN. Now, Mr. Wallace, I have noted that in the foreign trade missions, the segments of agriculture being represented, apparently include nearly every phase of American agriculture, but a warehouseman is a man who has gotten the cotton last before it is shipped overseas. I wonder why he is not included in the make-up of these trade missions. Do you have any thoughts along that line?

STATEMENT OF DONALD L. WALLACE, JR., EXECUTIVE VICE PRESIDENT, COTTON WAREHOUSE ASSOCIATION OF AMERICA

Mr. WALLACE. Senator, as you point out, the warehousemen are the last people to handle the cotton before it is exported, and one of the major complaints of the foreign mill customers is the fact of the appearance and the condition of the bale when it is received at the foreign mills. We have approached this problem at the Department

level, have asked that warehousemen be placed on these trade missions where they could get some feel or some indication of the—from the mill customers of the progress or steps to be taken to improve this. So far we have not been able to secure these positions. As you know there is a mission leaving at the end of this month, which I thought we were given a positive reply that there would be our members on these teams, but now we are informed that they won't be included, and this is one area which I think the Department should include warehousemen on these trade missions. They definitely should be.

Also, one other area that I feel that the warehousemen have been neglected, so to speak, is on the 41-man cotton advisory committee of the Department of Agriculture. To the best of my knowledge there are two gentlemen who are in cotton warehousing related businesses. Most of these, or these two gentlemen are primarily merchants, but our association does not have a representative on the 41-man cotton advisory committee, and I think this should be changed and I hope that you would see that it is.

Senator ALLEN. Thank you very much for that explanation and that suggestion, Mr. Wallace.

Mr. ROBINSON, back in the days when they had tremendous surpluses of cotton, I believe as many as 16 million bales at one time. I guess the warehouse industry was flourishing back then, wasn't it?

Mr. ROBINSON. Very much so, yes, sir.

Senator ALLEN. You were all working for the CCC, I guess?

Mr. ROBINSON. Yes, that is true.

Senator ALLEN. You had your warehouses crammed full of Government loan cotton, I assume.

Mr. ROBINSON. It has been a long dry spell since then.

Senator ALLEN. Well, now, I am just wondering why—I think it is sound, generally, but I am wondering about from a warehouseman's standpoint why it would not be a benefit to you to just have full steam ahead on the planting of cotton with no controls. Would that not improve the business of the warehousemen?

Mr. ROBINSON. Yes, sir. We would get a larger volume of cotton, there is no question about that.

Senator ALLEN. It would be detrimental to the cotton farmer in general and his welfare?

Mr. ROBINSON. Well, I think that—I don't believe in building up surpluses, because I think overall it is not a good idea. I think they should make enough to supply the mill needs and that is it. But I do think it should be adequate. Now it is doubtful whether it is adequate to meet the mill needs.

Senator ALLEN. Thank you very much, gentlemen. We appreciate your cooperation and appearance before the committee.

At this time Governor Wallace is going to come before the committee and testify, and we are delighted to have him come, and we hope he will come right on in now at this time. Come on in, Governor. [Applause.]

Governor Wallace, having served under you as Lieutenant Governor of the State of Alabama, I feel very much at home when you and I are together at the same table, talking about things that we believe will benefit the people of Alabama. As you know, the pur-

pose of this subcommittee meeting of the Senate Committee on Agricultural and Forestry is to bring our Government closer home to the people. I know this is something that you have advocated all through your political career.

Now, we have heard from a large number of witnesses up in Washington on the matter of the renewal or extension of the 1970 Farm Act, and we have heard from a number of Alabamians who were able to come to Washington to testify. But I wanted to obtain the views of the people of Alabama, and to come back to Alabama and hear direct from the people of Alabama what they think about the new farm bill.

We wanted some input by Alabamians and we certainly felt that you were in the best position of any Alabamians to speak for all of these people of Alabama, so we do welcome you to the committee.

We look forward to your expression of your views. I want to say personally and for all of the Members of the Senate, everybody up there involved in the Federal Government, but certainly for me personally, that I am so delighted to note the very marked improvement in your health and spirits and we are just pulling for you and we are praying for this improvement to continue. So we are just delighted to be here and to have you speak for the people of Alabama before this Senate Committee on Agriculture and Forestry. We are delighted to welcome you and have you express your views in any manner you see fit.

STATEMENT OF HON. GEORGE C. WALLACE, GOVERNOR, STATE OF ALABAMA

Governor WALLACE. Well, Senator, thank you. I want to thank you, of course, for being here in Alabama as a member of the Subcommittee on Agriculture and Forestry.

I must say, of course, that I do appreciate your kind remarks about me, and as I have said many times, you have represented Alabama as well as any man of my knowledge as far as Senators are concerned. We have had some great ones who have served in the capacity of United States Senator, and you have always been interested, not only in the farmers of Alabama, but all the people of Alabama, and you are truly one Senator that has tried to bring to the people of Alabama, through your constant visits to the State, more knowledge of the workings of what is going on in the Senate and the Congress and the other branches of the Government in Washington. So, I appreciate this opportunity to see you personally and to have you back in Alabama.

I know that you have heard already from a great number of very enlightened people about the farm situation in Alabama and the country. In fact, you might say that I may be a layman in the matter, but having been raised in a rural county, my father was a farmer, and I have been interested, of course, in farmers all of my life.

I have some testimony that I am going to file with you. I am not going to try to read it completely to you, but I have filed it for the committee.

Senator ALLEN. It will be inserted in the record, Governor.

Governor WALLACE. I am sure that most everything that I have said has already been said insofar as the 1970 act is concerned.

But, I would like to, just for the record, say that hearings of this sort I am sure are going to help bring more business to the attention of the general public, the great contribution that the farm people make to the economy and to the stability of our country and also to as much peace as we have in the world today, because there are so few farmers now as compared to even 20 years ago, and fewer still than when I was a young man and my father was a farmer.

But first, before I get into that, I would also like to say that Hon. Pete Gilmer, I believe, was the leadoff witness, who is the Commissioner of Agriculture and Industries here in Alabama, and I would like to, after having read his testimony, adopt his testimony and if that's all right with the committee, adopt his testimony as my own, because I think he very fluently and vividly expressed to the committee the feeling of most of the people of our State. But, from an educational standpoint, aside from the testimony that I have filed, I believe it is good for the committee to meet in various and sundry places in order to get as wide dissemination of the contributions they make. And I would like to recall that many years ago when Khrushchev visited this country, I believe in 1959—I have said this a great number of times, especially in farm regions of other States of our country and of our own State—he wasn't interested in the can-can girls in Hollywood; he wasn't interested in our missiles because they had missiles as large or larger than we had, and I am afraid maybe larger from what I hear; he wasn't interested in the big buildings in New York City because they had big buildings in Moscow and they have them all over Russia; he was interested in the efficiency of the American farmer. He couldn't understand how such a small percentage of American people could raise enough food and fiber to feed not only themselves but to be a great export nation in agricultural products, because in his own country the efficiency of the Russian farmer was nothing like the efficiency of the American farmer.

But, this efficiency in effect has penalized the American farmer because, as they grew smaller in number, and I am sorry that that has happened because I have that in my testimony that I am sorry that the family-sized farm has almost gone out of existence in our country over the last number of years—but to get back to Mr. Khrushchev, he went to an Iowa corn farm. He was interested in increasing agricultural production in Russia because he knew that unless the efficiency of the Russian farmer was improved, and he could do that which the American farmer did, that they couldn't release millions of people for consumer industry goods and also maintain a national defensive and offensive posture.

They either had to have one or the other. So, with the great number of people on the farms in Russia just to raise enough for the people of that country to eat, they did not have enough manpower to make automobiles and refrigerators and television sets and also missiles, but in this country, because our farmers could raise so much and were so efficient, it took so few of them that the others were released to make television sets and make other consumer items

for an enjoyable life, while at the same time we could produce also missiles and a defensive and offensive posture.

So I was very impressed with the fact that Russia, Mr. Khrushchev, was so complimentary of the American farmer and therefore I hope that we can disseminate that information to the great majority of our people who sometimes may not be aware or think of it in that light.

I do know that Mr. Gilmer said this morning, and I will read from his testimony, which I have in my own:

In my opinion, the Farm Act of 1970 should be continued. Cotton is a major source of income to Alabama farmers. . . . The 15 cent per pound payment which is made on only a part of the acreage necessary to adequate production for domestic and export markets is the least payment we can have to expect adequate production. This payment, when added to a competitive price for cotton, will cover production cost and provide only a small return to capital, management and labor.

I understand, of course, that the parity for cotton is 43 percent plus 15 percent, making 58 percent, and the peanuts, 75 percent. I hope I am not mistaken on that.

I do think, as I have said many times, it ought to be higher. I even advocated 90 percent in the primary campaigns of 1972, and I think some went even higher than that, after I made the statement of 90 percent in the State if Wisconsin.

I do know that the sale and lease provisions of the current laws should be retained. And I recommend the cotton section of the Agricultural Act of 1970 be extended. This act has worked well for the past 2 years and is accepted by our farmers.

The grain provisions of the 1970 farm act has helped to stabilize grain production and prices and therefore I feel this phase of the act should be extended.

And I would like to adopt the other portions of his statement and the reason I am going to be brief is because so many people have already testified to everything I have in my statement.

I am, of course, concerned about the administrative order and I believe it was administrative, about the peanut farmers in our State, which I think has been rectified to some extent, but had some of the peanut farmers known that this administrative edict was coming, they might have, of course, converted some of their acreage to some other crop, maybe soybeans, which might have been more profitable. And I sincerely hope that the committee will point out that 18,000 farm families in Alabama alone are affected by this particular administrative order from the Department of Agriculture.

I would like to point out another problem that will confront the American farmer and the Alabama farmer, and that is the fuel shortage. I don't know whether anyone has brought that up or not, but I have a letter that came from an oil company to a farmer in north Alabama. Has this been put in the record?

Senator ALLEN. It has been—no, not this—this subject has been alluded to, but not this letter.

Governor WALLACE. And they write:

DEAR SIR: I am sure by now that you are aware of the critical shortage of gasoline and diesel fuel throughout the petroleum industry today. The duration of this shortage is not known to me nor possibly anyone else at this time. The

causes of this situation are too numerous to mention in this letter, however, the effect is a restriction of supply to me; your jobber.

My allocation of gasoline and fuels will not allow me to take care of your needs this year. I must use the product allotted by ----- to supply our retail outlets which are, as you know, the bread and butter for our existence.

At the present, I am talking to other jobbers about taking your account and supplying your needs where they can. It is my hope that this can be worked out. If another jobber can serve you, either you or the jobber will be asked to reimburse us for the equipment loaned you if any. If this arrangement does not meet with your approval please advise us so that we may pick up our equipment.

I sincerely appreciate your business and hope the future will allow us the privilege to serve you again. Thank you. Sincerely yours.

Governor WALLACE. Now, this farmer from up in north Alabama, Grant, Ala. replied that:

I am a farmer, I have over 400 acres of land rented. I have three trucks, four tractors and a combine, about 30 head of cattle, 600 head of hogs.

My debt is over \$40,000. I have been buying gas and diesel fuel from a company for over 4 years.

I have enclosed a copy of a letter from this company saying I cannot buy fuel from them any more, because of a fuel shortage.

I understand from talking to the distributors that this is on farm accounts only.

Don't you believe that the boats should be taken off the lake and a cut down on pleasure rides before the tractors are taken out of the fields.

He mentions his bread and butter in his letter. If there is not to be any farming this year, where will his bread and butter come from next year?

Anything you can do concerning this matter will be greatly appreciated.

Governor WALLACE. I would like to file that letter with you, Senator Allen.

Senator ALLEN. All right. It will be submitted in the record.

Governor WALLACE [continuing]. And as I said, I won't belabor you in a report of the reading of my testimony. I will file it here, but I am very concerned about—and I would like to point out on the fuel matter the largest customer I think the petroleum industry has happens to be the farmers of our country, and this is something I am sure the committee wants to think about and look into because if that happens to be widespread, it can work an undue hardship not only on the farmers of Alabama but throughout the United States.

So with those few remarks and my testimony that I have filed with the committee, let me say that I hope this Congress will take into consideration the fact that the consumer pays less—a smaller portion of the dollars he spends for food and fiber than ever before, and that's a real bargain for all of the people of our country. Sometimes because there are so few farmers this is no too widespread.

