

Y4
.Ag 8/2:
F 22/51
pt.4

1032

93y4
Ag 8/2
F 22/51
pt.4

EXTENSION OF FARM AND RELATED PROGRAMS

GOVERNMENT

Storage

DOCUMENTS

P 25 1973

STATE UNIVERSITY

HEARINGS

BEFORE THE

COMMITTEE ON

AGRICULTURE AND FORESTRY

UNITED STATES SENATE

NINETY-THIRD CONGRESS

FIRST SESSION

ON

S. 517

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

AND

RELATED SUBJECTS

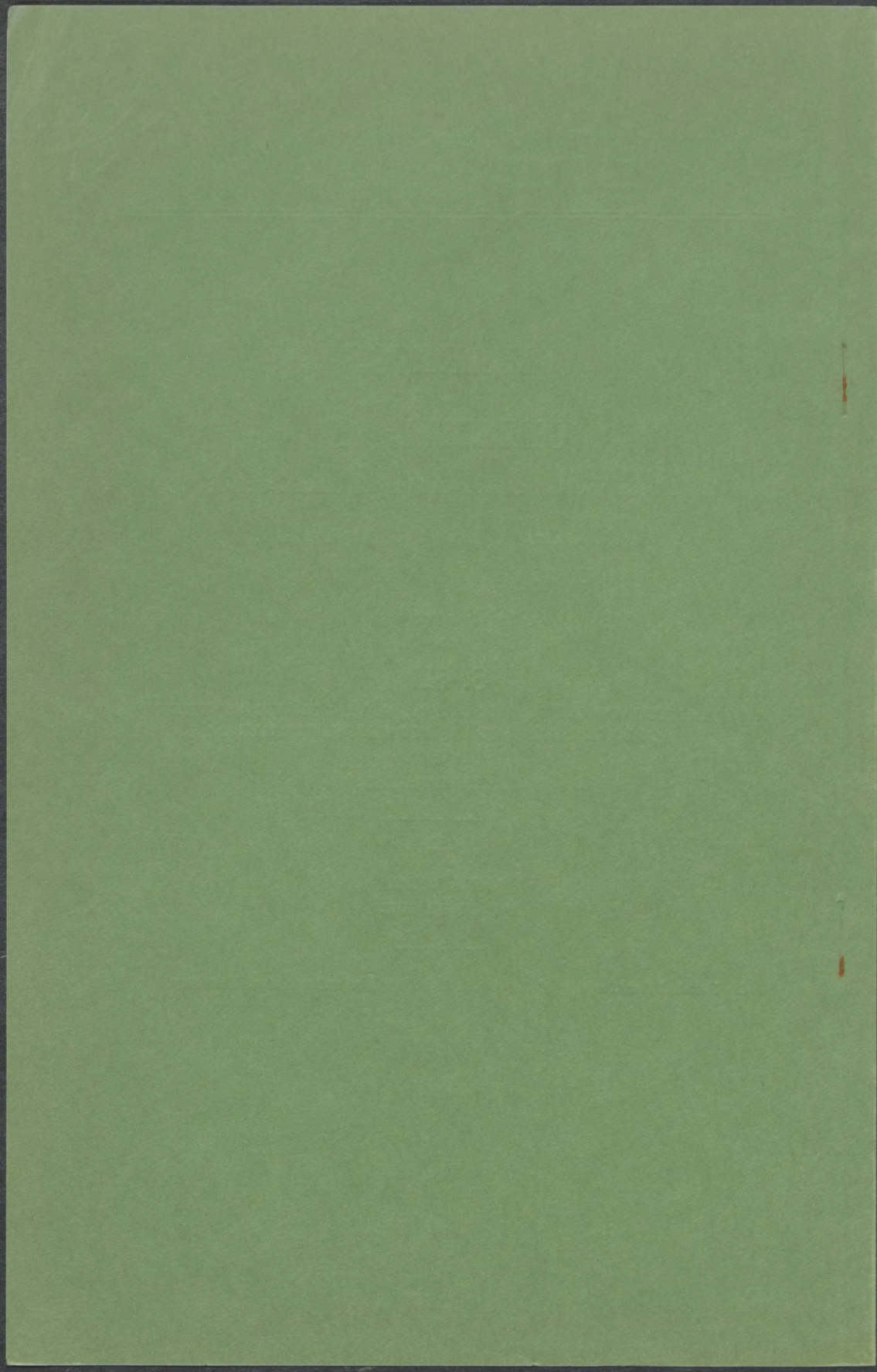
PART 4

AMES, IOWA

APRIL 19, 1973

Printed for the use of the Committee on Agriculture and Forestry





EXTENSION OF FARM AND RELATED PROGRAMS

HEARINGS BEFORE THE COMMITTEE ON AGRICULTURE AND FORESTRY UNITED STATES SENATE NINETY-THIRD CONGRESS

FIRST SESSION

ON

S. 517

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

AND

RELATED SUBJECTS

PART 4

AMES, IOWA

APRIL 19, 1973

Printed for the use of the Committee on Agriculture and Forestry



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1973

COMMITTEE ON AGRICULTURE AND FORESTRY

HERMAN E. TALMADGE, Georgia, *Chairman*

JAMES O. EASTLAND, Mississippi

GEORGE McGOVERN, South Dakota

JAMES B. ALLEN, Alabama

HUBERT H. HUMPHREY, Minnesota

WALTER D. HUDDLESTON, Kentucky

DICK CLARK, Iowa

CARL T. CURTIS, Nebraska

GEORGE D. AIKEN, Vermont

MILTON R. YOUNG, North Dakota

ROBERT DOLE, Kansas

HENRY BELLMON, Oklahoma

JESSE HELMS, North Carolina

COTYS M. MOUSER, *Chief Clerk*

CONTENTS

Statement of—	Page
Aaberg, Paul, Alamo, N. Dak.....	141
Adams, Norman M. and Genevieve K. Dean, Winthrop, Iowa.....	140
Anderson, J. Merrill, president, Iowa Farm Bureau Federation, Ames, Iowa.....	13
Annan, George, chairman, State Soil Conservation Committee, De- partment of Soil Conservation, Clarinda, Iowa.....	166
Apel, Melvin A., Rudd, Iowa.....	135
Baldwin, Kenneth, president and treasurer, Elhader Credit Produc- tion Association, Elhader, Iowa.....	138
Bawden, Dale, Rockwell City, Iowa.....	119
Bernhard, Paul, president, Iowa Pork Producers Association, Ban- croft, Iowa.....	71
Brain, Henry A., Webster City, Iowa.....	136
Brennan, Lawrence, Emmetsburg, Iowa.....	91
Buhr, Bernard E., Sumner, Iowa.....	129
Carlson, Elmer, Audubon, Iowa.....	122
Casteel, Don, Baldwin, Iowa.....	107
Clark, Hon. Dick, a U.S. Senator from the State of Iowa.....	1
Coffman, Oval C., Woodburn, Iowa.....	133
Croghan, Pete, Woodbine, Iowa.....	112
Cross, Delwin, master, Iowa State Grange, Corwith, Iowa.....	43
Diehl, Woodrow W., president, Iowa Corn Growers Association, Indianola, Iowa.....	56
Dobson, Elmer, president, Carroll County Farm Bureau and president, Citizens United to Save the Valley of Carroll, Calhoun, and Greene Counties, Carroll, Iowa.....	97
Ellis, Robert, president, Iowa State Dairy Association, Ankeny, Iowa.....	61
Elwood, Bernard, Iowa City, Iowa.....	104
Eno, William J., Luana, Iowa.....	139
Erb, Paul, chairman, Floyd County Democratic Central Committee, Charles City, Iowa.....	137
Foddy, Harold, Woodward, Iowa.....	116
Francis L. York, Farmers Market Service, Inc., Indianola, Iowa.....	
Franta, J. J., Gilbertville, Iowa.....	141
Freese, Baxter, president, Iowa Cattlemen's Association, Wellman, Iowa.....	67
Friedmann, Joe, Alton, Iowa.....	148
Gaskill, E. Thurman, president, National Corn Growers Association, Boone, Iowa.....	55
Gerlach, Arthur, St. Ansgar, Iowa.....	137
Goeppinger, Walter, chairman, of the board, National Corn Growers Association, Boone, Iowa.....	52
Gose, Lowell, president, Iowa Farmers Union, Des Moines, Iowa.....	22
Harris, Leonard M., Moulton, Iowa.....	147
Heck, Raymond, Perry, Iowa.....	126
Hefty, Clarence S., Renwick, Iowa.....	95
Heinkel, Fred V., chairman, National Farm Coalition, Columbia, Mo.....	17
Hendricks, Dale, Mid-America Dairymen's Association, Bloomfield, Iowa.....	64
Hever, Harold, Rock Valley, Iowa.....	135
Hiemstra, H. A., Clarion, Iowa.....	132
Howell, Rollin, House of Representatives, Des Moines, Iowa.....	151
Huddleston, Hon. Walter D., a U.S. Senator from the State of Ken- tucky.....	6
Hurburgh, C. R., Rockwell City, Iowa.....	92