I also have a little efficiency chart here about how efficient the American farmer is. He is more efficient than the farmers of any other country of the world. And therefore I hope the Congress will take this into consideration because we do need a passage of the 1970 act to have it extended further and I again want to say I appreciate you coming here in the interest of the Alabama farmers of all descriptions, regardless of whatever they happen to raise.

Thank you, Senator Allen.

Senator ALLEN. Thank you very much.

[Standing ovation—applause.]

Governor WALLACE. May I make another statement at this time?

Senator ALLEN. Yes, sir.

Governor WALLACE. I want to make another statement that I have here that I would like to get into the record. You know, we have had recent rains in Alabama and weather conditions that were abnormal, and we understand that the FHA has no loans available for equipment, farm buildings and crops. I believe that is my understanding. I believe that is correct. And I hope that this committee can impress upon those in Washington that there are many farmers in this State who have really suffered a major disaster and that we might eventually, as I recently wired the President, and I believe the Secretary of Agriculture, that we hope loans can be available in these emergencies for these farm people throughout the length and breadth of our country, as you have spoken and asked for yourself, that will include equipment, farm buildings and also their crops. I think this is very important, and there is going to be untold economic suffering among a great number of Alabama farmers and farmers throughout the Nation unless there is some change made in this regard.

Senator ALLEN. We have that up with them now and we are urging them now to take action.

Governor WALLACE. What, sir?

Senator ALLEN. We have that up with them now and we are urging them to take favorable action. Thank you very much.

Governor WALLACE. Yes, sir.

(The prepared statement of Gov. George C. Wallace follows:)

Governor WALLACE. Mr. Chairman, first I must express by appreciation to you and to the entire membership of the Senate Committee on Agriculture and Forestry for holding these important hearings on the farm situation in Alabama, the Southland and throughout our country. Your interest in the problems of agriculture and rural America and the outstanding job you personally are doing offer some measure of reassurance to this Nation's farmers who must have been surprised and alarmed, as I was, by recent proposals that farm commodity and supply-adjustment programs be abandoned.

Senator Allen, as I have travelled the length and breadth of this land time and again in recent years, I have become increasingly alarmed also by the lagging growth rates in rural areas and the corresponding concentration of population in the cities which has caused significant and deleterious effects on the various aspects of American society.

Many rural areas which were heavily dependent on farming have experienced large declines in total population and purchasing power as well as political influence. Here in our own State of Alabama we have, just in the two decades since 1952, lost more than one-half million of our rural citizens to other states. This mass migration described in a study by the University of Alabama as the Flight From the Soil has already resulted in the loss of two seats in the Congress of the United States from Alabama. So severe is the impact of our loss that if you begin with the 1950 Census figures and added all the births and subtracted all deaths within our State since that date, the calculation would result in a figure equivalent to the present population of Alabama plus the population of a city the size of Atlanta. Think of the social, economic and political loss to our State because of this drastic and unnecessary depopulation of our rural areas—a loss we can never make us.

Mr. Chairman, the question before us today is why must it go on? Why must our Alabama farms continue to disappear at the rate of 5,000 per year? Why must some of our finest and most patriotic and God-fearing citizens be driven off their land where they have known a cherished and respected way of life and into the cities that can only provide ghettos and welfare roles? Why must local business firms disappear from the rural scene in numbers so large as to cause the per capita cost of maintaining necessary local services

such as roads, schools, mail deliveries and electricity to be raised to prohibitive levels? Why must those left on the land suffer the personal hardships of being stranded in rural areas where there is little or no demand for their services and where depopulation has caused local governments to be hard pressed to raise funds necessary for continued functioning, must less provide quality services?

Why, Mr. Chairman, must our Federal Government compound the gravity of the problems of our people by condoning the jamming of these souls into the large metropolitan centers only to cause serious and costly problems of traffic congestion, air and water pollution, increased criminal activity, worsened race relations and swollen welfare roles?

It has been said that "land without people is a wilderness and people without land is a mob." Surely there is a better way of creating wilderness out of our fertile fields and making mobs out of our cherished children!!! Surely, Mr. Chairman, this country has something better to offer our citizens than more of the same.

There is a better way. Senator Allen, members of this distinguished Committee, together, let us find the better way, and I will help you to find the public acceptance you need across this great land of ours to make things right in rural American once again.

The better way lies with the quality of rural life. People everywhere are just like our own noble Alabama farm folk. They would rather live in the fresh air, on their own soil, enjoying the gifts of God and nature, provided they could once again expect the economic opportunity to provide their families with the quality of life enjoyed by their fellow citizens in the suburbs.

Quality rural life begins with economic opportunity. A day's pay for a day's work. Automobiles and the gas they burn, television sets and the electric power they consume, health care with its medical bills, all cost the rural American just as much as his city cousins. Yet most urban workers have higher return per hour of labor than most rural workers. And, almost all urban workers enjoy greater purchasing power per hour of labor than do their brothers who diligently till the soil to produce the food and fiber so vital to the well being, let alone the safety and security of this great country. Now don't misunderstand me, I am happy to see the urban workers receive good pay. But quality rural life, **EQUAL QUALITY**, is necessary to save our country from the wilderness of rural depopulation and the mobs of urban overpopulation.

Mr. Chairman, while rural population has declined so markedly in recent years, the actual farm population has declined even more critically. During the decade from 1960 to 1970, when urban population swelled by more than 19 percent, rural population fell off 4 percent, actual farm population dropped a whopping 38 percent. Here in Alabama, studies by your own staff economists reveal that this State's total farms have dropped to an alltime historic low of only 76,000 working farms in 1973. This compares to approximately one-quarter of a million Alabama farms scarcely more than 30 years ago—an average loss of 5,000 farms per year for over three decades.

Certainly it doesn't take any educated economist to look at these figures and determine why our housewives should indeed be concerned over the price of meat and groceries.

But, if they would look ahead just a few years further with the continuing trend, they could find something much more serious than even high prices with which to concern themselves.

The prospect of no meat, not enough groceries at any price. The prospect of nobody left on the farms to produce the abundance of food and fiber which this country and its people have come to take for granted.

Gentlemen of this Committee, I implore you, your colleagues in the Senate, yes even the President, I say to all you must not, you cannot let this happen.

You gentlemen set the public policies which our farmers must live and die with; your actions will determine whether this country will be guided in the future by legislation and the resulting farm programs enacted in the total national interest so as to enable this Nation and its people to continue to enjoy the Lord's blessing of this highest living standard of the history of the world.

Across the board inflation unbridled by sensible public policies, an unexpected world demand for wheat, feed grains and meat, coupled with a long-time public policy of imposed deferred-maintenance on our farm caused by low farm prices has brought us for the first time in this generation to the brink of food shortages.

Food prices resulting from these factors have gone up, week by week, and every family—city and farm—feels the impact on the pocketbook. And even though everything else has gone up too, a clamor has arisen, making out the farmer as the villain, solely responsible for rising food costs.

As responsible public servants, we here today cannot indulge ourselves in the luxury available to those less responsible for wantonly blaming any particular segment of our economy excluding all others.

Rather, together we must seek, we must find a REMEDY.

Thoughtful farmers and those of us who are truly concerned with public agricultural policies that are in the total national interest for the long run must think of terms of assuring this Nation a continued abundance of food and fiber so as to prevent the grave national risk of potential shortages we are now facing.

But, to accomplish this, public policy so parsimonious and niggardly as to force our farmers into a continuous posture of deferred-maintenance must be supplanted with sound long-range legislation that is keyed to demand, assures stable production and provides adequate income for the farmer who is prudent with his investment, energetic with his labors and productive with his resources.

Mr. Chairman, we don't have enough farmers left to lose any more as we did during that horrible FLIGHT FROM THE SOIL of the 1950's and still have enough farmers equipped to supply this Nation with adequate food and fiber.

Gentlemen, there is a serious problem confronting our peanut farmer in Southeast Alabama and Georgia known as the A-Flavus Mold. This could have a serious effect on our 18,000 families producing peanuts in Southeast Alabama. In Alabama we have approximately 200,000 acres planted to peanuts and the yield is approximately 200,000 tons yearly. Last year approximately one-third of the total tonnage was affected by this disease. This could be a loss in income from between \$3 and \$10 million depending upon the severity of such disease. The annual income from peanuts in 1972 was between \$50 and \$60 million. This year, in 1973, a penalty has been imposed on those farmers in which, through the sampling process, it is found that the peanuts are diseased at the expense of \$65 per ton.

It is very necessary that we do something and something immediately to protect so many people from so much hurt. Research in our laboratories is seeking a control of the A-Flavus Mold, but as of today they have not come up with any solution.

This problem could spread to all the peanut producing states that we have and would be a very serious problem to the economics of the peanut producers. I know that this Committee is studying this problem with concerned interest and hopefully with come up with a solution.

Just recently, scientists concerned with the energy crisis have calculated that because the chief source of energy used in the production of cotton comes from the radiant sun, the nourishing earth and the refreshing rains that cotton production consumes only one-tenth as much commercial energy as does synthetic fiber production.

With both an increased per capita fiber demand and a serious potential energy shortage, it would be less than prudent for our government to curtail cotton production so drastically.

As an indication of the drastic impact of the present cotton acreage control and price support program, I cite you the figures of your own Committee study indicating that the cost of production of cotton in Alabama amounts to 31.6 cents per pound in the northern part of the State where two-thirds of the production takes place and exceeds 46.5 cents per pound in the Southern Coastal Plains. Yet the average price of cotton received by farmers in the marketplace was only (23.6¢ per pound in 1968; 21.0¢ per pound in 1969; 21.9¢ per pound in 1970; 28.1¢ per pound in 1971 and only) 26.5¢ per pound in 1972.

Without the price support payments provided by the current federal programs, our farmers would have lost from 5¢ to 15¢ per pound on every pound of cotton they produced since 1968.

No wonder then that Alabama's farm acreage devoted to cotton has declined from nearly two million acres in 1949 to scarcely half a million acres for 1973: a 75% reduction in land resources devoted to cotton in less than 25 years.

Public policies which would worsen farm conditions like those experienced by our Alabama cotton farmers cannot be expected to assure this country the abundance of food and fiber so vital to our safety and security.

Gentlemen, as always our patriotic farmers will serve this country well if we will but give them the economic opportunity of fair prices—prices that will assure them a return on their labor, capital and management at least equivalent to their fellow workers, professional people and businessmen in the cities.

It is certainly in the total national interest to make the best possible use of public policy to preserve our independent farms and farmers. Our country's "free market" was long ago modified and circumvented in various ways by corporate structures for big business conglomerates, by tariffs and import restrictions, by laws for "fair trade pricing and fair competition" by exclusive franchises and an assured return on investment for the utilities, and by restriction of entry into certain trades and professions. And, these things are all here to stay. The independent farmer stands almost alone as the surviving example of free enterprise competition in the United States economy.

For all these and many more reasons, if this Nation is to continue to be the best fed and best clothed, and if our people are to continue to spend less of their total take-home pay for food and fiber than any nation in the world, ever in history; then certainly the power of public policy must be used to sustain the independent farmer in our economy which is otherwise so strongly organized—an economy in which almost all other production is planned, where most marketings are regulated, where most prices are administered and where most other profits are by fiat added on to the cost of production.

It is in the total national interest to assure the citizens of this country an abundant supply of food and fiber at reasonable prices by enacting government programs and policies such as may be essential to protect independent farmers against the hazards of the marketplace where almost everyone else except the agricultural producer is protected.

Certainly, no one can successfully dispute that it is in the total national interest to maintain an agricultural plant capable of producing the food and fiber needs of this country plus adequate reserves to sustain us through any emergency. To accomplish this, our government must provide its rural citizens with programs and policies which they can understand and which will guarantee them the opportunity for a quality of life not less than that enjoyed by our suburban citizens.

In summary, this is the course of action which I recommend to you, the members of this Committee, the elected representatives of the people.

Provide farmers and rural Americans the opportunity for a quality of life equal to their city cousins and they will continue to provide this country with the best food at the cheapest real cost of any country in the world at any time in history. If you do this, you will stop the depopulation of rural America. You will halt the overcrowding of our cities with all the attendant evils. You will be making an investment for posterity rather than incurring an expense for the taxpayers.

Agriculture has no better friends than the members of this committee; the farmers of America have no greater champion than Alabama's own Senator James B. Allen; the Citizens of this country have no stronger defenders of their liberty than the formers of this Nation who, if allowed to do so by prudent public policy, will continue to produce the abundance of food and fiber so essential to our national welfare and at prices we all can afford.