	Page
Iowa State Conservation Commission, Des Moines, Iowa.....	156
Keller, Charles, LeMars, Iowa.....	136
Kibby, Cless R., Dunlap, Iowa.....	110
Kirchhoff, Arthur, executive secretary, Iowa Dairy Products Association, Ankeny, Iowa.....	62
Knudson, John, president, Clinton County Association, Albion, Iowa.....	106
Kohl, Ken, executive secretary, National Pork Producers Council, Des Moines, Iowa.....	69
Kolmer, Lee, dean, College of Agriculture, Iowa State University, Ames, Iowa.....	1
LaLonde, George B., executive, secretary, Pony of the Americas Club, Inc., Mason City, Iowa.....	142
Lewis, G. E., National Silo Association, Inc., Cedar Falls, Iowa.....	88
Liittschwager, Otis J., Buckeye, Iowa.....	162
Lindell, Arvid, Bristow, Iowa.....	93
Lounsberry, Robert H., Iowa State Secretary of Agriculture, Des Moines, Iowa.....	12
Matheny, Jim, Drakesville, Iowa.....	135
Mayne, Hon. Wiley, Representative in Congress from the 6th Congressional District of Iowa.....	10
Miller, Albert, Ogden, Iowa.....	133
Morgan, Chuck, board of directors, Iowa Turkey Federation, Midwest Turkey Hatchery, Dike, Iowa.....	73
Murphy, James L., Runnells, Iowa.....	145
Neppl, Earl, Estherville, Iowa.....	145
Norland, Lowell, State Representative from the 12th District to the Iowa State Legislature, Des Moines, Iowa.....	153
Obrecht, Raymond, Zearing, Iowa.....	154
Ohlsen, Frank, Dysart, Iowa.....	102
Pencook, Roger E., Ames, Iowa.....	152
Pfingsten, Erhard, assistant State president, National Farmers Organization, Corning, Iowa.....	26
Rees, John Paul, Hamburg, Iowa.....	132
Rickert, Dale H., coordinator, Veterans farm cooperative program, Kirkwood Community College, Cedar Rapids, Iowa.....	121
Rickert, Harvey, Bellevue, Iowa.....	119
Rogers, Delbert, Bedford, Iowa.....	115
Rowe, Glenn S., Minburn, Iowa.....	134
Schlitzer, Marvin, Dubuque, Iowa.....	128
Schuchman, Clarence, president, National Farmers Organization of Iowa, Corning, Iowa.....	42
Schweers, Art, Lenox, Iowa.....	117
Seeley, Judson, president, Iowa Soybean Association, Donnelson, Iowa.....	59
Sellers, Carl, Iowa president, National Association of Farmer Elected Committeemen, Russell, Iowa.....	75
Skinner, Robert L., executive vice president, Iowa Grain & Feed Association, Des Moines, Iowa.....	154
Sneller, William H., Maurice, Iowa.....	134
Spencer, Don, Ruthven, Iowa.....	84
Stewart, William W., Maquoketa, Iowa.....	150
Stover, Fred, president, Iowa Farmers Association, Des Moines, Iowa, also representing the United States Farmers Association.....	46
Svoboda, Charles, Clutier, Iowa.....	133
Swaim, W. W., Unionville, Iowa.....	116
Swartz, Eugene, president, Iowa Association of Soil Conservation District Commissioners, Lennox, Iowa.....	78
Taylor, Rex, Algona, Iowa.....	127
TenHagen, Max, Carlisle, Iowa.....	147
Thede, Mike, assistant professor of geology, Iowa Central Community College, Fort Dodge, Iowa.....	143
Thorson, Annis J., St. Ansgar, Iowa.....	134
Tinstman, Dale C., president, First Mid America, Inc., Lincoln, Nebr.....	152

	Page
Tjepkes, John, Ackley, Iowa.....	136
Tubbs, Edward L., president, Maquoketa State Bank, Maquoketa, Iowa.....	151
VanderLinden, Dean, Milo, Iowa.....	99
Vanderlinden, Spence, general manager, Farm Service Cooperative, Harlan, Iowa.....	151
Van Wert, J. S., Hampton, Iowa.....	108
Wiese, John, Rhodes, Iowa.....	130
Wilson, Delmar E., Springville, Iowa.....	96
York, Francis L., Farmers Market Service, Inc., Indianola, Iowa...	189
Miscellaneous documents—	
Statement by Secretary of Agriculture Earl L. Butz, Paris, France, April 11, 1973.....	30
Speech by Peter Flanigan, Farm Forum 1973, Minneapolis, Minn....	35
Index of Union Rates in Selected Trades: 1945 to 1971.....	66
“‘Corn Pipeline’ is Proposed for Midwest”, Omaha World-Herald, April 20, 1973.....	123
Policy statement on Agriculture, Conference of Quaker Farmers, Rock Springs Ranch, Kans.....	138
“How Much Do Farmers Get?”, reprint from Poultry and Egg Weekly, January 5, 1963.....	147
“Hopes To See the Last of ‘Cheap Food’”, by Don Muhm, Des Moines Register.....	163
“What’s Happened to Food Prices?”, U.S. Department of Agriculture Office of Communications, April 1973.....	170

EXTENSION OF FARM AND RELATED PROGRAMS

THURSDAY, APRIL 19, 1973

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Ames, Iowa.

The committee met, pursuant to recess, at 9 a.m., in the C. Y. Stephens Auditorium, Hon. Dick Clark presiding.

Present: Senators Clark and Huddleston.

Staff present: James E. Thornton, professional staff member; Bill Taggart, professional staff member.

STATEMENT OF LEE KOLMER, DEAN, COLLEGE OF AGRICULTURE, IOWA STATE UNIVERSITY, AMES, IOWA

Dean KOLMER. Good morning, ladies and gentlemen.

Welcome to Iowa State University.

Thank you, Senators Clark and Huddleston, for holding this hearing on this campus, given the fact we are so deeply involved with agriculture.

Agriculture faces much uncertainty today, there is probably more uncertainty in the minds of the producers, processors, and handlers than has existed for quite a few years. We have variables in the process of making decisions in the agricultural field today that we didn't have a few short years ago.

Whatever policy is developed for agriculture nationally during this session of Congress must take into account such things as fuel policy, transportation policy, and other areas that just a few short years ago were taken for granted. For this reason, I feel it is very important that there be very serious consideration given to the course that will direct our policy over the next few years. It will deeply affect the country, the quality and quantity of our food supply and the interaction between the agricultural sector of our economy and the remainder of our economy.

Again, I am pleased to welcome Senators Clark and Huddleston.

STATEMENT OF HON. DICK CLARK, A U.S. SENATOR FROM THE STATE OF IOWA

Senator CLARK. Thank you very much.

The hearing of the Senate Agriculture and Forestry Committee will come to order.

I particularly want to thank Dean Kolmer for his kindness in coming by this morning and for his welcome. We are particularly happy, also, to be here in this very beautiful auditorium. I know that

the funds for this auditorium, which is certainly one of the finest facilities in America, were raised by private contributions. It was not built at the taxpayers' expense and those of us in Iowa are particularly proud of this fact.

I also want to express to the faculty members here and the administrators at Iowa State University our thanks for your help and in particular we are relying on you, as we have in the past, the Senate Agriculture Committee and others in Congress, for your expert information and knowledge.

Earlier this morning, we visited the John Fitzgerald Farm between Story City and Roland, not far from Ames. We certainly appreciated their hospitality. We had a ham and egg breakfast out there. John Fitzgerald and his wife and children operate a pretty typical diversified Iowa farm with hogs and cattle. He operates that farm, really, entirely by himself and with his family, so Senator Huddleston and I got a particularly good view of what some of the problems are, and what some of the capital investments are for farmers, particularly in this area.

Now, traditionally, the chairman opens with a statement. My statement and Senator Huddleston's statement is going to be relatively brief. We are here primarily to listen to you, to get your ideas, to hear what you have to say. I think all too often in government there is too much talk and not enough listening. We hope that that is not going to be the case today. We have come here to listen. This is your hearing, and because this country is now facing a new chapter in farm policy, a new kind of farm bill is in the process of writing. We are here to listen to your ideas and hear what you think we ought to be doing.

In the sense that it passes the legislation, Congress makes farm policy, but in a broader and more important sense, you direct the policy because you live with it every day. You know a good deal more about what has worked and what had not worked with the farm program we have now. We are here to find that out.

It is particularly good for me to be back here and to welcome Senator Huddleston. It is good to see you here. I know the meeting is going to be going on from now until 4 o'clock. I know many of you will be coming in and going out, and we take this early opportunity to welcome you.

The farmer in Iowa certainly has indicated over the years that he cares a good deal about America's food supply and about the condition of the country. He, with his family, I think, have done an excellent job. Other members of the Senate Agriculture Committee are holding similar hearings this week in other parts of the country.

Next week Senator Huddleston and I will be going back to Washington with the results of these hearings; with the information and the suggestions that you give us today. Each word is being taken down for the record, as you can see. If you have a statement prepared and do not have an opportunity to present it, leave it at the table here at some time in the day and it will be included in the official hearing record. So each individual farmer, each individual organization, certainly will have an opportunity to have his views heard.

If you wish to prepare a statement upon returning home, you can mail it to me in Washington at some point in the next 7 or 8 days and I will make sure that it is included in the record.

Upon our return to Washington we will take a look at what other Senators have found in their own States and then we will go to work writing a farm bill. Indeed, we will start the first of May on a bill that has the best interest of farmers, and the best interest of consumers at heart.

So what happens here today will have a direct impact on the farm legislation, and that is the way it should be in a democracy.

The 1970 Agricultural Act runs out at the end of this crop year. It has been good legislation. The increase in farm income is the best indication of that, but of course it is not perfect. With your help, the Senate Agriculture Committee and Congress can incorporate the best of the correct law and break new ground for a new farm bill. The goals certainly will be the same as they were in 1970, to insure that this country has abundant food supply and to insure that the farmer can earn a decent living.

I think it is essential that we get one thing straight right at the outset today: the farmer is not at war with the consumer. One group need not suffer for the other group to prosper. I think we have had too much of that talk in the last several days. As farmers, you are not fighting the interest of working men. Both the consumer and the farmer can and should prosper together. It must be that way. The consumer and the farmer are in partnership and they need each other. It is time everyone in this Country realized that.

When we talk about farm policy, we are really talking about food policy, as well, a policy that has immense significance for every person in this country and millions more overseas who depend upon American agriculture for their food. So when we talk about farm policy, we are really talking about food prices, and when we talk about farm economy, we are really talking about the national economy.

Like every other industry, we have our own special vocabulary, terms like "set-aside," "parity," "price support," and they are not very familiar to most Americans. Many people probably view the terms and, indeed, farming in general, with some suspicion and that is unfortunate. I hope that one result of the controversy over food prices is a better understanding between the farmer and the consumer. I hope it leads to a greater appreciation, an appreciation for the fact that we are all in this together.

In our economy, we are interdependent. We are very much dependent upon one another. President Kennedy used to be fond of saying that: "A rising tide carries all the boats."

If there is inflation, and there is today, that inflation falls both on the consumer and the farmer and that fact is sometimes forgotten. If the farmer is driven off his land because he can no longer afford to cultivate it, both the consumer and farmer will have to pay the penalty. If the Federal Government decides to abandon its successful farmer programs, both the consumer and the farmer will suffer.

I personally think that the administration has lost sight of this. That partnership is forgotten about.

The administration refused to send us its recommendations in the form of a suggested farm bill when we started this unit. So be it. But the farm bill does have to be our product, coming out of the Senate and House Agriculture Committees and out of the Congress; the product of a combined effort, we would hope, of the Congress and farmers.

But even though the administration has not sent down a farm bill to the Congress, we have gotten an indication of its attitudes. I think those attitudes are very different from the attitudes of some 110 farm organizations that have appeared before the committee so far.

I think it is a somewhat different attitude than we sense on the Senate Agriculture Committee from both Republicans and Democrats. We saw the attitude of the administration in the decision to change the set-aside requirement in the feed grain program for participants in option A without extending the same benefits to all of the farmers in option B.

Secretary Butz admitted that but he said that the Department would not be able to correct it. Well, I have got at least some semblance of some bright news. The Senate did decide late yesterday afternoon that some corrections could be made. We passed a bill that would make things somewhat more equitable, by extending a price-support guarantee to all participants.

The option B enrolled people did not have that guarantee, and do not have that guarantee until it passes the House of Representatives. We will be working on getting that done as soon as we get back to the Congress on the 30th. When it is signed by the President we will have succeeded.

The bill was my first legislative contribution and I was particularly pleased that we had bipartisan support. Senator Huddleston in particular gave us great assistance. It is important that we have bipartisan support in any agricultural effort. Neither Party has a corner on concern for food supply or for farmers in this country.

I think the administration's action on the set-aside is only the most recent example of its general attitude toward the farmer. We hope to be able to counteract that attitude with exceptionally good farm legislation.

Since December there has been a systematic elimination of vital farm programs such as REAP, the low-interest REA loan, and the Farmers Home Administration Emergency Loan Program. All of these simply eliminated by Presidential Press release. All of these certainly need reform and changes, but each one is vital to Rural America. Each one has been passed by the Congress and signed into law by the President. They are the law of the Land. In my judgment, no President should have the power to nullify a law. In particular, I again urge the President to sign the recently passed disaster loan program that had heavy bipartisan support of both Houses of Congress.

It is resting on the President's desk. It is particularly important to Iowa farmers who are very hard hit by the snow storm. I know a lot of people in this area lost cattle and calves.

I do believe that the farmers want less government control insofar as that is possible. But I also believe that the farmer wants some type of farm program. I question whether farmers really want production

controls and price-support payments ended, as the administration has proposed.

Let me tell you what one USDA study, done by Dr. Don Paarlberg, the Director of Economics, indicated would happen if the controls were removed. I am quoting directly from Dr. Paarlberg's study, which was provided to the Senate Agriculture Committee. You have a copy of it and a pamphlet on it at your chairs.

Dr. Paarlberg said, and I quote:

Complete removal of all production restraints and all price-support activities in 1974 might cause a substantial increase in production, 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 increased economic squeeze on most farmers, with possible failure or withdrawal of many marginal farms.

Iowa has more than 100,000 farms of between 100 and 500 acres and it seems clear to me that these are the marginal farms which would face the very real danger of being put out of business without a farm program.

As the report says, and I quote again:

... Many marginal farms would go out of production with some of their resources absorbed or consolidated into economically stronger units.

I think that some of you sitting here in the audience, would lose your farms if you had to depend completely on the free market system without production controls.

Lastly, Dr. Paarlberg says:

... In the first year of no farm program, prices would probably drop below \$1.00 per bushel for corn.

I do not think that many farmers would survive this type of boom-bust situation. And I question what incentive would be provided to young people who are desperately needed to continue our farm communities and to stay on the land and to go into farming as a life's occupation.

We are here today primarily to hear your views on what the new farm bill should include, but we welcome your comments on any related subjects: for instance the great crisis we face is grain transportation—to mention one significant example that Senator Huddleston has spent a good deal of time on; we should give particular attention here to the level of price supports in the 1973 farm bill—the corn loan rate—which will be the most controversial issue we must decide. What is the proper support rate which should be guaranteed should we produce so much, as a result of the administration's policies, that we have great surpluses and very low prices? Should this support level reflect the inflationary increases in costs to farmers which have occurred since the 1970 Agricultural Act was passed?

In all of this, in everything we do today, it is important to remember that we are not just talking about farm policy and farm legislation. The farmer and the consumer both want the same things: a good national economy, an abundance of food at reasonable prices, an end to inflation, a national budget that reflects the needs of people—in short, a better life for both Rural and Urban America.

They are not in contradiction. It can happen—with enlightened government programs and, most of all, with your help.

So we welcome you here this morning.

It is now my pleasure to present my Senate colleague, Senator Walter—I call him “Dee” Huddleston of Kentucky. Senator Huddleston is Chairman of the Senate Agriculture Subcommittee on Production and Marketing. He has chaired the hearings on the boxcar crisis. Several Iowans appeared before that subcommittee and he is very actively involved in the writing of the farm bill.

So, Senator Huddleston, we are happy to have you in Iowa.

STATEMENT OF HON. WALTER D. HUDDLESTON, A U.S. SENATOR FROM THE STATE OF KENTUCKY

Senator HUDDLESTON. Thank you very much, Senator Clark.

I am certainly pleased and delighted to be in your fine State of Iowa today. This is my first visit to Iowa. It has already been very pleasant this morning with a trip out to the Fitzgerald Farm and the opportunity to observe the operation of a typical family farm and enjoy the tremendous breakfast we had.

This, I think, is a particularly appropriate time for such a conference as this Iowa Farm Listening Conference. I don't know how you feel, but I still find it is somewhat refreshing that those of us who have just been elected are back listening to the people. I know the electorate sometimes seems to feel, with some justification, that once you send a representative off to Washington, he quits listening to the people. But this is certainly not the case on the part of Senator Clark who is making a fine effort to get the views of the people that are most directly involved and know most about the problems, as we go about writing a new farm bill.

There are many issues regarding rural areas and farm areas coming before the Congress, and we in the Senate, especially those of us who serve on the Agriculture Committee, want to hear from you and those like you in every State of the Nation as we formulate these proposals that, hopefully, will result in legislation.

In many ways it seems as if the present administration considers the farm and rural dwellers as nothing more than country cousins. They believe they can sell us a Washington bag of trick-policies based on questionable assumptions and wishful thinking about the future of U.S. Agriculture.

Personally, I believe we can—and will—prove that they are wrong.

I believe that we in Congress do understand the implications of their various proposals for farm and rural areas—and that we have the political muscle to do something about them.

Furthermore, I believe that the Congress can develop programs that best serve the American farmer and the American consumer.

Our farmers and rural residents were greeted at the beginning of this year with a warning of what the year would bring.

Announcement after announcement poured from the White House—termination of REAP, elimination of the water bank program, discontinuation of rural housing subsidies, suspension of rural water and sewer grants, alteration of emergency disaster relief procedures and modification of the REA loan program.

The policies of this present administration have been about as rough on the farmer as a rock in the shoe of Dick Clark on the campaign trail.

But the first hearings held by the Senate Committee on Agriculture and Forestry this year concerned the cutbacks and reductions in various time-proven programs of significance to our rural areas.

Congress, furthermore, has taken some steps in an effort to reinstate several of these programs, as Senator Clark mentioned. But the going has been slow and it has become all too obvious that we will have to improve our sales talk or settle for major reductions and changes in these programs.

Hardly had we had the opportunity to digest the cutbacks, however, when serious questions began to arise over the general farm program.

The Agriculture Adjustment Act of 1970 which authorizes the set-aside and support program for cotton, wheat and feed grains, as well as the wool and dairy base plans, expires, as you know, this year.

The administration has indicated a desire to move toward phasing out Government price-support programs over a period of time and eliminating acreage adjustment programs.

While Secretary Butz noted, in testimony before the Agriculture Committee, that he wishes to retain authority to reinstitute farm support programs should circumstances make that necessary, the clear implication was that the administration did not at the moment foresee a continuing need for such programs.

I believe that I can fairly report to you that a majority of those on the Senate Agriculture Committee do not share the Secretary of Agriculture's views.

I believe instead that the committee's inclination is to recommend that the existing farm programs be extended, with minor modifications.

There is, however, no question but that the farm program this year will be a controversial matter.

Many consumers and city dwellers, unfamiliar with farm procedures and finances, have become accustomed to low food prices and tend to blame the farmers for the increases which have recently occurred.

They fail to grasp the relationship between farm price supports, a program which has helped the United States maintain the lowest costs of any industrialized nation in the world—and food prices.

They fail to understand that growing demands for higher quality foods, coupled with various food shortages throughout the world, have brought the existing situation upon us.

To inform the consumers of the farmer's plight with the continuing increase in production costs—in land, machinery, labor, seed, fertilizer, and, in the case of the poultry and livestock farmers, of the extremely high cost of feed grains—and to convince our urban residents that our farm support programs pay off in the longer run in terms of less expensive foods, is an increasingly important task for our farm population and farm organization.