Mr. Chairman, members of the Committee, I am grateful for this opportunity to share these views with you, and I offer you my full support as you go about your task of effecting long-range public policies necessary to the very survival of our way of life.

Senator ALLEN. The next witnesses are Mr. David Ozment and Joe Jones, appearing jointly.

David, we are delighted to have you appear before the committee to give us the benefit of your views. Your testimony will be a part of the record of the hearings of the Senate committee and will be printed. You will first be furnished a copy of your testimony for possible corrections and then proper credit here will be furnished to you. So you may proceed in any manner you see fit.

**STATEMENT OF DAVID OZMENT, EXECUTIVE VICE PRESIDENT,
ALABAMA POULTRY & EGG ASSOCIATION, CULLMAN, ALA.**

Mr. OZMENT. Real fine. Senator, I am David Ozment, executive vice president of the Alabama Poultry & Egg Association from Cullman, Ala. I am appearing today in place of our association president, Mr. Joe Jones. It was impossible for Mr. Jones to attend this hearing. He had an emergency meeting in Texas that he was required to go to.

Our members sincerely appreciate the opportunity to present our views to Congress regarding several key issues facing our industry and Alabama agriculture. It is particularly helpful to have Senator Allen schedule this hearing in Montgomery to allow a large number of representatives of agriculture express their views. This hearing is an excellent example of how you, Senator Allen, have done everything possible to represent Alabama agriculture in Congress and as a member of the Senate Agriculture Committee.

The Alabama Poultry & Egg Association is a nonprofit organization of members of the poultry industry. Our 3,000 members include broiler growers, egg producers and handlers, hatcherymen, poultry processors, feed manufacturers and dealers, and allied industry firms providing equipment, supplies and services to the industry.

The cash farm value of the State's broilers, eggs, turkeys, started pullets and fowl in 1972 was well over \$300 million. Approximately 5.25 million pounds of broilers are processed each working day in Alabama. In 1972, there were 2.81 billion eggs produced in Alabama. Our State ranks third in broiler production and sixth in number of eggs produced.

Our members are concerned about several legislative proposals and government policies. I will summarize our position on these proposals and policies.

SENATE BILL 1388—THE ANIMAL HEALTH RESEARCH ACT

First, I want to commend you, Senator Allen, for cosponsoring Senate bill 1388, the Animal Health Research Act. We are very much in favor of its passage. This act will assure the animal industries of a continuation of research projects that are necessary for our industries to develop and provide products to consumers at reasonable prices.

**SENATE 1160—BILL TO CREATE AN INDEPENDENT FEDERAL CONSUMER
PROTECTION AGENCY**

Next, we agree with your concept of a logical and workable consumer protection agency in your bill S. 1160, without the super-bureaucratic and expensive powers being proposed in S. 707. We firmly believe it would be costly to consumers and taxpayers to switch some government functions from established agencies to a new consumer protection agency. For example, it has been proposed that Meat and Poultry Inspection be taken from the U.S. Depart-

ment of Agriculture and placed with a new consumer protection agency.

USDA has proven its ability to administer this program. USDA, in cooperation with our Alabama Department of Agriculture and Industries, operates a network of meat and poultry inspection that assure Alabama consumers that each and every chicken or red meat animal that goes to the retail market was healthy before slaughter and that it was slaughtered and processed under sanitary conditions. It is also USDA's responsibility to see that only wholesome meat and poultry reaches the consumer.

Consumers can purchase meat and poultry with confidence they are receiving wholesome products. We do not see any justification for moving this service or the many other services provided by USDA to another government agency. The agency provided in S. 707 could greatly increase the cost of consumer products without providing any additional protection or services to consumers.

THE AGRICULTURAL ACT OF 1970

Feed accounts for approximately 60 to 70 percent of the cost of producing broilers and eggs. Any Federal program affecting grain production, storage, and exports will affect the poultry industry.

Our industry must have a consistent, reliable supply of quality feed grains. It requires about 2.2 million tons of feed to produce Alabama's broilers and eggs. Over 90 percent of our feed grain for poultry feed is shipped to Alabama from the grain surplus States in the Midwest. We are concerned that any drastic change in the government grain programs could have a detrimental effect on our grain supplies. We do agree with reported concept of the administration to eliminate some production restrictions now prevalent in the grain industry. The poultry industry operates on a "supply and demand" basis without government production controls or subsidies. However, again we are concerned that immediate—major changes in the grain programs could result in unstable production cycles detrimental to grain producers, the animal feeding industries, and the U.S. consumers.

EXPORT-IMPORT POLICIES

A most critical need in the poultry industry is a well-conceived policy for the total U.S. agricultural and food industry.

The irregular large exports of feedstuffs to Russia and other countries helped raise production costs of commercial broilers 8-10 cents a pound and eggs 8-10 cents per dozen. These same countries that received our feed grains, arbitrarily exclude our finished products—broilers, eggs, and turkeys. They have excluded our products through trade barriers such as variable levies and supplemental fees. Countries in the European Common Market purchased large quantities of U.S. poultry products in the late 1950's and early 1960's. However, these countries have imposed duties on U.S. poultry products amounting to 50 to 150 percent of the value of the products and virtually eliminated Europe as a market for our products. These same countries have practically no restrictions on U.S. feed

grains. They realize it is much more economically advantageous to take our grain and produce their own poultry and eggs than to allow us to ship U.S. poultry and eggs directly to their consumers. These same economic advantages could serve the United States if we utilized our surplus grain to produce more meat, poultry and eggs, and exported these finished food products rather than just the feed grains. Why do we sell grain worth 30 cents when we could sell a dollar's worth of chicken or eggs and provide a big boost to our Nation's economy plus utilize all this surplus grain? Members of the poultry industry would like to have the same opportunity to market our products in other countries as is available to other U.S. agriculture and industry interests.

The administration is asking Congress to give it broader authority in foreign trade matters than ever before. If this authority is given, then we urge Congress to assure that all finished food products be given equitable access to export markets.

ESTABLISH DOMESTIC MARKET FIRST

Evidently, the administration is convinced the exporting of feed grains can be the major answer to remedy the chronic U.S. balance-of-payments deficit. As a result of a 30 percent increase in the exporting of soybean meal, crop damage due to bad weather, and a scarcity of fishmeal, we are currently experiencing a critical shortage of soybean meal. The soybean meal price is over \$200 per ton—f.o.b. Decatur, Ill. Last year, soybean meal sold around \$80 per ton. In November and December last year, when it became apparent we would have a shortage of soybean meal, why didn't the Government negotiate with those countries that had purchased our grain to prolong the shipments over a longer period of time. We are not advocating the cancellation of contracts with those countries—just stretch out the delivery of the products to not cause shortages and unusually high prices in the United States.

The huge grain shipments also resulted in a chaotic transportation situation. Railcars filled with export grain caused the most critical railcar shortage in our history.

When it became apparent that a shortage of feed grains would result in high prices, broiler, egg and turkey producers had no choice but to cut supply and hope that increased demand for less product would force our markets to rise above our cost of production. Egg production is down 6 percent from last year. Rather than a normal 3 percent annual increase in broiler production, we are producing 4 to 5 percent fewer broilers than last year. Egg and broiler markets are considerable above last year.

But, wouldn't it have been better for the Federal Government to have delayed some shipments of export grains—alleviated the grain shortage and saved the U.S. consumers millions of dollars on the price of food?

We understand the U.S. Department of Agriculture is again planning to ship large amounts of U.S. grains to other countries. These plans are being made even though it is evident the adverse weather conditions will delay and could prevent the planting of the recommended number of acres of grains. Millions of acres are under water

because of extra-heavy spring rains. It is very questionable how these conditions will ultimately affect this year's yield of important feed ingredients such as corn and soybeans.

We believe Congress can take positive action to prevent further grain shortages and higher food prices by assuring that the Federal Government establishes the domestic requirements for feed grains above export possibilities. We urge Congress and the Federal Government to thoroughly analyze all the factors involved in producing grain at reasonable prices for domestic usage and then consider the export possibilities. Our Nation came to the rescue of Russia and other countries when they experienced crop failures. After we committed to deliver the grain—we then experienced bad harvesting weather. The result was high food prices for U.S. consumers and delighted Russian officials that had purchased U.S. grains at cheap prices. Will Russia come to our rescue at the expense of their consumers under similar circumstances?

We strongly advocate the Government refrain from committing our feed grains to other countries until those grains are produced and harvested. Let's make sure we have sufficient feed grains on hand to meet domestic requirements and then sell the surplus to other countries. Otherwise, American consumers might expect to pay higher prices for meat, poultry, eggs, and dairy products.

LEGISLATION TO FREEZE OR ROLL BACK FOOD PRICES

Government interference in the orderly marketing of agriculture products would be a mistake eventually costly to consumers. Our production and marketing programs are geared to the economic principal of "supply and demand." Establishment of prices at unprofitable levels will most assuredly decrease supply and consumers will either do without those unprofitable products or ultimately pay higher prices.

In actuality, the price of food has not increased to the extent as most other products—especially chicken and eggs. Our products are actually cheaper today and consumers have more money to spend than in the 1950's (see table I). In 1951, the average farm price of broilers was 29 cents per pound at the farm and eggs were 40 cents per dozen. Since then, the poultry industry has adopted the most industrialized and sophisticated production and processing systems to dramatically decrease the price of chicken and eggs. In 1972, the average farm price of broilers was 14.3 cents per pound and eggs were 34.1 cents per dozen. That is a 50 percent reduction in price of chicken. Egg producers received 30 percent less for their eggs in 1972 than in 1951.

In 1951, the annual per capita disposable income was \$1,468. In 1972, the annual per capita disposable income was \$3,767—an increase of 150 percent since 1951. If the retail price of chicken and eggs had risen the same 150 percent—chicken would be selling for about \$1.45 per pound and eggs would be \$1.50 per dozen.

Within the past few months, the cost of producing eggs and broilers has increased tremendously. The largest cost increase is in feed ingredients. The cost of feed is approximately 60 percent over last year (see table II). Other increases in food costs is because of higher freight rates, container cost, added services and conveniences built into frozen, precooked, premixed and prepared foods. These costs in production and distribution are hard costs. Once they go up they stay up. By contrast—farm prices slide up and down. During a 10 day period in March the egg market dropped 8 cents a dozen and the wholesale chicken market dropped 7 cents per pound.

Senator ALLEN. When was that drop?

Mr. OZMENT. That was during the 10-day period in March.

It also takes people to produce, process and market food. And labor costs are rising. Labor accounted for 42 percent of the food marketing cost in 1960. By 1970, it was up to 47 percent.

Agriculture production is the same as any other industry—when the price received for our products is below our cost of production—then we must cut production or go out of business. We must receive more for our chicken and eggs today than a year ago or 2 months ago to stay in business. Any action to force the egg and broiler markets below cost of production will force more people out of business—resulting in more shortages and eventually higher prices. And contrary to the belief of most consumers, the Federal Government does not subsidize poultry producers. If we don't receive enough for our products to cover costs plus a reasonable profit—then we must get out of the poultry business. I have some other information here on some statistics that I will just file with the committee that deals strictly with the poultry industry.

A very irritating practice of Government statisticians to our egg producers is to compare today's egg prices with egg prices of 1971 and 1972. These statisticians claim eggs are much higher now than in 1971 and 1972. However, 1971 and 1972, egg producers were going bankrupt on egg markets that were way below cost of production. In actuality, eggs are selling now at prices that were considered normal in the 1960's.

SEPARATION OF STATISTICS

The poultry industry depends on the U.S. Department of Agriculture to collect and disseminate statistics that are vital to plan current and future production and marketing programs.

However, the Statistical Reporting Service of USDA, is going to the expense of collecting and disseminating information that is a disservice to the industry. USDA combines statistics derived from the production and sale of eggs produced for hatching purposes with those produced for consumption. For example, USDA reports we had an average of 12,532,000 layers in Alabama in 1972. In actuality, we had about 9 million table egg layers and 3 million broiler-breeders producing hatching eggs. In 1972, the price of hatch-

ing eggs was about 60 cents per dozen versus table eggs sellings at 30 cents per dozen. USDA combined these prices and reported egg producers received about 45 cents per dozen for their eggs. This is comparable to combining the price of milk and dairy cows and reporting it as the price received by farmers for their dairy products. These statistics are very misleading and worthless to the industry.

However, USDA will not separate these statistics because they claim it will cost \$300,000 per year and Congress will not appropriate these additional funds. The ironic twist to this problem is that many State agencies, including our Alabama Department of Agriculture, actually collects the data separately and sends it to USDA as separate statistics. USDA then goes to the expense of combining the data.

We request the Senate Agriculture Committee investigate this problem and initiate action that will result in useful and accurate statistics being reported to our industry.

UTILIZATION OF EMERGENCY FUNDS

Alabama agriculture has been besieged with unusually adverse weather conditions within the past few months. The poultry industry has been hard hit. The February snowstorm in south Alabama destroyed and damaged many egg and broiler houses and killed thousands of chickens. The recent floods also killed thousands of chickens and damaged several poultry houses. It has been most disappointing to learn that no Federal low-interest rate loans will be available to replace or repair agriculture production facilities or for farmers with damaged or destroyed crops or animals. In contrast, Small Business Administration loans are available to other businesses. For example, a store owner can obtain up to \$500,000 in loans at a 1 percent interest rate and a \$5,000 forgiveness clause—while his farmer neighbor is not able to obtain any assistance to help him recover from a natural disaster that destroyed crops, animals, or facilities.

With the widespread damages occurred by farmers because of snowstorms, freezes, and floods, the American consumer could pay even higher food prices if the Federal Government is not willing to extend the same privileges to farmers that they extend to other businesses. We believe this situation should be investigated by Congress.

Our Nation's agriculture is at a crossroad. Our future will depend greatly on the action taken by Congress and the Government. We again commend Senator Allen for scheduling this hearing to determine first-hand the opinions of his constituents regarding how the Government could best help American agriculture and consumers.

TABLE I.—THE PRICE RECEIVED BY BROILER AND EGG PRODUCERS IN COMPARISON TO DISPOSABLE PERSONAL INCOME SINCE 1951

Year	Average broiler price cents per pound	Average egg price cents per dozen	Disposable personal income per Capita
1951	29.0	49.3	\$1,468
1952	29.0	44.6	1,518
1953	27.0	50.1	1,582
1954	23.0	42.8	1,585
1955	25.3	45.0	1,666
1956	19.6	46.9	1,743
1957	18.8	43.8	1,801
1958	18.6	46.6	1,831
1959	16.1	38.4	1,905
1960	16.8	43.1	1,937
1961	14.0	42.4	1,984
1962	15.2	41.2	2,066
1963	14.6	41.4	2,139
1964	14.2	40.5	2,284
1965	15.0	39.7	2,436
1966	15.3	43.9	2,605
1967	13.3	38.6	2,751
1968	14.2	38.6	2,946
1969	15.2	44.6	3,130
1970	13.6	44.2	3,358
1971	13.7	36.4	3,581
1972	14.3	34.1	3,767
Change 1959-72	(¹)	(²)	(³)

¹ Minus 50 percent.² Minus 30 percent.³ Plus 150 percent.TABLE II.—CASH MARKET COMPARISONS FOR MAJOR FEED INGREDIENTS IN POULTRY FEEDS¹

	Week of February 26, 1973	Year ago
Corn, No. 2, Chicago, bu	1.57	1.20
Milo, Kansas City, cwt	2.98	2.02
Soybean meal, 44 percent, Decatur, ton	230.00	89.50
Linseed meal, solvent, Minneapolis, ton	164.00	67.00
Meat and bone meal, Chicago, ton	295.00	107.50
Tankage, Chicago, ton	315.00	110.00
Corn gluten meal, 60 percent, Chicago, ton	248.00	128.00
Brewers dried grains, Chicago, ton	85.00	49.00
17 percent dehydrated alfalfa pellets, Kansas City, ton	105.20	49.20

¹ These prices do not include the freight charges to ship the ingredients to Alabama.

Mr. OZMENT [continuing]. The only thing that I would like to add to our statement is to concur with the Governor and evidently previous testimony regarding the utilization of emergency funds. We in the poultry industry were also hard hit by the freezes, the snow storm in south Alabama and the floods in north Alabama. It has been very disappointing to us to learn there are no funds available to replace equipment, buildings and the chickens. It doesn't seem right to us that a man with a store in town can get loans up to \$500,000 and a forgiveness clause of \$5,000 at 1 percent interest, and there are no funds available to the man on the farm that must make his living from agriculture.

Senator ALLEN. It isn't right and should not be permitted and certainly we are doing what we can to get the decision revised.

Mr. OZMENT. Well, again, we commend you, Senator Allen, for scheduling this hearing to determine first-hand the opinions of your constituents regarding how the Government can best serve Alabama agriculture. Thank you.

Senator ALLEN. Thank you very much. I think your statement has made an important contribution to the hearings and to the work of our committee. And I think that the job that the broiler producers and the egg-producers has done in holding prices down is well-nigh a fabulous job, and I certainly want to commend you as their representative, and I know that some months ago you were faced with a terrible cost price squeeze that very nearly ran a number of companies out of business.

Mr. OZMENT. That is right.

Senator ALLEN. And certainly they would have been forced out of business if there hadn't been some relief given in the matter. Certainly we were glad to see that take place. Ordinarily you would feel that a Government policy that makes for stability in the production and in prices would be beneficial to your industry and I assume that it would, if you had stable prices, but stability went by the boards and some months ago, after the Russian wheat sale.

Mr. OZMENT. That is right. And we certainly—we want to again express our appreciation to you for coming to our rescue at that time because of the cost of living council had not removed the price freeze that they had on the price of broilers. The broiler industry was locked into bankruptcy. There was no way they could survive without the quick and decisive efforts you and other Congressmen took that saved our industry millions of dollars and really saved a lot of people's livelihood. There is no question about your influence.

Senator ALLEN. We certainly appreciate that and we were certainly glad to do everything we could. I think a very constructive suggestion that you made was one of not selling our grain at rock bottom prices to foreign countries, which we are doing, but finish out these birds or these animals with the grain so that we can sell the finished product abroad, because we are selling grain at or below cost and there is no profit in that for anybody, other than statistics on the balance of payments trade deficit. I think that our farm leaders certainly ought to take cognizance of this, and put a policy of that sort into effort.

Mr. OZMENT. What we could do, if we sell the finished product, then not only would use the grain that is produced—

Senator ALLEN. Right.

Mr. OZMENT [continuing]. But we would also build up all the economy, employ all these people as producers of poultry and eggs and as processors and market this product.

It would have far reaching effect, much more effect than just sending the grain itself, plus it would help us on this chronic balance of payment deficit that the United States is experiencing.

Senator ALLEN. Yes, I think that is very true, and possibly prevent the other countries from being in competition with us in this particular area and force them to be purchasers of our finished product rather than competitors.

Mr. OZMENT. That is right. One thing there are very few countries that can compete with the United States in producing broilers and turkeys and eggs. We have developed this and refined it where again they feel like they have had to establish these trade barriers, I guess, to protect their own poultry and egg producers, rather than provide benefits to their consumers by purchasing U.S. broilers and eggs.

Senator ALLEN. I have noticed some of the comparable prices of broilers in some of the cities of foreign nations, and it would seem that their price level is up so high that it must possibly include the tariff. Some of our products must be getting through, however.

Mr. OZMENT. They are getting through, some are getting through, not nearly to the extent they were in the late fifties and early sixties.

Senator ALLEN. Yes; I remember.

Mr. OZMENT. The chicken war that we had with the European common market.

Senator ALLEN. Well, the broiler industry in the State, has it not assumed front rank in our agricultural products, the volume of business?

Mr. OZMENT. The poultry industry?

Senator ALLEN. Yes.

Mr. OZMENT. Ham Wilson and myself, we kind of have a little thing going back and forth—where is Ham? As to who is the biggest in the State, so we—

Senator ALLEN. We are pulling for both.

Mr. OZMENT. Right.

Senator ALLEN. We are not going to decide which is the best.

Mr. OZMENT. Ham and I get along real well so we tried to reach a compromise on this. There is no question that the poultry industry which includes broilers, chickens, and eggs, is the largest number one product in the State. Ham, he takes beef cattle and compares it with our broiler chickens and says beef cattle is larger than broiler chickens.

Senator ALLEN. I know some of the comparative figures here, Mr. Henry Casso of the committee has furnished me, showing that in January of this year the broilers in the United States, according to the price quoted here, was 44 cents a pound. And in Japan \$1.09 and sirloin beef is listed here in the United States \$1.58, in Japan \$4.56. They are really having to pay for beef over there. In the United Kingdom, \$1.77, Denmark \$2.10, the Netherlands \$2.73 a pound. So, as high as meat is here in the United States, it is not high in the sense, in the comparative sense, it is way below the cost in other countries.

Mr. OZMENT. Very true.

Senator ALLEN. Way below other countries. Thank you very much for your suggestions. We always benefit by the suggestions and comments you make.

Mr. OZMENT. Thank you very much.

Senator ALLEN. Mr. Ham Wilson and Mr. Will Brown, please, appearing jointly.

Gentlemen, we are delighted to have both of you appear before the subcommittee as witnesses and appreciate your willingness to testify. I know that the committee will be benefited by the comments

and the experiences and observations that you have had, and your testimony will be made part of the hearing record.

**STATEMENT OF E. HAM WILSON, EXECUTIVE VICE PRESIDENT,
ALABAMA CATTLEMEN'S ASSOCIATION, MONTGOMERY, ALA.**

Mr. WILSON. Thank you, Senator. It is a pleasure to be here. We have a prepared statement we would like to file with the committee and Mr. Brown will hit some of the highlights.

Senator ALLEN. It will be inserted in the record.

STATEMENT OF W. M. BROWN, PRESIDENT, ALABAMA CATTLEMEN'S ASSOCIATION, ATMORE, ALA.

Mr. BROWN. Senator, let me say it is a real pleasure for us to be here. We are deeply appreciative of the fact you would take the time to come to Alabama and to listen to this testimony today.

The Alabama Cattlemen's Association is a State wide nonpolitical organization owned and controlled by Alabama cattlemen. The purpose of the association is to represent, promote, and develop Alabama's beef cattle industry.

In 1972 we had 15,158 members in our Alabama Cattlemen's Association in all 67 counties, 67 active chapter affiliates. We are appreciative of the fact that we have an opportunity to come today to present our testimony to you at this time.

Senator ALLEN. Does that number include the Cowbelle's also?

Mr. BROWN. No, sir, that is just cattlemen. We have 2,000 Cowbelle's and about 600 junior cattlemen. And as you know—

Senator ALLEN. Almost 1,000 isn't it?

Mr. BROWN. And as you know, as we said, this is the largest cattlemen's association in the world and we are deeply proud of that.

Senator ALLEN. I will put that in the Congressional Record. We are real proud of it.

Mr. BROWN. [Continuing]. 1973 is going to bring on new highlights. We will tell you about that later but today we are glad to be here.

Price support and price ceilings: The members of our organization are deeply concerned over the unfavorable attention that has been focused on beef prices lately. Cattlemen are just as concerned over inflation and the increased cost of living as any group of people in Alabama and the Nation. We, in the Cattlemen's Association, have for a long time vigorously opposed all types of price ceilings or price supports on our products.

We have believed for a long time that the law of supply and demand should regulate the market and the price we receive for our products. We realize that beef cattle production can operate better under the present enterprise system we have operated under for quite a while.

The cattlemen of Alabama deplore the action of the President in placing price ceilings on beef and other red meats. We regret that the President found it necessary to single out our industry and make us look and make it appear that we are altogether to blame for the

inflationary times in which we live today. We feel this is unfair to the cattlemen of Alabama and the Nation.

We realize from the past that price controls and price ceilings are very disruptive to normal production patterns and create artificial situations which in the longrun will reduce supplies and increase prices to the consumers.

The cattlemen of Alabama favor a simple, 1-year extension of the economic stabilization act without amendments.

Senator ALLEN. I believe that is what we are going to get.

Mr. BROWN. Right, we appreciate what you did in the Senate in passing the legislation that you have already passed. We were in Washington last week and we are deeply appreciative of what we have got down there so far. We do realize that any roll back of prices would be disastrous to the cattle industry of Alabama and to the Nation.

On animal drugs, Alabama cattlemen are alarmed at the attention that animal drugs have been receiving lately, as well as insecticides and herbicides in the recent months. We know that it is imperative that the beef cattle production and farmer be allowed to use certain animal drugs, insecticides and herbicides in the production of their animals and crops.

We object to the ban on DES in feeds and the possible loss now of implants. We realize that this is a very valuable tool in beef cattle production and the elimination of these two drugs would substantially increase the price of beef to the consumer. In fact, it has already been proven the bans on DES has increased the price of beef production approximately 10 percent. And, we realize that without these drugs and insecticides that we, in agriculture, will be in serious trouble.