I am suggesting we ought to launch extensive and well-organized programs so that people of this country will not think of farming

only when prices reach their peak, but will understand production processes and what is involved in the price of their food as they get it on their grocery shelves.

A third issue before the Congress this year is that of rural development.

You here in Iowa are particularly fortunate that you have a Senator who serves as chairman of the Rural Development Subcommittee of the Senate Agriculture and Forestry Committee.

I might say in observing Dick Clark's work in Washington, that for a fellow who walked into the U. S. Senate, he has surely been running fast ever since he got there.

Senator Clark has already held several very valuable hearings on the Rural Development Act of 1972—hearings designed to ensure that the administration follows the intent and desires of Congress in implementing this act.

I believe the Rural Development Act of 1972 represents a commitment to rural Americans and to all Americans.

It represents a commitment to rural residents to strengthen rural areas by improving income there and making provisions for needed facilities and services.

And it represents a commitment to all Americans to ensure the continued viability of those areas which produce food, not only for our people but for many peoples throughout the world.

Our rural areas are a great resource—a resource which we cannot afford to ignore or to leave underdeveloped.

Almost 3,000 of the Nation's 3,400 counties are included under the definition of rural as used in the Rural Development Act.

We must, consequently, focus on the needs and promise of those areas.

As Prof. Stanley Andrews recently noted:

In a previous time—in fact, for a century and a half—the migration from rural areas to the cities greatly strengthened the American economy.

The surplus youth from the farms manned the factories and the industries of the future.

Since World War II, this movement to the cities has been less than a blessing.

To stop the trend, let alone reverse it, will require massive reinvestment in Rural America.

Here in the most affluent country in the world, with the most efficient farmers in the world, we find that 40 percent of the people with incomes below the official poverty level live in Rural America.

The quality of life reflected in rural housing, acommunications, education, health, and other public services is probably far below that which a household dweller in modern Urban America has some right to expect.

We can reverse that trend toward the cities—a trend which is already slowing.

We can enhance life in rural America; we can develop healthy and viable economies in rural America and we can preserve a way of life which embodies the ideals and strength upon which our Nation was built.

Furthermore, we can do this without eroding the special self-reliance and initiative of farmers and rural dwellers, without undermining the traditions which we want to preserve, without imposing unreasonable requirements upon residents of the areas involved.

And, Senator Clark is working to see that this is done through the Rural Development Act.

Finally, a subcommittee of the Agriculture and Forestry Committee, on which both Senator Clark and I serve, is working on agricultural trade policy.

It is, understandably, difficult at times to relate foreign trade to our daily lives.

But the relationship is there.

It is there in the Sony television sets and radios, the Toyotas, the Volkswagens, and the coffee and tea.

It is there in farm income, too.

The value of agricultural products exported from the United States in fiscal 1972 was 8 billion.

Such exports are expected to exceed \$11 billion in the current fiscal year.

Agriculture products account for almost 20 percent of our Nation's total exports.

The commodities harvested from 1 out of every 5 acres are sold abroad, accounting for about one-seventh of all U.S. farm income.

This means money in the pockets of American farmers, and it means an improvement in our Nation's trade and balance of payments, which means additional economic security for us all.

The relationship is also there in the administration's farm policy.

The reductions in set-asides and the proposed curtailment of price supports are promised on the idea that the American farmer can produce more because the demand in foreign markets is for more.

Hopefully, we can gain greater access to many of the markets which already exist.

But there are also problems involved.

Many of the barriers to increased trade are nontariff barriers, the removal of which is extremely difficult to negotiate.

The European Community, one of our major trading partners, has preferential agreements with a number of less developed Nations which could, in the future, result in more and more competition for U.S. products.

The boom in U.S. trade in fiscal 1972, prompted to some extent by the questionable Soviet grain deal, resulted largely from adverse weather conditions in many parts of the world.

We cannot depend forever on weather conditions to guarantee our markets and we should not ask our farmers to increase production substantially without knowing more than we know now about future market potentials.

Thus, the various issues which the Committee on Agriculture and Forestry will consider this year are themselves interrelated. Our general farm support programs, rural development efforts, time-tested programs which have been terminated and agricultural trade policies complement each other, with tides in one making waves in others.

Singly and together, these programs—and their future—offer challenge and opportunity.

You are fortunate to have Senator Clark to work for you, to meet the challenge and utilize the opportunity.

We look forward to hearing from you today on these issues so we can represent you better tomorrow.

Thank you very much.

Senator CLARK. Thank you very much, Senator Huddleston. We are happy to have you here in Iowa.

The Iowa Congressional Delegation was invited to this meeting, but the House of Representatives stayed in session today and it was not possible for the Members to be here. Some are sending statements. I know that Congressman Wiley Mayne, who serves, as you know, on the House Agriculture Committee, sent a statement for the record, and of course that will be included. It is available for any of you to see here this morning and it will be in the official record.

He is represented here by Elvy Gressen, also, and we are very happy to have you here.

(The prepared statement of Congressman Mayne follows:)

STATEMENT OF HON. WILEY MAYNE, REPRESENTATIVE IN CONGRESS FROM
THE 6TH CONGRESSIONAL DISTRICT OF IOWA

It is with pleasure that I come to this Farm Listening Conference to discuss the direction of federal farm programs.

The Agriculture Act of 1970 has served us well in the years it has been operative. The set-aside concept has turned farm decision-making back to farmers where it belongs; it has increased farm income, which farmers need and deserve, and this has been accomplished largely through rising market prices for agricultural products.

Under the Agriculture Act of 1970 we have seen a welcome decline in government interference with farmers' freedom to plant and manage their own business; the Act has fostered a healthy adjustment in regional production patterns bringing new income and vitality to local areas; it has encouraged a shift of substantial acreages from one crop to another on individual farms—farmers' income has improved while national acreages of feed grains, wheat and cotton have been maintained; the Act has helped farmers to use their land, capital, and labor resources more efficiently, which in turn has strengthened individual farms and made us more competitive in world markets; it has encouraged plantings of profitable, needed crops—soybean plantings this year may be ten million acres higher than in 1970, the last year of restricted acreage programs for grains; the Act has also prevented the accumulation of additional surplus pileups—government-held stocks are the lowest since World War II; the broader base of this program has enabled more farmers than ever before to participate in commodity programs on a voluntary basis; it has stimulated exports—our farm shipments abroad have been at record levels for the two successive years of the program. They exceeded \$9 billion, a record, for calendar year 1972 and are expected to reach \$11 billion in fiscal 1973. Our present farm program has assured an abundant supply of food to U.S. consumers for the smallest portion of their income in history; it has at the same time created the favorable economic climate necessary to provide farmers adequate incentives for production of that food. Farm income for 1972 is estimated at \$19.2 billion, \$3.1 billion above the 1971 level, bringing hope for the future to farmers and slowing the reduction in farm numbers to less than half the rate of the 1960's.

An analysis of this remarkable rise in farm income in 1972 shows it was the crops most directly affected by the 1970 legislation which were chiefly responsible for the rise.

The total value of crops of corn, grain sorghum and barley, harvested in 1972, including payments, exceeded \$10 billion for the first time in history. The 1972 soybean crop brought more than 5 billion dollars, a billion and a half dollars more than the previous all-time high in 1971, and of course without any government payments.

The solid gains in farm returns during the past two years show that the legislation is meeting its objective of improved farm income. The record farm income for 1972 helped raise the average income of farm people to 83 percent of

that enjoyed by non-farm people. Compare this with the 60's when the average income of farm people was only 68 percent of the non-farm average. However, we must press on for further improvement until farm incomes are on a full par with non-farm averages.

We can do so by making the new Agriculture Act even more responsive to the needs of farmers and by keeping farm products competitive at home and abroad. As demand continues to grow, sound farm programs can bring more idle acres into production and build more farm income from the marketplace.

Any farm legislation passed this year must continue to foster agricultural productivity and our competitive position in world markets. Our record-breaking exports are not only good for the farmer but for the entire American economy. If it had not been for these record farm exports, our record \$6.4 billion unfavorable national balance of trade would have been much worse last year. American farmers thus contributed mightily to efforts to stabilize the dollar. The new program must be designed to help maintain and expand their hard-won foreign markets. This can be done through further increases in the efficiency and productivity which earned trade advantages throughout the world, and by maintaining a sensible, market-oriented pricing structure. Action on a new farm program must reflect awareness of the critical export situation. It has a profound influence on U.S. farmers' incomes, and their plantings and their planning.

In aiding the American farmer, the great potential embodied in the foreign purchasers who need our food and feed must be weighed. Precipitous changes and unfavorable measures that would damage the comparative advantage our farmers' production has in foreign markets must be avoided.

Even though a great deal of progress has been made under the two years of the set-aside program, there are parts of the legislation that could be improved to enhance a more efficient agriculture and workable farm program. Some inequities need correcting. The program authority in some instances is too restrictive to allow good judgment to prevail. For example, proven yields for payment purposes are required for cotton and wheat, yet the law provides broad authority to set aside yields for feed grains. The law has failed to adequately protect set-aside acreage, particularly in areas where it lies fallow. Criticism has been made about the erosion hazard this land creates, and the loss of nesting and feeding areas for wildlife.

Conserving bases have been more of a nuisance and an aggravation to farmers than they have been effective in meeting their objective. These bases also continue to create inequities from farm to farm in some instances.

Rigid payment and price guarantees prevent the program from being as effective as it should be to meet changing conditions. These guarantees lessen the ability of farmers to make decisions based on changing markets.

Payments to farmers, especially under the cotton and wheat programs, are higher than necessary to attain desired production adjustment objectives.

I agree with the Department's recommendation that income supplement payments of the type received by cotton and wheat producers should be discontinued. These payments exceed the amount needed to attain the desired set-aside or production adjustment objectives. The mandatory requirement that production adjustment payments must be made regardless of the amount of land set-aside should be modified.