On the Delaney clause, we feel that the interpretation of the Delaney clause is entirely too narrow with current analysis and diagnostic techniques. The beef cattle industry must have more room for scientific judgment within the context of the Delaney clause. We know that the use of insecticides and herbicides is not in our opinion detrimental to humans or animals if properly used. In fact, it is just imperative that we continue to have these in our operation, and we feel that something should—some amendment should be made to the Delaney clause.

On farm legislation, we in the cattle industry in Alabama favor a sound, workable farm bill. We wholeheartedly endorse and support your legislation which authorizes a 5-year extension of the present farm law. We strongly oppose an Government programs which will allow cattle and livestock to be grazed on diverted acres. We have no objection to anyone going into the cattle business, but we feel that they should not be subsidized by allowing them to graze cattle on land on which the Government is paying them not to produce crops.

Again I might say that we do support and wholeheartedly endorse your legislation to extend the bill. Anything that we can do back here in Alabama, we can do to help you, we will be glad to.

We appreciate this opportunity to come and testify today.

Senator ALLEN. Ham, do you have anything?

Mr. WILSON. Senator, I want to add with Mr. Brown we feel real lucky to have you in Washington. We appreciate you speaking out for the farmer. It has been a long time since we have had a man in Washington that would really stand up and be on our agricultural committee.

We are deeply concerned with beef cattle because beef cattle is the largest agricultural industry in the State. I don't want to argue with our poultry friends, but the value of our cattle is in excess of \$1 billion. Even just the cattle alone, not including the land, is over 500 million, just the livestock, the cattle.

We are the largest users of land in Alabama, other than forestry. We have some 5-million acres in production of pastures, small grain and hay crops, and so we are vitally concerned with the cattle industry in this State.

The story of the growth and development of the cattle industry in Alabama, of course, as you know has just been fantastic. In 20 years we have come from nothing to a \$200 million annual income and we now range 16th in Nation in beef cows, which many of our western friends can't believe we are even in the cattle business. So, we are proud of that. We think, they tell us now that by 1980, which is 6½ years approximately, we are going to have to have 10 million more brood cows in this country if we are going to eat the amount of beef we are eating today with increased population. That means that here in Alabama we are going to nearly double our beef cattle numbers, we are going to have to if we keep up with our industry and we keep up with the national average.

So, we are deeply concerned with two or three things that we would like to mention.

One is imports. We wholeheartedly endorse the Meat Import Act of 1964, which you are very familiar with, giving the President the authority to set quotas coming in. We have no objection to that. We think this is good legislation. It does not unduly restrict our industry and it allows some imported beef to come in when needed.

This is good legislation and we hope that you will do everything you can to see that this Meat Import Act is maintained on the books as it now stands.

We were delighted to learn that you were cosponsoring a bill to label imported beef.

Senator ALLEN. Yes.

Mr. WILSON. We have been trying for years to get a bill to label. We think that the housewife should know whether or not she is buying domestic beef or imported beef.

Senator ALLEN. It ought to follow the meat right on down to the final retail sales.

Mr. WILSON. That is right. She should know and because these, many of the other products coming in here, they say "Made in Japan," "Made in Germany" and we think that the same should be true of beef.

The fire ant is a very serious economic pest to our industry because we are cultivating some 5-million acres. It is not a serious pest on some crops that are plowed up, although it is a serious pest but they can do away with it, but our programs of cultivating hay and we

don't plow the land, and, therefore, to machinery and to loss of livestock the fire ant has been very detrimental to our industry.

We support wholeheartedly the use of Mirex. We have written the Environmental Protection Agency our testimony to tell them, to don't do anything to outlaw the use of Mirex for the fire ant control. And, we support wholeheartedly the USDA eradication program of which the State Department of Agriculture is now conducting in our State, and by the way, part of the cost is being borne by the farmers and cattlemen.

We are concerned with pollution. We are concerned with the consumers—everybody jumping on pollution. Well, I guess you could call the cattlemen, we were the fathers, we are conservationists. We have been living with it for 50 years. Clean air and clean water is something that we must have and we have been fighting it all these years. But I would like to remind you and the Congress that any excess expenditures that we are going to have to go to, to clean up the air and clean up the water, it is going to have to be passed on to the consumer.

Senator ALLEN. That is right.

Mr. WILSON. And I hope they won't forget that. We definitely can't do it and build these ponds and things and drainage things for clean water unless you pass it on to the consumer.

Now exports at the present time, we have not exported a lot of beef. We have exported some of the byproducts. About 80 percent of our hides go overseas, and we hope that we will see—continue this legislation. I believe we are going to see more beef imported because Japan and some of these foreign countries have gotten a taste of this good American beef now and they like it and they have some money to buy it and so we believe that by allowing us to export more of our byproducts, we will actually keep the price of beef down here in America.

I would like to touch on research. There is a lot of talk going around that they are going to cut agriculture research. If we are going to produce beef, in order to keep up with the production, in fact, we have doubled production of beef in 20 years—we have doubled it, we are going to need all the research we can get.

Senator ALLEN. Is that statewide?

Mr. WILSON. That is nationwide—nationwide. So we are going to have to do everything we can, and we hope that the Congress will, to not to cut the research funds from our land grant institutions because we are entirely dependent upon the research programs for the new ideas, to keep efficient. I think the most important thing is the fact that the farmers have been the most efficient people. We have increased our production and gotten the same price for our product for 19 years. Up until a year ago nobody talked about beef prices because they were selling for 1952 prices.

I want to repeat what the Secretary of Agriculture Butz said, for the benefit of the consumer, that the day of the 69 cent roast and the 39 cent pound of hamburger is over. It is the same as the day of the \$2,500 automobile or the \$2,000 tractor. It just ain't no more. And, so, we are going to have to be prepared to pay farmers a profit

for our merchandise and our goods or we are going to move to town and go to work for somebody in the city.

But, we have a great challenge in Alabama, and we are delighted to be part of an industry that has the opportunity to produce the food and fiber for this great Nation.

And, again, let me say that we are delighted to be here and thank you for the interest that you have shown as a member of the Senate Agricultural Committee, and Forestry, and the good help you have rendered the entire agricultural economy of this State.

Senator ALLEN. Thank you very much, Ham and Bill, I appreciate very much the kind expressions and the very valuable suggestions that you have made, and I certainly want to congratulate you and commend the entire Cattlemen's Organization and this fine industry for your great record throughout, and certainly we are proud of this record. I don't know of any industry in any segment of our economy that has a brighter outlook for the future. It looks like your markets are assured, both domestically and foreign.

Of course, the laws of nature are going to hold you back a little bit; you can't speed up production like you might in an industry. But, with those limitations on you, it looks like you can proceed full steam ahead, and I know you will rise to this challenge. I am mindful of the fact that you have had famine conditions in the past as far as prices are concerned, and now that you are having feast conditions. I am glad you are.

Mr. WILSON. Now, we have gotten famous, I didn't realize we were as important until the President blamed the whole inflation on us. I didn't know we were that important in the country.

Senator ALLEN. I think that was a mistake and I think he realizes the mistake, and as far as the reports—according to the reports of course—off-the-record.

[At this time an off-the-record dissertation was had.]

I think he feels that he has made a mistake on it. Localizing the efforts of the Alabama Cattlemen's Association, your record is remarkable and is something the whole State can be proud of. We have made a great industry of the beef cattle industry and it is making an important contribution to the economy of our State.

Mr. WILSON. I think the consumer should realize the cattlemen—we have been trying to get over the last 3 weeks, we don't set the price. Beef is about the only commodity I know of that is sold on a bid and auction basis. We go to the market with our hat in our hand. We never know what we are going to get. If there are a lot of packers there we get a good price. If there are none there, we get a low price.

Senator ALLEN. But you didn't come to the Government asking that a program be set up to make any guarantees to you. I commend you for that.

Mr. WILSON. Thank you, sir. I think one thing you can commend the cattlemen for, we have this self-help beef promotional program whereby we contribute our own money to promote and advertise our product and it has been—well, it has been a real, fine, successful program since 1962. And we think it has been one of the main reasons for the fast growth and development of our industry.

Senator ALLEN. Well, more people have more spendable income available and more demand, and the demand of course, bids the price up. That is certainly understandable. But, certainly I don't feel like penalizing the beef cattle industry because you are enjoying a good year or two. I think you are entitled to a few good years along.

Mr. BROWN. One out of 20.

Mr. WILSON. One of the farmers told me the other day that all we want you to do is carry the mail, guard the coast and just leave us alone. [Laughter.]

Senator ALLEN. Well, I believe we are defending the coast, I don't know about carrying the mail.

Mr. WILSON. We are not doing a good job on that.

Senator ALLEN. But I appreciate your testimony, I appreciate your being here.

Mr. WILSON. Thank you very much.

[The prepared statement of Messrs. Brown and Wilson, representing the Alabama Cattlemen's Association, follows:]

The Alabama Cattlemen's Association is a statewide nonpolitical organization owned and controlled by Alabama cattlemen. The purpose of the Association is to represent, promote, and develop Alabama's beef cattle industry. There are 15,158 members in the Association in 67 county affiliated chapters.

Beef cattle is Alabama's largest agricultural industry and is valued at more than \$1 billion. Income from the sale of cattle and calves in 1972 totaled approximately \$200 million. Alabama has more than 2 million head of cattle and ranks 16th in the Nation in number of beef cows with 995,000 head.

Price supports and price ceilings

The members of our organization are deeply concerned over the unfavorable attention that has been focused on beef prices. Cattlemen are just as concerned over inflation and the increased cost of living as any group of people in the State.

We vigorously oppose all types of price ceilings or price supports on beef. We believe that supply and demand should set the market for our product.

Cattlemen deplore the action of the President in placing price ceilings on beef and other red meats. We regret that the President found it necessary to single out our industry and make us look as if we are altogether to blame for inflation. This is unfair to the cattlemen of this Nation.

Price controls and price ceilings are disruptive to normal production patterns and create an artificial situation which in the long run will reduce supplies and increase prices to the consumer.

The cattlemen of Alabama favor a simple 1-year extension of the Economic Stabilizing Act, without amendments.

Any roll back of prices would be disastrous to our industry.

Imports

We wholeheartedly endorse the Meat Import Act of 1964. This act is very flexible and does not carry unduly restrictive controls. The President has the authority to increase quotas of imported beef

when necessary. The Meat Import Act is good legislation which protects the domestic cattle industry. It should be maintained.

Labeling

Alabama cattlemen enthusiastically endorse the Senate bill which would require the labeling of imported beef. Senator Allen, we thank you for cosponsoring this legislation. We feel that housewives have the right to know whether they are buying domestic or imported beef.

Animal drugs

Alabama cattlemen are alarmed over the attention that animal drugs, insecticides, and herbicides have been receiving in recent months. It is imperative that beef cattle production and farming be allowed to use certain animal drugs, insecticides, and herbicides in the production of their animals and crops. We object to the ban of Des in feed and the possible loss of the implants. This is a very valuable tool in beef cattle production and the elimination of these two drugs would substantially increase the price of beef to the consumer.

Delaney clause

The interpretation of the Delaney clause is entirely too narrow with current analysis and diagnostic techniques. The beef cattle industry must have more room for scientific judgment within the context of the Delaney clause.

The use of insecticides and herbicides is not in our opinion detrimental to humans or animals, if used properly.

Fire ant

The fire ant is an economic pest in Alabama and the Southeast. We urge the Federal Government to operate at a rapid rate to eliminate this pest. We urge Congress and the Environmental Protective Agency to continue the use of Mirex for the control of fire ants.

Pollution

Alabama cattlemen are interested and concerned about the pollution of our water and air. Call us the original conservationists, if you will. We know the problem—we're out there with it everyday and we pledge our best efforts to cooperate with all Americans to keep our streams and air clean. We must remind our urban friends, though, that the cost of cleaning up the air environment must be passed on the cost of producing the product which will ultimately be borne by the consumer.

Exports

There is a great potential for exporting American beef. Already we are exporting some economy cuts of beef and approximately 40 percent of our hides are being exported to foreign countries. The value of exporting our byproducts has helped to keep the price of beef down at home.

Research

If the beef industry is to continue meeting the rising demands of consumers who are eating twice as much beef as 20 years ago, research funds from Federal and State sources must not be reduced.