We should also shift from the present use of outdated allotments and bases to new cropland bases, with the set-aside requirement a percentage of the cropland base established for each farm. The payment rate per acre should 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 be reduced to \$20,000. Feed grain producers, on the average, receive payments much smaller than this, and only the very large producers are benefitting by the present \$55,000 limit. We must provide much stricter rules for enforcing payments limitations, ending the widespread evasion by large corporate farms which now discredit the entire program.

I strongly favor writing safeguards into the Act which will prevent the Agriculture Department from changing signals on farmers after the feed grain sign-up is completed as was done this year. As I am sure you are aware, the program was revised ten days after the sign-up was closed, by reducing the Option A set-aside requirement from 25 to 10%. Since total payments remained the same this substantially increased the attractiveness of Option A

without any improvement whatsoever for Option B. This was grossly unfair to those who had chosen the so-called zero set-aside option who, with complete justification, felt they had been grievously misled by the Department. It was like changing the rules in the middle of the game. The new Act should either forbid such shenanigans outright or in the alternative provide for adequate payments to those discriminated against, bringing the various options into better balance.

With respect to the dairy program, I recommend that the 75% of parity minimum price support level be continued and the 1970 Act provisions be made permanent.

Fundamental to any consideration of farm legislation is our determination to keep farming in the hands of our family farmers, individual men and women and families who can continue to till the soil of America only if they can over the long run earn a reasonably adequate income. It is in the national interest not to let the control of farming be wrested from their hands either by giant corporations or by giant government. The Agricultural Act of 1970 reversed the long-time trend toward domination of the farmer by the federal government. The 93rd Congress should now move in the same direction toward greater freedom and more adequate economic incentives for the family farmer.

Senator CLARK. I might also say that State Secretary of Agriculture, Robert Lounsberry, had hoped to be here and he has also sent a statement, and that will be included in the record. And he is represented here by Mark Gideas.

[The statement of Mr. Lounsberry follows:]

STATEMENT OF ROBERT H. LOUNSBERRY, IOWA STATE SECRETARY OF AGRICULTURE,
DES MOINES, IOWA

I regret very much that circumstances made me alter my plans to attend the "Farm Listening Conference" in Ames, Iowa, Thursday, April 19, 1973.

As Secretary of Agriculture, elected by the citizens of Iowa and as a farmer by vocation, I would like to express my feelings about the farm programs and their future direction.

First of all, I feel it is an absolute "must" to continue a farm program as long as nearly every other segment of this Nation's economy appears to be controlled and subsidized in one form or another.

Secondly, I would urge that in the future the rules governing farm programs not be changed after the deadline for the participants has passed and the farmer has made his declaration.

Thirdly, I would hope and urge the United States Congress and the Executive Branch of the Federal Government to design a program to provide incentive by way of a cost-share program for certain conservation makers with the primary thrust on more permanent upland structures designed to prevent erosion and rapid run-off, and thereby accomplish dual purpose of conserving the Nation's, and this State's, greatest asset, the soil, and helping solve in part the pollution problem of environment.

And finally, this brief observation—I would like to urge a program to promote and devise methods for adequate distribution of the farm products at the least cost possible to the producer and consumer.

Thank you for this opportunity to present my views to the "Farm Listening Conference".

Senator CLARK. We would like the first witness, the president of the Iowa Farm Bureau Federation, J. Merrill Anderson, to come up to the tables here, and while he is on his way up, I might say who you will hear next so he can be prepared to come up.

Fred Heinkel, who is the president of the National Farm Coalition, and then Mr. Pfingsten of NFO. We will go in that order.

So if Merrill Anderson is here?

Let me say while he is coming up that we have established some time ground rules so everybody will have an opportunity to speak. Needless to say, their entire presentation will go into the record, but

we have asked each of the group to limit their oral presentation to about 8 minutes and Mrs. Smith here is keeping time for us.

So we will limit the oral statements to 8 minutes so that we can get in all of the major farm organizations in the country represented here today. Then that will give us half of our time this afternoon for individual statements from farmers.

Mr. Anderson, we welcome you here as our first witness and you may proceed in any way you feel appropriate.

STATEMENT OF J. MERRILL ANDERSON, PRESIDENT, IOWA FARM BUREAU FEDERATION, AMES, IOWA

Mr. ANDERSON. Thank you, Senator Clark.

I am Merrill Anderson, president of the Iowa Farm Bureau Federation. I am a farmer from Jasper County, owning and operating 400 acres in partnership with a nephew. We feed cattle, raise hogs, corn, and soybeans.

Agriculture's greatest need at this time, in fact the Nation's greatest need, is one which probably no congressional committee can supply. However, we are hopeful that the committee on agriculture can be helpful. The vital need to which I refer is understanding—by the public and some Congressmen—of the vital function of price in our economy.

Price is the guide for hundreds of thousands of marketing and distribution decisions made every day. Price guides for farmers in their production plans and in their decisions as to the amount of capital to be allotted for application of herbicides, insecticides, fertilizer, quality and quantity of seed, and hundreds of others. Price determines the time and place of marketing of farm products and the distribution of those products after being marketed.

If price ceilings or floors were really effective at any particular period of time, the whole decisionmaking process would be thrown into chaos and government would have to make all of these decisions, which would be an absolutely impossible task.

Our price, free market system is not perfect. Temporary dislocations do occur. For periods of time prices may be painfully low for producers or painfully high for consumers. Yet, these fluctuations do bring about rapid adjustments in production and consumption to bring supply and demand into balance.

I am certain that Members of the Senate are thoroughly familiar with the fact that each American farmer feeds more people than any other farmer in the world and provides a higher quality product. You are also aware that the consumers of America receive their high-quality food basket for a smaller percentage of their take-home pay than do the citizens of any other nation. This percentage has been going down rather than up.

Recent meat prices seem high to consumers because they have become accustomed to relatively low prices for food in relation to the general price level. If they will permit the system to operate, we feel certain that adequate supplies will soon be forthcoming which will return the price of meat and other food products to a level that seems reasonable to the consumer and, unfortunately, probably not quite so reasonable from the viewpoint of the producer.

However, consumers must recognize that, in the long run, farmers must receive a reasonable return on their labor and investment if they are to have the necessary incentives to continue to produce the quality food that consumers want. And with today's higher production costs, the prices farmers receive must be higher than in the past.

We urge Congress to oppose all artificial price ceilings and rollbacks as unworkable, unnecessary, and actually prolonging periods of shortages. Shortages, black markets, and illegal sales not only occur under ceilings and rollbacks, but in some cases are almost necessary if consumers are to have food and the farm economy is to function. Rollbacks are evidence of economic illiteracy, and we are very pleased that the House, earlier this week, defeated the effort to legislate a rollback.

One additional point should be made clear. Even the talk of rollbacks has had a serious effect on the farm economy. Cattle feeders cannot purchase feeder calves or feed while rollbacks are being discussed without taking risks far greater than gambling in Las Vegas. The ordinary assumed risks of disease, storms, and free market fluctuations are almost too great now for many farmers.

Uncertainty created by Government action in price-fixing must not be added to these risks. We urge Congressmen and the administration to put an end to the speculations of rollbacks and ceilings and to give the agricultural sector of the economy the opportunity to make its contribution to the Nation's economy. A determined effort to more nearly balance the Federal budget would be a much more effective anti-inflationary measure than Government wage and price controls.

Price floors are as detrimental as ceilings. We support the continued use of Government loans on storable commodities at their present levels. However, the purpose of these loans is not really to provide a floor price. A Government loan can provide the farmer the higher price than he would have received only if the commodity is delivered to Government warehouses. It must eventually come out of the warehouses, at which time it will depress the market fully as much as it raised it when it was put into Government storage. Any gain that farmers might have when Government warehouses are filled is only borrowed from the future.

Commodity loans serve one useful function. They assist the farmer in more orderly marketing. By borrowing on a commodity he can carry it over to a more appropriate season or even a more appropriate year and help both himself and the economy.

Increases in the level of commodity loans should be justified on the basis of their comparison to the general price level. But this would raise the threat of their becoming floors rather than orderly marketing aids.

We recommend that the Congress reenact a program of farm commodity loans and adjustments similar to the act under which we now operate. Our objective is the creation of conditions which will enable agriculture to meet the consumers' demand at prices reasonable to both the consumer and the producer without Government assistance or interference. We believe the act of 1970, while not perfect, comes closer to providing this opportunity than any other proposed legislation. We also believe that money appropriated by Congress should be used to secure needed acreage diversion. Supplementary income payments do not contribute to adjustment. In fact, they are often the

incentive to produce at the same time the Government is diverting acreage.

We oppose harvesting or grazing of diverted acres, as this would result in Government-encouraged surpluses in some commodities while solving the problems of others.

We object to administrative rules being changed after farmers have made their decision and signed agreements, unless all farmers are given the opportunity to review their original decision in the light of the changes.

We are opposed to organized withholding and boycotts—by either producers or consumers. Neither solves any problems. They disrupt markets and, in the long run, cost both producers and consumers. We view a boycott as a conspiracy to manipulate prices. Such conspiracies are illegal in the industrial world and probably should be made illegal in agriculture.

In summary, farmers are deeply concerned and somewhat angry. We are proud of our record in producing high quality and adequate quantities of food at reasonable prices. We are very proud that farmers have been able to make a major contribution to the Nation's balance-of-payments problems.

Farmers appreciate the needs of consumers and their willingness to purchase large amounts of the products we produce. Conferences to obtain understanding and information should supplant boycotts and withholdings.

We ask for Government laws which will provide a minimum of Government regulations and a maximum of encouragement for continued high-quality production. We pledge our continued best efforts to serve our customers both at home and abroad and in helping make America an even better place in which to live.

Thank you.