Agriculture's share of Federal research funds has been cut. The beef industry's productivity and efficiency is unexcelled by most other industries, but it cannot meet the production demand if the loss of research funds continues.

Farm legislation

We favor a good sound workable Farm bill. We support your legislation which authorizes a 5-year extension of the present farm law.

We strongly oppose any Government programs which will allow cattle and livestock to be grazed on diverted acres. We have no objection to anyone going into the cattle business but we feel that they should not be subsidized by allowing them to graze cattle on land on which the government is paying them not to produce crops. Thank you.

Senator ALLEN. Thank you, sir.

The next witness is Dr. Fred Robertson.

Dr. Robertson, we appreciate your coming before the committee and giving us the benefit of your views and suggestions, and let us profit by your experience, and we welcome the expression of your views and they will be made part of the official hearing record and a copy of your testimony will be sent back to you for possible revision, and then the printed copy of the hearings will be made available to you.

So, you feel free to proceed in any manner you wish.

STATEMENT OF DR. FRED R. ROBERTSON, VICE PRESIDENT FOR EXTENSION, AUBURN UNIVERSITY, AUBURN, ALA.

Dr. ROBERTSON. Thank you, Senator. We are grateful to you for taking time out to come to Alabama and also grateful to you for giving me the opportunity to speak along with my coworkers a word in behalf of the agricultural industry.

I probably will not say anything that hasn't already been said today, as I have been very busy and have not heard of the other presentations.

I have a very short five-page statement which I will speak from, and then you may have it and ask me any questions that you feel to be pertinent to the problems at hand.

Senator ALLEN. You just handle it anyway you want to, Fred.

Dr. ROBERTSON. I think that the agricultural industry in general is very much misunderstood by the general public and anything that I can say to promote a better understanding of our industry and to promote the general welfare of Alabama farmers will be a pleasant assignment.

Senator ALLEN. All right.

Dr. ROBERTSON. Important points to be considered in developing an equitable agricultural policy are the people and the land. The actions of people along with the use of the land and other inputs must be constantly considered in the formation and implementation of any sound and successful agricultural policy. Change in agricultural policy is hard to come by and must have a broad based support by farmers if it is to be successfully implemented.

A key point in the interpretation of trends relating to successful agricultural policy is the size of farm and its relationship with respect to efficient production and management, because it is the fundamental resource base along with the farm family. Like any other competitive industry success or failure is geared to the relation of production costs per unit of output to size of business. Typically, production costs are high on inadequate family farms—and when I say inadequate farms, that is a subjective thing. Most economists, I believe, would say that \$10,000 gross would be a bare minimum for an adequate farm unit. We have here in Alabama about 16,000 farms grossing more than \$10,000 a year which is an increase of some \$3,000 or \$4,000 over the past 10 years. This I take to indicate progress in that we are increasing the number of adequate farm units in Alabama.

Senator ALLEN. The total number of farms hasn't increased by the number of farms with higher gross income have.

Dr. ROBERTSON. Yes, that is correct. We have this improvement within the structure of the total number of farms because of the simple economic principles involved. If the business is large enough to provide full-time productive employment for all family workers using modern equipment, the cost of family labor and of equipment is spread over a large number of bushels of crop, hundredweight of milk, or the like. Therefore, the production costs per unit of output are much lower than we would have on the smaller inefficient farms. However, we should also be aware of the fact that larger farms will not automatically solve our farm income problem.

There are other important economic principles relating to the farm income problem in agriculture. For example, another big jump in the size of business, say to a 50-man operation, often increases production costs per unit. Management becomes difficult because numerous small but nonroutine decisions are not easily handled by remote control. You just can't turn it off and on like you can in some factories. For reasons that we cannot go into here at this time, the cost-cutting advantages of mass production in industry are lacking in most of agriculture. There has never been a time when you could equate the management factor precisely with that of industry. Therefore, it is a difficult problem and a special situation that you are dealing with in developing equitable agricultural policy. Furthermore, the farm family, working for itself, will put in longer hours at a somewhat lower rate of pay than it would for an employer. In time of adversity, the farm family can pull in its belt more easily than the corporation farm can cut its payroll. Usually, therefore, though very large farms do exist in this country, they have not yet been able to out compete family farms and take over most types of agriculture. The family farm, that is what I am speaking for today. That is what we mostly are in agriculture, family farms, and I would like to see it stay that way. Now, we have some larger-than-family farms over the country, but they are decreasing in number and they have not really made a significant dent in the agriculture of this country. The larger-than-family farms have become important in certain situations where the family size has lost some of its traditional advantages. One example occurs when capital requirements become large in relation to labor requirements. This seems to be one reason

for the unusual importance of large farms in beef ranching, some wheat production and fruit and vegetable growing. Its significance seems to be heightened in fruit and vegetable production if there are large, unbroken and highly productive tracts that can be incorporated into one unit—as for example, the irrigated valleys of California.

Now, as your committee thinks today and in the future about policy, I would just like to point out some trends which I think are going to take place, and I think it would be useful to you and your committee to give some thought and consideration to small farm business units which have virtually no chance of producing an acceptable level of living for the family operating it unless the size of business can be enlarged or other employment opportunities are made available for people on farms and in rural areas. This is a situation that we must face up to and in my opinion it has been pushed aside far too long. There are just some cases in agriculture that cannot be helped unless alternative employment opportunities are made available.

In many respects we should be rather optimistic about the future of agriculture in Alabama because of past trends. The number of adequate sized farms has increased during the past decade. The number of inadequate sized family farms has and will continue to decrease rather rapidly in the next decade if industry remains prosperous and nonfarm jobs are easy to get.

Now, we also have another rather important trend here in Alabama which I think is good. That is part-time farmers working in industry. It is good for agriculture and it is good for the country, because the amount they produce is rather insignificant and they make a positive contribution to the rural economy and the agricultural industry and there is always an outside chance that they will acquire more land and capital and become full-time farmers operating adequate farm units.

The number of part-time and residential farms probably will decrease. But there is an important place in society for these units, and they will not pass out of the picture.

The amount of capital required to transform an inadequate farm into an adequate business unit will continue to increase. And this is because farmers are required to buy inputs and compete pricewise in the market along with all other types of industries.

I think the rate of increase in the size of business will slow down, but many people fail to realize how long this size of business already is. Personally, I feel reasonably sure that farmers have been exploited, particularly in the market, because of the fact that in most cases farmers are producers of raw material and only have their hands on their products one time, while everybody else who handles it from there on out until it reaches the consumer has the opportunity and usually does add more to the product price than the farmer himself receives. Next, the number of overall adequate business units will decline slowly. Consolidation of small units will increase the number. But, there will be some consolidation of adequate units, and the minimum size for an adequate unit will rise.

The importance of larger-than-family farms varies by region and type of farming. Very large farms dominate a few types in some areas. But in most of the Corn Belt States, the lake States, and in

the Northeast, very large farms are less important than the country at large. Larger-than-family farms are only a small fraction of the present-day number of adequate business units.

The increase in the relative importance of full and part-time farm owners, and the decrease in the percentage of tenants, sharecroppers, and farm managers has been taking place and I think it is good because it gives a greater number of American farmers the opportunity to make their own decisions. I think this is essentially what farmers want, to be treated not any better than anybody else, but to receive equity in the marketplace which will result in equitable returns to investment and management comparable to other industries.

As a long-time professional agricultural worker, I resent the fact that in the minds of many people agriculture is supposed to absorb all the cost of living increases and that a cheap food policy is the sole responsibility of American farmers.

The trends which we have discussed in this brief presentation to me means in a nutshell that if you have an inflexible farm policy that holds people on farms with operating units which do not allow them to earn an acceptable level of living, you will have a lot of people being severely penalized. Agriculture is an industry which needs to be free to let resources flow in and out so that everyone concerned can have the opportunity to be rewarded equitably for their investment, management and labor. This would be a means whereby the Nation could benefit from the increased productivity and increased purchasing power of a group of people who are now locked into an intolerable economic position of rural poverty.

In the case of agriculture at the present time, we are in a dilemma, as you and your colleagues on the committee well know. The dilemma is one of trying to use price policy and related programs to improve the income of farmers and at the same time achieve economic efficiency in the use of land, labor, and capital in agricultural production, and it is just about an impossible task to successfully perform. On many farms in Alabama and throughout the Nation there is an imbalance among these factors. These are the farms that are now being operated as "inadequate" family farms. These are a sizeable number of farms that probably will never reach the acceptable income level and these farms will have to be absorbed by adequately sized operating units or put to some other use.

The alternatives available to policymakers are relatively few and the "choices are not easy. This is where the nitty-gritty problems lie. They fall roughly into three subjective categories which I will describe.

No. 1, is that you can have farm programs which will support favorable incomes on most of the adequate family farms now producing products which are eligible for price supports at an acceptable level of income. This policy, we might as well admit, has not been totally effective in the past. It really hasn't done much to help small farmers because they have so little to sell but it might provide just enough income to hold them on the inadequate size farm with the hope and expectation of being "bailed out" at a later date.

No. 2, the abandonment of price supports or the lowering of them to a point that they would have little or no effect on production on most farms. This would allow many farmers' incomes to drop to especially low levels. This substantial lowering of farm income would probably have a negative multiplier effect which could be reflected and magnified in the nonagricultural economy.

No. 3, we could promote a policy which I think would be good, which would promote the building up and consolidation of these small inadequate units into productive and efficient operating units. This would help not only the people that were ambitious and able to work themselves from an inadequate situation into one of efficiency and would also allow the others to leave agriculture and do something which would provide a better level of living for themselves and a greater contribution to the overall economy. In my opinion, the best agricultural policy that we could have would be one of high level of economic activity in the total national economy coupled with a creative, flexible, and adequately funded rural development program. Such a situation backed by adequately funded programs of research and extension would stimulate the production and marketing of high quality farm products which would demand and receive a price which would compare with the returns to capital and labor in other nonagricultural enterprises.

Such a policy would promote the building up and consolidation of small farms where this was feasible, and, where it was not, it would provide assistance to families on inadequate farms in voluntarily finding better employment opportunities outside of agriculture. The aim would be to keep in agriculture only the farmers who have a real opportunity to earn income which would support an acceptable level of living.

I think this completes my statement, and I would be happy to answer any questions which you would care to ask me.

Senator ALLEN. Thank you very much. I appreciate very much the contributions you are making to the hearing. I know the testimony you have given will be of great benefit to the members of the full committee, because it does give a philosophical outlook on the agricultural economy, and makes some constructive suggestions as to what we might look for and what we might do to avoid unfortunate consequences. I think it is a real fine statement.

Actually, it is going to be difficult, by any legislation by way of a farm act to stop some of the economic trends regarding farming and agriculture, is it not, and the loss of marginal farms? The Department of Agriculture says we have approximately 2.8 million farms now and 1.2 million of those in danger. Some of them might be absorbed by the larger farms, some of them just be abandoned, but there is no way to have a reasonable and sound law that would stop those economic forces, is there?

Dr. ROBERTSON. That is correct, Senator, and we really wouldn't want excessive interference with the laws of economics at any level by anyone including government.

Senator ALLEN. Yes.

Dr. ROBERTSON. I think excessive interference of economic laws would be detrimental in many respects. Most of us at one time or

another like to claim credit for things that happen. However, in reality the laws of economics usually settle most situations and it will continue so during the years ahead of us. It is good for us that it happens this way. In my opinion we would get ourselves into an intolerable situation if it were left entirely to our own design. So to summarize what I think in a nutshell is this. I would like to see agriculture protected from an economic catastrophe, within certain reasonable limits. Perhaps because of its uniqueness we need a reasonable price floor but no price ceiling except in extreme national emergencies such as war, et cetera. For the most part, what I would like to see is a freewheeling, free operating economy, which would allow people the freedom of choice to move inputs in and out of agriculture in response to their best judgment as to price and income expectations. I would not like to see agriculture as closed enterprise which would prohibit the entrance and egress of ambitious entrepreneurs.

Senator ALLEN. Well, agriculture doesn't seem to be attracting large numbers of the younger people, does it?

Dr. ROBERTSON. Well, Senator, not in great numbers, but the entry into the agricultural industry may be a little different than some other industries. Sometimes it takes a circuitous route. For example, a person may go through college and work as a chemical engineer for awhile and maybe come back and want to be a farmer and he could be 45 or 50 years old at the time he made the decision to return to farming. Take one of our very successful Alabama farmers, Mr. J. D. Hays, who was trained as an engineer and then became one of Alabama's most successful farmers and agricultural leaders. This is not to imply that Mr. Hayes is as old as the ages which I have mentioned but he was used to illustrate my point. This is the American way and many other examples could be given.

Senator ALLEN. He comes to it late.

Dr. ROBERTSON. Yes, sir, this is right. I really don't think that the average age of farmers is too relevant, because of the nature of the agricultural industry because of its overall efficiency and the steady flow of capital and technology into it. As Mr. E. H. Wilson pointed out in his presentation it is required that adequate and continuous research and extension activities be carried on because of the dynamic nature of the agricultural industry. It is extremely important to the United States and the world that agricultural research and extension not be allowed to lag to any degree.

Senator ALLEN. Doesn't the Rural Development Act contemplate more agricultural research?

Dr. ROBERTSON. Yes, sir.

Senator ALLEN. And development and education.

Dr. ROBERTSON. Yes, sir, in my opinion it is a very logical and a very well-conceived bill which will serve the Nation well if properly implemented.

Senator ALLEN. If we can ever get it funded.

Dr. ROBERTSON. Yes, sir, that is correct and we thank you for your support of this important legislation.

Senator ALLEN. Thank you.

Dr. ROBERTSON. In this respect, Senator, I would like to add you have served Alabama well since you have been in Washington and we are grateful to you for it.

Senator ALLEN. If we can get it funded, it will be all right.

Dr. ROBERTSON. I am in total agreement with you that if the bill is adequately funded, it will go a long way in solving many of our problems in rural areas.

Senator ALLEN. Recently in a group of 4-H boys in Washington, and I asked several of them what they planned to do when they got out of college, you know, and about 3 out of 4—it may not be this percentage running throughout—but about 3 out of 4 says, “I want to go back and help my Daddy on the farm or go into some agriculture related business.” They wanted to be in some sort of agri-business, rather than out and being a dirt farmer. I wonder if you have found that trend to exist.

Dr. ROBERTSON. Well, this is true, and I think that I can identify the basis for it, Senator. Until fairly recent years agriculture was not considered by many persons to be a high status profession. I think this attitude is changing and will continue to change in the future. It is much more glamorous for a freshman to come to Auburn and say he wants to become a lawyer, doctor, engineer, or something other than a professional agriculturist. However, as time goes on, and he gains a little more maturity and experience, he may say, “Well, I want to go into some kind of farming or agri-business,” and he will wind up in the cattle business or some other type of farming.

Senator ALLEN. You can't always tell.

Dr. ROBERTSON. No; I am not really alarmed about the future of the agricultural industry so long as we keep adequate programs of research education to provide a continuous and an appropriate flow of technology into the industry. I am also impressed with the leadership being developed and asserted by the young people such as 4-H'ers, FFA and others who are participating in activities related to agriculture and home economics.

Senator ALLEN. Apparently fewer and fewer people are growing more and more products on less and less land. That certainly seems to be the case, so somebody is doing a good job.

Dr. ROBERTSON. You are entirely correct. Farmers are continually substituting technology and expert management for manpower, which results in increased productivity per person, and this in turn allows each person in agriculture to adequately handle more acres of land than was the case a few years ago. There is a certain level at which a leveling off will take place in the substitution rate of these various agricultural inputs, but I don't know at what point in time this will occur, or what the size of the operating unit will be and I don't think anybody else knows at this particular time.

Senator ALLEN. Well, it is all very interesting.

Dr. ROBERTSON. Yes, sir, even fascinating.

Senator ALLEN. I appreciate your being here.

Dr. ROBERTSON. Senator, on behalf of myself, President Harry M. Philpott, and other administrators of Auburn University, I want to

again thank you for coming to Alabama and allowing me to appear before your committee, and I again want to commend you on the fine job you are doing for the people of Alabama in taking care of our interests in Washington.

Senator ALLEN. Thank you, sir. Mr. Ben Reynolds, please.

Mr. Reynolds, we are delighted to have you appear before the committee and give us the benefit of your views. We would like to include them in the record of the hearing of the full committee, so that it may be studied by the entire membership as it marks up a new form bill, so you may proceed in any way you see fit.

STATEMENT OF BEN REYNOLDS, JR., CHILDERSBURG, ALA.

Mr. REYNOLDS. I don't have a prepared statement, but the only—
Senator ALLEN. That is perfectly all right.

Mr. REYNOLDS. I am an operator of a 1,200 acre farm which is in partnership with my brother. We grow 400 acres of cotton, 700 acres of soybeans, and 100 acres of corn.

Senator ALLEN. You and your brother do this?

Mr. REYNOLDS. My brother and I together—partnership. I just want to speak up for the pending bill. I would like to see it extended for 5 years.

Senator ALLEN. Yes, sir, I agree with you.

Mr. REYNOLDS. In that way we are in a much better position to make preparation for farm operations from year-to-year, whereas a 1-year extension, you don't have much choice. You either do it or you don't. So that is about it in a nutshell.

If you have any questions you would like to ask me, I will try to answer them the best I can.

Senator ALLEN. Now, are you in Talladega County?

Mr. REYNOLDS. In Talladega County, right.

Senator ALLEN. How does your land lie there; is it rolling?

Mr. REYNOLDS. It is kind of rolling, redland, right, and it is located about 20 miles south of Talladega, between Talladega and Childersburg.

Senator ALLEN. There on the highway between—

Mr. REYNOLDS. On the highway between Winterboro and Childersburg.

Senator ALLEN. That is certainly good farming area through there and you farm 1,000 acres?

Mr. REYNOLDS. 1,200.

Senator ALLEN. 1,200.

Mr. REYNOLDS. Yes.

Senator ALLEN. Seven in cotton?

Mr. REYNOLDS. No; 4 in cotton, 7 in soybeans, 100 acres in corn, which we try to take the corn and put it back through hogs. We raise hogs and beef cattle also.

Senator ALLEN. You have quite an impressive operation.

Mr. REYNOLDS. Well, it is a full-time job. We are there full-time. We have to justify enough, if we were working out, the same thing, so we just put in a full-time job there on the farm.

Senator ALLEN. I notice that you are a director of your REA co-op.

Mr. REYNOLDS. Yes; I am a director of the Coosa Valley Electric, Talladega; I have been a director for 4 years.

Senator ALLEN. That is very, very commendable. You feel then that the 1970 act has been of benefit to the farmers and to the people of Alabama and the Nation.

Mr. REYNOLDS. I think so. It is a good bill. We can live with it, I know that, we have for the past year. I think if it was extended for 5 years we would be in better shape than we are right now, we don't know what is going to happen.

Senator ALLEN. Would you be able to make a profit on cotton raised for the market without payments?

Mr. REYNOLDS. I doubt it very seriously, no I wouldn't. I don't think I would even grow it because I couldn't make a profit.

Senator ALLEN. You would get into another crop.

Mr. REYNOLDS. I would get into something else because if you are in something and can't make a living out of it, you may as well get out because you eventually are going to get into the red and once you get into the red it is hard to get out, I know from experience.

Senator ALLEN. I know there on the committee, when it was pointed out to some of our colleagues from other sections of the country that if our cotton farmers were forced out of the cotton business that they would get over into competitive products, what they are producing, and that seemed to make sense to them and they became a little mindful of our problems and willing to cooperate. But, I will say the attitude of the Senators on the committee is one of great interest and sympathy for the needs and the role of the farmers throughout the country. They are mindful of the tremendous job that has been done by agriculture in feeding more and more people on less and less land through the work of fewer and fewer people.

So, we are delighted to get your views on this matter of legislation.

How do you feel, I assume you farm the—your soybeans and cotton with the same general equipment.

Mr. REYNOLDS. Right.

Senator ALLEN. How would you feel that you fared in your cotton crop as compared with your soybean crop on the profit for the hours that you put in?

Mr. REYNOLDS. Well, this year I would have to say soybeans, because we had a bad season. I was able to cut only 2,000 bushels before the first of the year. So after the first of the year we started back combining the dry days and I was able to take advantage of the high price. So that is where I came out better on my soybeans, my first cotton I picked in October, I only sold it for 24 or 25 cents. This I picked in January I was able to get 29 and 30 cents for it. I would still say on soybeans I came out better.

Senator ALLEN. When did you sell your soybeans?

Mr. REYNOLDS. Well, I sold them as I gathered them out of the field. This was in 1973, this year.

Senator ALLEN. I see.

Mr. REYNOLDS. In fact, we are not through yet, but we have the biggest majority of them out. I have gotten as high as \$6.15, \$6.20 for some.

Senator ALLEN. That was higher than cotton.

Mr. REYNOLDS. In December I sold for \$3.25. I figure you can't do that every year. I wouldn't want to be caught like that every year, but this year it proved to be that we made money on it.

Senator ALLEN. Mr. Martin, I believe was a soybean farmer; he suggested raising the Government loans for soybeans. Would that be beneficial to you?

Mr. REYNOLDS. Well, in a year when the market was flooded, it would. But as it was this year, with the grain deal to Russia, soybeans were scarce and just the price, didn't nobody bother with it.

Senator ALLEN. Someone has said that as a principle of what we ought to do is reduce payments in price support levels to the point where farmers might be permitted to produce only in those areas and by those farmers who are most efficient in the production of each commodity; in other words, not have a scattered and diverse crop in every section, but confine one section maybe to cotton, another section to corn, another to wheat and another to soybeans; would that be practical?

Mr. REYNOLDS. I would say in some sections it would be disastrous because—in fact, I couldn't go to the bank right now and borrow money just say I am going to grow cotton.

Senator ALLEN. Yes.

Mr. REYNOLDS. Who knows, we may have a failure this year, I don't know. If I go with a diversified program, cotton, soybeans, and cattle, I stand a much better chance of getting the amount of money I need to operate.

Senator ALLEN. That would not be practical at all.

Mr. REYNOLDS. No, I don't think so.

Senator ALLEN. I certainly agree with you on that, but that has been suggested.

Mr. REYNOLDS. I don't think that would be a good policy.

Senator ALLEN. What about rural electrification, what is the situation there on you co-op? Do you have electricity made available to everyone in the community?

Mr. REYNOLDS. Well, we have, but we are still needing some money, of course, the co-op is in pretty good shape, but you know from time to time you have to keep rebuilding and that is where we were caught 2 years ago, for the last 25 years, they hadn't done any rebuilding, and it all came in at one time. So that is the reason we had a great expense for the last 2 years, it is beginning to level out now. I think if we get a bill through the co-op can live with, they can make it.

Senator ALLEN. You and your brother own your farm?

Mr. REYNOLDS. We own 600 acres and the rest we have leased and rented.

Senator ALLEN. Are you leasing allotments?

Mr. REYNOLDS. Well, we lease what we can. This year was a scarce year for allotments, because people in north Alabama came down, and we just couldn't afford to pay.

Senator ALLEN. What were they paying for it?

Mr. REYNOLDS. Well, from 6 to 8 to 12 cents. We just couldn't afford to pay it. Rather than do that, I would plant on the open market if I could contract for 31 cents, I feel I could do better than paying the price and than high rent. I figured it was best to go that way.

Senator ALLEN. Your brother feels the same way you do about this?

Mr. REYNOLDS. Yes, sir.

Senator ALLEN. And other farmers you have talked to?

Mr. REYNOLDS. Right, in the community.

Senator ALLEN. You think then that the best interest of the farmers of Alabama, planting the crops that we do down here, would best be served by the extension of the 1970 act, continuation of the 1970 act provisions?

Mr. REYNOLDS. Yes, I do. I know you wouldn't get nothing no better, so I would rather live with what we have now.

Senator ALLEN. What is your cotton yield there and soybean yield?

Mr. REYNOLDS. Well, around 30 bushels an acre soybeans; cotton we have some yields running 350 to 550. In the adjourning counties it is much higher because they run around 750. Ours goes as high as 600. So you see that figures around \$90 an acre. The highest is 90 and the lowest is around 45.

Senator ALLEN. What is your gross? I won't ask what your net income was; what was your gross operation?

Mr. REYNOLDS. Gross last year was \$86,000.

Senator ALLEN. You grossed \$86,000?

Mr. REYNOLDS. Yes.

Senator ALLEN. And that would have to—what help did you have?

Mr. REYNOLDS. Well, only one hired help. There is three of us there, one hired help.

Senator ALLEN. You had to work.

Mr. REYNOLDS. Yes; we really worked. We have to because rather than put some inexperienced man out on a \$14,000 tractor, I would rather drive it myself. They don't know the value of it like I do because I have to pay for it, you know.