Senator CLARK. Thank you very much, Mr. Anderson. We are very pleased to have you here. I have a couple of brief questions.

I was particularly interested in your comments about the commodity loan program, because it is clear that is going to be one of the major disagreements or major points of discussion in the farm bill. You indicated that the importance of the commodity loan program is as a method of more orderly marketing to give the farmer a broader period of time in which to market.

Would you tend to feel that it might be possible to have a 2-year program. That would give the farmer, let's say, a broader opportunity, or do you think that is too long a period?

Mr. ANDERSON. Yes; we have in the past, our resale agreements and programs, at which time the farmer could, if he decided—the market price was not sufficient, he did not want to deliver to the Government, Commodity Credit Corporation, he could resale it himself and draw storage payments.

We feel this has been a good program. It has led to orderly marketing, giving the farmer the opportunity to decide. The whole conflict is whether the loan becomes a floor or price ceiling.

Senator CLARK. But you wouldn't be opposed to a 2-year commodity loan instead of the 1-year loan?

Mr. ANDERSON. No, sir.

Senator CLARK. What do you feel about the proposals that have been made in the Congress and the country about establishing a

permanent grain reserve? It was clear from your statement you are very concerned about building up large surpluses. What do you feel about the establishment of a permanent grain reserve?

Mr. ANDERSON. Our organization would like to see this reserve in the hands of the farmers rather than the Government.

Senator CLARK. Rather than Government-owned?

Mr. ANDERSON. Right. We feel with a minimal floor support price, permitting the farmer, giving him the opportunity to build storage on his farm where it needs to be—if the farmer is going to have control of the grain. This in itself will provide a reserve which the market will understand and will not be in the hands of the Government hanging over the heads of future production and markets.

Senator CLARK. You support, then, the continuation of the facility loans?

Mr. ANDERSON. Yes.

Senator CLARK. And making that possible?

Mr. ANDERSON. Yes.

Senator CLARK. Senator Huddleston?

Senator HUDDLESTON. Even the talk of rollbacks has already had some serious effect on the farm economy. Do you know of instances in your State where farmers have altered their plans, perhaps going into feeding operations because of the prospect there may be severe limitations on the prices?

Mr. ANDERSON. I can give you a rather concrete example. We have a program in our organization serving farmers who require feeder cattle, and I can tell you that since the vote last Friday we have placed nine loads of cattle Monday and four loads yesterday, and we were not placing any cattle in the weeks prior to that.

Senator HUDDLESTON. That is a good illustration.

Mr. ANDERSON. Confidence was restored as of Monday.

Senator HUDDLESTON. It is hard for people to realize that some action taken today might seriously affect what their supply will be 2 years from now.

What would you consider a reasonable price for corn by acres?

Mr. ANDERSON. Reasonable prices for corn would be one that would return a reasonable profit to the producer.

Senator HUDDLESTON. Do you know what the cost of a bushel of corn is in Iowa?

Mr. ANDERSON. I know in 1973 and 1974 it is going to be higher than it was in 1972. With the inflation we are experiencing today, the increases are coming about. Now, as far as the planting season, fertilizer increases and fuel costs, labor, machinery costs, have gone up tremendously. Other supplies needed for storage and buildings.

I am told lumber advanced 25 percent. All of the things that go into storage, the raising of the crop. We are going to have to have higher prices and the consumer will have to get used to it.

Senator HUDDLESTON. Is the continuing shortage of railroad freight cars causing you any particular problem?

Mr. ANDERSON. Yes; it is. This is a very serious problem in the State of Iowa because we are producing a lot of the grain going for export. The domestic requirements, particularly, in the New England States, and Southeast, much of that grain moves out of the

Indiana, Illinois, Ohio area, but we are dependent on transportation, rivers or railroads, for export.

Senator HUDDLESTON. The actions of the Department of Agriculture in relation to the resale and disposing of the commodities held by CCC aggravated that situation considerably, would you say?

Mr. ANDERSON. This has congested the movement. I think we found out in Iowa we could not move domestic requirements, export requirements, and Government releases simultaneously.

Senator HUDDLESTON. You mentioned that the surplus—or reserve, I should say, not surplus—ought to be retained on the farm. Would you feel they ought to continue the program or maybe even expand the program and offer assistance to the individual farmers providing the storage facilities?

Mr. ANDERSON. I think it should be encouraged, and I think local facilities should serve the local farmers who still have control over the grain at this point. If it moves on to terminals and other areas, farmers have lost control.

Senator HUDDLESTON. Are storage fees now being paid sufficient to make it economical or feasible for farmers to have storage facilities on his place?

Mr. ANDERSON. Senator, I haven't checked the economics, but I would suggest the economic cost should be looked into and adjustments made.

Senator HUDDLESTON. Thank you.

Senator CLARK. Just one last question.

What do you feel the committee or the Congress should do with regard to the level of supports, supports generally? Do you think there should be an increase from 1970? Do you have any general feelings about the direction of that loan?

Mr. ANDERSON. Many will say that, due to the inflationary costs, the increased costs to the farmers, probably some adjustments should be made as far as the support floor prices are concerned. Our concern is that this price not become the ceiling, I think the adjustments probably should be rather minor. We must not produce for strategic reserves, so to speak. We must produce for the market and the foreign demand, where we can sell our product, and I think this will get the best price in the long run.

This has certainly shown up in the soybean situation. I think the support is a protective measure, but it certainly is not an incentive, they can't be producing soybeans just for the support prices.

Senator CLARK. Thank you very much for coming.

Now, Mr. Fred Heinkel.

Mr. Heinkel, we welcome you here.

Fred V. Heinkel is the president of the National Farm Coalition. So you proceed in any way you like, Fred.

STATEMENT OF FRED V. HEINKEL, CHAIRMAN, NATIONAL FARM COALITION, COLUMBIA, MO

Mr. HEINKEL. Thank you, Mr. Chairman and Senator Huddleston.

My name is Fred Heinkel and I am the chairman of the National Farmers Coalition, which is composed of 29 organizations, some of

national farm organizations, others are commodity organizations and a few are cooperative organizations, and I have a list here of those organizations.

[The membership list follows:]

MEMBERS OF NATIONAL FARM COALITION

1. Fred V. Heinkel, President, Midcontinent Farmers Association, 201 South 7th St., Columbia, Mo. 65201.
2. John W. Scott, Master, The National Grange, 1616 H Street, N. W. Washington, D. C. 20006.
3. Tony T. Dechant, President, National Farmers Union, P. O. Box 2251, Denver, Colorado 80201.
4. Jerry Rees, Exec. V. Pres., Nat'l Assn. of Wheat Growers, 1030 15th St., N. W., Washington, D. C. 20005.
5. Oren Lee Staley, President, National Farmers Organization, Corning, Iowa 50841.
6. Patrick B. Healy, Exec. Sec., Nat'l Milk Producers Federation, 30 F Street, N. W., Washington, D. C. 20001.
7. Joe S. Sugg, Exec. Sec., N. Carolina Peanut Growers Assn., P. O. Box 1709, Rocky Mount, N. C. 27801.
8. Ed Krielow, Exec. Sec., National Rice Growers Assn., P. O. Box 683, Jennings, La. 70546.
9. B. J. Malusky, President, Farmers Union GTA, 1667 N. Snelling Ave., St. Paul, Minn. 55101.
10. Elbert Harp, Exec. Dir., Grain Sorghum Producers Assn., 1212 - 14th St., Lubbock, Texas 79401.
11. Mike A. Burkholder, President, Trans-Pecos Cotton Association, 1122 Meadowbrook, Pecos, Texas 79772.
12. Herman A. Propst, President, Rolling Plains Cotton Growers, Inc., 1301 Avenue O, Anson, Texas 79501.
13. E. Thurman Gaskill, President, National Corn Growers Assn., P. O. Box 358, Boone, Iowa 50036.
14. Edwin E. Marsh, Exec. Sec., National Wool Growers Assn., 600 Crandall Building, Salt Lake City, Utah 84101.
15. Alvah F. Troyer, President, Soybean Growers of America, Route 2, P. O. Box 13, La Fontaine, Indiana 46940.
16. Russell C. Schools, Exec. Sec., Virginia Peanut Growers Assn., Capron, Va. 23829.
17. S. Womack Lee, Manager, Peanut Growers Cooperative Mktg. Assn., Franklin, Va. 23829.
18. Alfred Schutte, President, Webster County Farmers Organization, Guide Rock, Nebraska 68942.
19. Harry B. Caldwell, Exec. V. Pres., Farmers Co-op. Council of N. Carolina, P. O. Box H-1, Greensboro, N. C. 27402.
20. Frederick Durr, President, Nat'l Assn. of Farmer-Elected Committeemen, Route 2, Sheridan, Indiana 46069.
21. John C. McKay, Pres. & Gen. Mgr., Farmers Union Central Exchange, P. O. Box "G", St. Paul, Minn. 55101.
22. W. G. Cross, Gen. Mgr., Farmers Grain Cooperative, P. O. Box 508, Ogden, Utah 84402.
23. Luther Raper, Exec. Secretary, Virginia Council of Farmer Co-ops. P. O. Box 1034, Richmond, Virginia 23208.
24. C. A. Duzan, Chairman, United Grain Farmers of America, Oakland Illinois 61943.
25. Doyle Burns, Exec. Director, National Potato Council, Suite 301, Montbello Office Bldg., East 45th and Peoria, Denver, Colorado 80239.
26. Ross Wilson, Manager, Southwestern Peanut Growers Assn., Gorman, Texas 76454.
27. Milton S. Holtan, Exec. V. Pres., Farmers Union Marketing and Processing Assn., Redwood Falls, Minn. 56283.
28. Al E. Mercker, Exec. Sec., Vegetable Growers Assn. of America, 1616 H Street, N. W., Washington, D. C. 20006.
29. Robert A. Tucker, Exec. V. Pres., Southern Cotton Growers, Inc., P. O. Box 866, Dahlonega, Georgia 30533.