Senator ALLEN. I commend you for your industry and your willingness to work to get ahead. I think it is highly commendable, and I appreciate your willingness to come before this committee and give us the benefit of your views. You were a splendid witness and made a fine contribution.

Mr. REYNOLDS. Well, I appreciate your letting me appear.

Senator ALLEN. Thank you very much.

Mr. REYNOLDS. You are welcome.

Senator ALLEN. Is Mr. T. O. Owens here? Mr. Owens, good to see you, sir, I appreciate your coming to testify.

Mr. OWENS. Yes, sir.

Senator ALLEN. Mr. Owens, we appreciate very much having you appear before the Committee and give us the benefit of your views and your observation and experiences. You may proceed in any manner you see fit.

STATEMENT OF TOLBERT O. OWENS, COMMISSIONER, ESCAMBIA COUNTY, ATMORE, ALA.

Mr. OWENS. All right, sir. Senator Allen, I have a written statement here, but I know you all have been here all day and I know you are tired and I will just make a few comments about it rather than read the whole thing.

I am 100 percent in favor of the 1970 program. One thing that I have been concerned about for a long time is why the parity payment or support are only 75 or 85 percent. I just wondered how long our American farmers is supposed to be a three-quarter citizen instead of the No. 1 citizen like he should be, and this is what has concerned me a lot and I just never have fully understood these programs.

But I think that if we continue the 1970 programs like they are, I think it would be very beneficial to the American farmer.

Senator ALLEN. You have a statement that you want to put in the record.

Mr. OWENS. Yes; that I will just submit that to you for the record.

One other thing I was concerned about is word had come to me as chairman of the County Commission of Escambia County there was some talk at some time of discontinuing the Soil Conservation Services, and I just wanted to urge you to continue this program.

Senator ALLEN. You can rest assured I am doing everything I can on that.

Mr. OWENS. I am concerned about how many farms that have gone down the Mississippi River in the last month on account of the Soil Conservation not being available or not being utilized as it should and how many farms did not wash down the Mississippi River on account of the Soil Conservation Service.

Senator ALLEN. Yes, sir, I am a great believer in soil conservation, as you know.

Mr. OWENS. And that is about all I have.

Senator ALLEN. Yes, sir, now, what—do you engage in farm operations?

Mr. OWENS. I am in the dairy business and a grain farmer and also serve as County Commissioner of Escambia County.

Senator ALLEN. I know you were with the County Commission there.

Mr. OWENS. Yes; I have been in the dairy business for about 20 years. I still am.

Senator ALLEN. How much corn do you plant?

Mr. OWENS. I plant about 400 acres.

Senator ALLEN. 400 acres?

Mr. OWENS. Yes; I grow all my feed for a 150 cow operation. We milk 150 head of cattle and I grow all my feed for that.

Senator ALLEN. What sort of support program do you have on the corn?

Mr. OWENS. Well, the only one I have ever participated in is a cotton program, but I have got out of the cotton farming this year. I couldn't make any money at it even with the support payment. I will say that. I got completely out of it and I don't participate in any of the programs right now.

Senator ALLEN. Well, now, were you here when Mr. Rankin testified this morning?

Mr. OWENS. No, sir; I wasn't here this morning. I came this afternoon.

Senator ALLEN. He is in the dairy producing business.

Mr. OWENS. Yes.

Senator ALLEN. That is the milk producing business.

Mr. OWENS. That is right.

Senator ALLEN. And he sells to Dairymen, Inc., a dairy co-op.

Mr. OWENS. Yes.

Senator ALLEN. And he is just about being crowded to the wall, which is his statement, and I certainly credit what he said.

Mr. OWENS. Yes, sir.

Senator ALLEN. Are you experiencing the same difficulty? You are growing most of your feed?

Mr. OWENS. Yes, sir.

Senator ALLEN. Which helps you.

Mr. OWENS. This helps me a lot because actually last year, whenever I was harvesting corn, I sold it for \$1.30 a bushel. I had some extra corn. And now I think corn will run you around \$1.80 a bushel. In other words, I know it hurts the people buying all their feed. I was fortunate to be growing my own grain. Now, to give you an illustration of what the differences, in September compared to now, September, 42 percent concentrate was costing me \$84 a ton. Today it costs me \$156 a ton. Now that is the only feed I buy.

Senator ALLEN. Almost double.

Mr. OWENS. Yes, that is right. It is nearly double and I lay a lot of this to the situation of selling the grain to the foreign countries, that it has raised the—shortened the supply of grain and caused an increase in price of our products that we are having to buy.

Senator ALLEN. How many head of the dairy cattle do you have?

Mr. OWENS. I have 286 head; that is young stock and producing cattle.

Senator ALLEN. That is quite an operation.

Mr. OWENS. Yes, sir. We operate a pretty good size.

Senator ALLEN. How long were you able to take care of them on pastureage?

Mr. OWENS. Well, we graze nearly the year 'round. We have—

Senator ALLEN. And supplement it most of the time?

Mr. OWENS. Yes, sir, and we feed corn silage all the time. We feed it the year around, corn silage and oat silage. We make the oat silage in the spring and feed it the year around.

Senator ALLEN. You have managed to stay in business, I see.

Mr. OWENS. Well, one thing I would like to thank you for, that is not concerning the farm program, but I would like to thank you for your efforts in the revenuesharing to the county and local governments. It has certainly helped us out a lot.

Senator ALLEN. I am certainly a great believer in that because I would rather put my trust and dependence in the local officials in choosing the programs that the people want, rather than Federal bureaus in Washington, D. C.

Mr. OWENS. With our revenuesharing fund money we have been able to replace some road equipment that was as much as 25 years old, with this money, and there was a definite need in our country, and serious need, and it certainly helped out.

Senator ALLEN. You know it is my observation and my observation is limited, but it looks to me like the State and local governments are making very constructive use of this revenuesharing money.

Mr. OWENS. Yes.

Senator ALLEN. I believe it is going to serve us in good stead when the time comes up to renew the program again.

Mr. OWENS. Yes.

Senator ALLEN. If local officials had wasted money, throwing it away, even though there are certain guidelines that would control it to some extent, there would be waste even with the guidelines, and if they had not spent wisely, I think we would have had a hard time getting the program renewed.

Mr. OWENS. That is right. I think that whenever the program—I believe it is a 5-year program?

Senator ALLEN. Yes, sir.

Mr. OWENS. Whenever this is completed I believe Congress is going to see enough need to continue it; I feel like it will.

Senator ALLEN. Yes, sir.

Mr. OWENS. I have talked to a lot of county commissioners about it and they are all very much in favor of it. They appreciate it very much.

[The prepared statement of Mr. Owens follows:]

Mr. OWENS. Senator Allen, ladies, and gentlemen, and fellow farmers, I am Tolbert Onree Owens of Atmore, Ala., a dairyman, grain farmer, and county commissioner. I will in my own humble way try to convey to you my feelings of the programs I would like to see enacted and some comments about the farm programs we now have.

My first comment is about the program that concerns parity payments. I have never fully understood "parity programs," but I have often wondered why the American farmer, who is the backbone of this great country, always had to be held to 75 to 85 percent parity. Is the American farmer supposed to always be a three-quarter-rate citizen of our country? Or is he supposed to be the No. 1 citizen like he should be—I say if we are going to have parity based programs, let them be 100 percent parity programs and not 75 or 85 percent.

My next comment is on the programs to help the American farmer finance on farm storage through commodity credit loans where the interest has been raised to 5 percent. This program of farm storage is an investment by the American people in a "bread basket" and reserved for their own benefit—not just the farmers.

We hear talk of high food prices. It is my firm belief that if we would have had more on farm storage, we would have seen a more stable market in our beef, pork, and chicken industry in a time of need. It is my firm belief that if the American farmer is not given a little help and some of the programs that are now in effect continued—you may see a lot more go out of business. We see loans made to Lockheed and other large businesses, why not help the American farmer.

Now one of the programs I feel is one of the most important ones, it has been brought to my attention as chairman of the Escambia County Commission, that here is talk of stopping the soil conservation services—Senator, let me urge you to do everything in your power to continue this program.

This program here is the most important one of all because, Senator, when you lose the soil of our country, then you have lost every-

thing. I shudder to think how many farms have been washed down the Mississippi River in the last month due to one of the worst floods in 20 years. I also wonder how many did not wash down the Mississippi River because of the Soil Conservation Service. The soil is the foundation of the American farmer—so I urge you to continue this program and even expand it if possible.

Another program I would like to talk on and it does in a round about way involve the farmer, and this is the food stamp and commodity program. First of all I would like to congratulate Governor Reagan of California for his stand on welfare reform and feel that this should be applied to the food stamp and commodity program. In other words, if a person refuses a job when it is offered to him, he should not be allowed to draw on either of these programs or if a person is just too lazy to work, he should not be able to draw on these programs.

These programs I have talked about, the American must work to participate in any program he shares in. I am 100 percent for continuing the 1970 Farm Act for 5 years.

Senator, it has been my pleasure to say these few words to you. I thank you for your time to come to Alabama. I think this is the best way for you to get the feelings of the American farmer. Thank you for the job you are doing in Washington.

Senator ALLEN. Mr. Owens, I appreciate your coming before the committee and giving us the benefit of your views. You will be furnished with a copy of your oral remarks and then you will get a printed copy of the hearings, as I understand it.

Mr. OWENS. Thank you. Good to see you.

Senator ALLEN. There are one or two witnesses that did not answer to their names, and just so I would not overlook anyone I am going to call their names: Mr. Lawrence Davis of Decatur. Mr. Nathaniel Reed of Cherokee. Mr. John Matthews of Decatur and Mr. Earl Moran of Brewton. The others have already testified.

Now the hearings will remain open, that is the record will remain open for 1 week and if any one would care to file a statement expressing his views on the 1970 Farm Act, and the present legislation extending that act, he is invited to submit a statement. At the end of that time the record will be printed up, or at least it will be typed out first and corrected, prepared and corrected.

If there is no further business to come before the committee, the committee will be in recess.

[Whereupon the committee recessed subject to call of the Chair.]

[Additional statements filed for the record are as follows:]

HARTFORD, ALA., April 26, 1973.

HON. JAMES B. ALLEN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ALLEN: This is with reference to our discussion on April 20, 1973 of proposed legislation dealing with peanuts for 1974 and future years.

As a Geneva County peanut grower with 34 years experience farming, I would recommend the following to be included in peanut legislation of the future:

1. Allow the Secretary of Agriculture to determine each year the acres of peanuts needed for domestic consumption or/and export at domestic prices.
2. Price support be set at not less than 75% of parity.

3. Allow cross county sale and transfer, but not cross State lines.
4. Allow price support on peanuts with A-flavus mold.
5. Require Pure Food and Drug to put a realistic tolerance on A-Flavus mold. Thirty parts per billion is absolutely unrealistic to a person that has eaten rotten peanuts 50 years.
6. Require research on ways of preventing A-flavus mold.

Do not have a two-price system on peanuts. This was tried several years ago and it does not benefit the farmers. Farmers in my section had rather take a reduced acreage allotment and produce at a profit.

It certainly was nice to see you and visit with you and your staff last Friday in Geneva. We in this area feel that Alabama is very fortunate to have a man of your calibre to represent us in the U.S. Senate.

Sincerely yours,

E. T. SULLIVAN.

SHORTER, ALA., April 13, 1973.

HON. JAMES B. ALLEN,
U.S. Senate,
Washington, D.C.

Dear SENATOR ALLEN: We are so sorry that we will be unable to attend the meeting at the State Capital concerning the new farm program.

We would definitely like to see some changes made in the cotton program portion of the new farm bill. We feel that a farmer, to have a cotton allotment, should have planted cotton on his farm one out of the past three years. If he has not planted any cotton, then his allotment should be cancelled and automatically revert back to the county to be reallocated to farmers who plant cotton for a living. Some of the reasons for the changes are:

1. It makes a hardship on the cotton farmers.
2. We have people in our county who have their fields permanently sodded in grasses for hay and pasture. These people do not ever intend to plant cotton.
3. These same people go to ASCS, sign their names, and receive part of the government subsidy and we feel that they are not entitled to it as they do not participate in the program.
4. It will eliminate hard feelings between farms who wrangle over cotton acres at the ASCS offices each year.

We would like to see the government payment set at \$30,000 or above.

We think you are doing a fine job in Washington and are happy that you are from Alabama.

Sincerely,

H. D. SEGREST.