Mr. HEINKEL. It is a real pleasure and honor to have the opportunity to speak to you today, Mr. Chairman. We are deeply grateful for your coming out here and holding this hearing.

Mr. Chairman and members of the committee:

Feed grain production and prices were stabilized during the sixties. I might include here by the way of reference that that started with the emergency feed grain program of 1961 and was continued with subsequent programs. This stability encouraged livestock expansion and, for the last several years, has provided a steady increase in meat supplies, especially beef, at the supermarket.

Had farmers and ranchers not boosted production, consumers now might be confronted with sparsely stocked meat cases and sure enough high prices.

This could yet occur. Livestock producers are beginning to wonder if they can afford to continue to expand meat output. Boycotts, meat ceilings and talk of price rollbacks are causing meat and milk producers to take a closer look at their plans. The more so because if foreign shipments are accomplished as planned, grain reserves will be the lowest since World War II.

Prospects for rebuilding feed and protein supplies now are uncertain, too. Grain producers earlier this year were set to plant more acres, push up production. That picture has changed. Here it is late April. Some of last year's crops are still unharvested. Repeated rains and snows over a period of several months have resulted in record-breaking floods over much of the Midwest and have left fields waterlogged.

Field work and planting have been delayed. More hours of work, more barrels of fuel will be required. Planting season is limited. There is talk of likely farm fuel shortage.

Just this sort of a situation points up the need for a national strategic grain reserve. Provisions for it should be made in the 1973 Farm Act.

Of course, this would not directly create any more grain. But, the knowledge that Congress is realistically facing up to the need which would permit meat, milk, and grain producers to plan for the future with the assurance of greater market stability.

Market stability is a desirable objective for consumers, also. These wild gyrations in grain and vegetable protein prices do affect livestock producers' plans and thus are reflected in the price of food.

There is real danger to our national security, too, in drawing down our grain reserves this far. We are agreed, I believe, on the desirability of exporting grains in excess of our own domestic needs. But we act wisely only if our own needs, including provision for an adequate security reserve, are first determined.

The wild, speculative situation prevailing over the past few months, occasioned by the careless handling of huge grain sales to Russia, has disrupted markets, caused near chaos in transportation, forced up consumer prices, filled farm producers with uncertainty and left the Nation with empty grain bins.

We must provide for an orderly rebuilding of grain stocks and prevent a recurrence of this dangerous situation.

Along with a realistic grain reserve, the 1973 farm act should provide for an increase in the price support loan level for farm commodities.

Farmers' production expenses are out of sight. They climbed at a near-record rate of 7 percent in 1972 and, according to USDA, will accelerate that pace to equal another 8 or 9 percent increase in 1973.

Mr. Chairman, wheat, milk, corn, milo, soybean, cotton and other farm commodity producers simply cannot absorb these rapidly rising costs. If farm legislation is to have any meaning and if it is to accomplish the goal of assuring abundant food for consumers and fair prices for producers, then it must provide a realistic price floor for farm products.

In addition, it should continue marketing agreements and the wheat certificate plan as well as extend the present Wool and Mohair Act—and the school lunch, school milk, child nutrition, food stamp and P.L. 480 programs.

The above enumerated programs should be part of a total program that must provide for effective supply management—well administered—coupled with nonrecourse loans at realistic levels and a sound security reserve.

I endorse the comments you made about the importance of an emergency loan program, and I was asked by the Steering Committee of the Coalition to ask the President, in the name of the coalition, to sign that bill and make it effective at the earliest possible date. And the coalition also, yesterday, took the position that the Secretary of Agriculture ought to reopen the feed grain signup program as a result of changes that have been made in the A Option of that program, which permits the people who entered that portion of the program to earn full payments with only a 10-percent set-aside instead of 25 percent.

I am not complaining that that is bad, but it leaves the participants in the B option program sitting here high and dry in many cases, doing about the same thing that a class A participant will be doing and get very little pay, or none.

Yesterday I wired the Secretary of Agriculture in the name of the coalition, asking he reopen or else make available these payments.

Senator HUDDLESTON. Yesterday Senator Clark was successful in getting some action. We discussed in the Committee on Agriculture yesterday that they go even further in making it more equitable. When the Government changes the rules after it is too late to take advantage of the new rules, that doesn't seem to be the right way to treat people. We were able yesterday, through Senator Clark's efforts, to get this bill out of the Senate Agriculture Committee and onto the floor and passed in the middle of a filibuster on voter registration.

It shows a freshman Senator can get things done in Washington.

Mr. HEINKEL. I certainly appreciate that.

Senator HUDDLESTON. If the House follows through and the President signs it, this could provide some relief. I have to point out that there were representatives of the Department of Agriculture before the Agriculture Committee indicating that they don't favor this program, so we do not know whether it will be vetoed, or passed and put into effect. We are finding out more and more that just passing laws doesn't mean that they are going to be carried out any more.

So what the prospects are, it is hard to say, but at least the effort has been made and some relief is possible.

Senator CLARK. In summary, Mr. Heinkel, you are saying you would support a grain reserve, that you have serious questions about the effect of Russian sales and what kinds of consequences those have caused, that you would favor a meaningful rise in the support prices?

Mr. HEINKEL. Yes, sir. I think we all realize that the questions are seasonal. They didn't buy grain from us because they love us, but because they needed it. The figures I have seen indicated they won't buy one-half as much this year as they bought last year, assuming things continue as they are now calculated. So we need strategic reserves, security reserves, whichever we prefer to call them, in this country.

I think maybe it ought to be divided up half and half, half in the hands of the farmers and half in the hands of the Commodity Credit. There are emergencies in which I think it would be desirable for the Government to have control of a certain amount of grain.

I think it is fine, too, for at least half of it to be in the hands of the farmers of the country. But I do think it is tremendously important, in a nation with more than 200 million people and some friends abroad, that we feel that we should help. When we get in distress, it is just a little dangerous to risk, to try and directly manage our production without a strategic reserve.

Senator CLARK. Senator Huddleston?

Senator HUDDLESTON. You mentioned, Mr. Heinkel, the Russian grain deal. Certainly all are interested in developing all the export sales we can in agricultural products. This has some questionable aspects as far as providing equal opportunity to all our growers.

What would you suggest as to eliminate some of the bad features of that particular situation?

Mr. HEINKEL. Well, I don't propose to be an authority on that subject, but I do think it is necessary for one to make a few suggestions. One is when these conditions are known to exist abroad and we expect that we will be exporting grain to those countries, that the people of this country ought to have that information at an early date.

Many farmers had sold the wheat and grain before the price advanced. Then, too, I think the opportunity to bid on those sales ought to be given to more people than it was given to last year.

Senator HUDDLESTON. The timing, too, it seems to me, in the delivery schedule certainly places an additional burden on the already strained transportation problem. You are right. It is suggested now that old deals may have to be renegotiated so we can deliver the products on time. They can't get them to the ports.

That is all I have.

Senator CLARK. What kind of dollar limitation would you like to see placed on payments? Do you think \$55,000 limitation is a realistic one, or do you think it should be lower or higher?

Mr. HEINKEL. Well, we have never set, as I recall, a figure in either our organization or in the coalition. We have gone along with the \$55,000. I know it is a controversial subject. We tried to stay away from that one and concentrate our efforts on the loan levels and trying to get a strategic reserve. We feel that it is imperative for the continuing existence of the family farms of the United States.

If these programs are wiped out, and I am always intrigued by these people who want to get rid of the program; they always want to do it gradually. If it is so good to get rid of them, I wonder why they want to string it out.

Senator CLARK. We appreciate your being here and coming up here, and we are very happy to have you here.

Thank you.

Mr. HEINKEL. Thank you.

Senator CLARK. My understanding is we are going to hear next from the National Farmers Union President, Lowell Gose, and then the National Farmers Organization.

Mr. Gose, we are particularly happy to have you here, the new State president of the National Farmers Union.

I walked by his house one night and saw the lights on, so I spent the night at his home. It is particularly good to see you.

STATEMENT OF LOWELL GOSE, PRESIDENT, IOWA FARMERS UNION, DES MOINES, IOWA

Mr. Gose. Thank you, Senator Clark and Senator Huddleston, committee staff members, members of the press.

I appreciate the opportunity to present the views of the Iowa Farmers Union with respect to the topics here under review. Your coming out here for our convenience at this busy time is doubly appreciated.

I may say at the outset that I don't recall a set of circumstances ever before in which the merit of continuing a strong farm program seemed so illogical to city people and yet which, for farmers in this time of high operating costs, was so fraught with financial danger if nothing is done.

Consumers have been hit with rising food prices and many of them have been prompted to think that the farmer is somehow holding them up. Actually, neither farmers nor farm programs are the main causative factors. Nevertheless, the administration's response to consumer complaints has been to turn loose more than 50 million acres for 1973 and to single out meats for price control. The impression is given that this will be a beneficial solution for everybody, especially farmers. The export potential is being represented to farmers as almost limitless for the future.

Secretary Butz is going around saying that the Agricultural Act of 1970, if extended, should be amended to phase out within 3 years a substantial part of the support incentive for participation. After that, wheat allotments and feed grain bases would be abandoned. Farms would be assigned total crop land bases from which any kind of acreage could be idled at rental rates deemed adequate by the Secretary.

Such a retreat to the old soil bank idea would soon mean disaster for the independent farmers of this country and it would be bad for consumers. It would lead again to wide swings in production and corresponding fluctuations in consumer supplies, particularly of hogs.

Now that the secret Flamigan report has leaked out to the public, we see what the administration's plan is for agriculture. It is to harness the American farmer to a policy of high production and low prices, so to maximize exports, thereby to reduce our balance-of-pay-

ments problem, a problem due in large part to policy mistakes in other branches of the Federal Government.

No, we need a prolonged extension of the Agricultural Act of 1970, with supports increased in proportion to the rise in farmer costs since 3 years ago. Along with an ongoing program thus strengthened, both farmers and consumers also need a national food and fiber reserve to cushion unexpectedly large variations in weather and foreign demand.

It is clear that we cannot expect the private grain trade to do this. We saw how quickly they made those huge wheat, feed grain and soybean sales last year, apparently without any thought as to how this would affect the Nation, and especially the transport ability to handle our own 1972 harvest. Such a costly mixup must never happen again.

If, as now seems likely, the United States is destined from here on out, at least gradually, to become a larger exporter, our government agencies must do a lot better job keeping the public, and especially farmers, informed as to what is going on abroad. We don't want any more of this business of farmers selling wheat and soybeans too soon at low prices in ignorance of big deals being made secretly by the huge international grain traders. In particular, the Commodity Exchange Administration should be overhauled so that harmful speculation is eliminated.

Incidentally, we appreciate that the Senate Agriculture Committee is looking into the transportation problem with a view to furthering Federal assistance for the modernization of our national rail facilities.

There is one more thing that bothers me and it probably is not under your direct purview. It is the concentration of power in food merchandising. You may recall that the National Commission on Food Marketing in 1968 came across strong indications of collusion on the part of large food chains in reducing buying competition through such schemes as allocation of geographical territories. When the Federal Trade Commission failed to act on this information, a group of Western cattle producers filed a suit charging restraint of trade in violation of the Sherman Anti-Trust Act.

A settlement was recently reached under which the defendants admitted to none of the charges but did agree to decentralization in their purchasing systems. I don't regard this as having really settled the issue. It is to be hoped that the appropriate congressional committee will have another go at this problem. It is too closely related to the welfare of both farmers and consumers to be ignored.

Two weeks ago today, I sat in a meeting of farm leaders at Kansas City, Kans., and discovered that some of our university economists speaking there also are becoming increasingly concerned about the trend of forces bearing on our agriculture. In the first paper presented were these arresting words:

These developments could point to a future time, perhaps only two or three decades away, when sole proprietorships and the typical family scale farm units as they presently exist will have essentially vanished in the United States.

Further on, the paper declared that:

If large agribusiness conglomerates gain control of the food supply, it is assumed they will use techniques that are far from perfectly competitive. In fact, they may operate more like the large corporations that now control much

of the industrial wealth of the United States. With extensive control, these units would be able to regulate prices and boost profits unless they are restrained by the actions of Government.

Note that last phrase—

Unless they are restrained—by the actions of Government.

I say the time to apply some restraint is now by extending an improved Agricultural Act of 1970, so that our independent farmer system can prevail.

Thank you.

Senator CLARK. Thank you very much, Mr. Gose.

I was particularly happy that you gave so much attention to the transportation crisis. Do you think it is fair to say that the greatest present problem we have in American agriculture, certainly it would seem in Iowa, perhaps all through the Midwest and across the country, is the problem of moving grain?

Mr. GOSE. Well, as far as grain, yes, here in the Midwest. You asked the question of one of the other gentlemen and I would like a chance to answer. This is, what you thought the price ought to be.

We had some gentlemen here from Pennsylvania not long ago and a few of them were riding with me and I heard them mention—one of them said, "I could have sold my corn the other day for \$1.95." This brings up the question of where in the United States, of which we are speaking here. We have been running along here all winter long with variances between \$1.20 locally and up to \$1.31 or \$2, or something like this.

The other morning I just heard the markets given for western Illinois. OK, western Illinois, \$1.50. In Indiana and Ohio, they have already sold their corn. It seems like this \$1.50 price is the price that everybody is trying to get. It all depends on where you live whether you can get it or not. This enters right into the transportation part of the problem.

Senator CLARK. We were talking this morning, ASCS members in the county, they were paying \$1.31 at their own elevator yesterday, but the problem is they can't buy any anyway.

It seems to me that—again, Senator Huddleston has studied this more closely than anybody in the Senate—but it seems to me that it is the one area where the Department of Agriculture has given almost no attention at all.

I know when we have had Secretary Butz before the committee on two occasions, I have asked questions and so has Senator Huddleston, and to the best of our knowledge there has never been anything done in the Department to even begin to deal with the problem.

We passed a resolution in the Senate appointing a study committee that would convene at once, get some findings and then come back and tell us some of the things we could do of a practical nature at once. The Secretary has never appointed the representatives. Each time it just seems no attention is given, and yet we are talking about having a 6 billion corn bushel crop, more exports. It is inconceivable until we do something practical to solve the transportation problem before that is possible.

Mr. Gose. I attended two hearings over here on the transportation problem. There is the system in the United States where the last company or person who receives the rail facility or the car determines

where the car is going to go next. It was brought out at the hearing here that we would send our cars into the East—or grain or whatever was shipped into it and the eastern railroad would have the prerogative. They would go to the east coast and only until the Commerce Commission stepped in and said, you must send some cars out to the Midwest, would we get any cars.

So maybe something needs to be done to straighten out this situation.

Also, it was brought out that the rent that could be charged on a rail car was so small, if they didn't get it unloaded in time that quite often they would leave it sit there and not bother to load or unload.

Senator CLARK. It is an enormous problem. Senator Huddleston and I and other members of the Senate are co-sponsors of a measure to get Government assistance in establishing a group that would build more boxcars, more hopper cars, repair cars, computer system to try to keep better track of cars, because it seems to me they lose a lot of them and they are sent in wrong directions, the kind of explanations that you have just given.

Additionally, depending upon whom you believe, we apparently don't have enough unloading facilities at the gulf ports so there are a great number of areas where there are great problems.

Senator HUDDLESTON. I think you made a great point there—that is, when prices are quoted, the price of corn per bushel or soybeans, or whatever, a lot of misunderstanding is generated and the general public tends to believe that all producers and farmers are getting these prices. The fact of the matter is, most of our soybean producers in Kentucky get \$3 a bushel for soybeans. It is little comfort to have it at \$6 a bushel if you have already sold it at \$3 or to have some you can't deliver because you can't get transportation.

So the quotations don't always tell the story.

Mr. GOSE. Again, the gentlemen from Pennsylvania brought out a point that was interesting. They were blaming the farmers in Iowa for their high price for soybean meal because they feed most of their grain in the dairy business, so when they came out here and found out that nearly all of the farmers were previously sold—well, not more than an average of, say, \$3.50 a bushel, they couldn't go back and blame the Midwest farmers for their high-priced meal, and they didn't realize they weren't all getting \$6 a bushel.

Senator HUDDLESTON. It is more than foreign relations.

Senator CLARK. One of the things, all too often we don't really think about, particularly out here in Iowa—we have had farm bills since the AAA in the midthirties. Really, what would happen if we don't have a program. It seems that could occur. It would appear that the Senate could pass a bill, but if you don't have very strong Presidential support, it is very hard to get a bill and get one through the House, for the reasons you explained at the outset of your statement.

There is a lot of antifarm feeling, a lot of feeling about food prices. What is going to happen in Iowa if we don't get a farm bill at all?

Mr. GOSE. I hate to think what would happen. I have been a farmer all my life. I have been in the program ever since it was started in the early thirties. I started with my father. We would have lost the

place, even having struggled through the depression and gotten that far, if it hadn't been for the 45-cent loan rate that was started back then.

Agriculture is in the position of never being able to set its price. The Government is the only institution large enough to do anything about this problem. Without their help, I don't know how we could survive, really. I think that the corporate enterprise would just simply take it over, and once that happens, if the consumer thinks he is paying a high price for food now, that would help him when this happens.

Senator CLARK. Next, we are going to hear from Mr. Erhard Pfingsten, who is here as the State president of the National Farmers Organization. Mr. Pfingsten is the special assistant to president Oren Lee Staley, so we welcome you.

Just proceed. We have about an 8-minute limit. You proceed any way you like, and then we will have questions.

STATEMENT OF ERHARD PFINGSTEN, ASSISTANT STATE PRESIDENT, NATIONAL FARMERS ORGANIZATION, CORNING, IOWA

Mr. PFINGSTEN. The position of the National Farmers Organization on general farm legislation was presented in Washington on the opening day of these hearings by Oren Lee Staley, our national president.

I am appearing today as an Iowan and an NFO member to underline our concern about proposals made to your committee since then by Secretary of Agriculture Earl Butz and our concern about administration proposals recently exposed by the press, which would spread the blight of low farm prices and large corporate farming around the world.

First, however, I want to put on the record as an Iowan a word or two of appreciation for the work that our two Iowa Senators are doing in behalf of agriculture.

We are indebted to Senator Dick Clark for these hearings in Iowa today. And we are even more deeply indebted to him for choosing to serve on the Senate Agriculture Committee. There are many more glamorous assignments in the Senate. But none are more important to this State, Senator, and we are pleased that one of your first decisions was to go where the action is that is so important to your constituents.

Let me add a word of thanks to Senator Harold Hughes for his role in setting up the Midwest Farm Caucus, which meets unofficially to consider agricultural matters and to coordinate the efforts of the Senators from several farm States. We believe this caucus increases their effectiveness in representing farmers in Washington.

Farmers need effective representation in Congress now as seldom before.

We were all shocked when the Young Executives' plan for a phase-out of farm programs came to light. It was disclaimed as not representing official policy after I made it public at Sioux City last summer. Today, with the election out of the way, it is embraced by the administration as the policy for new directions in agriculture. It also is the cornerstone of new administration trade policy designed to

close our grade gap and balance the flow of dollars out of the United States by having our farmers produce cheap grain for all the rest of the world.

Although the Department of Agriculture now admits in its official estimates that agricultural exports will be down in the coming wheat and feed grain crop years, acreage restrictions have been removed, about 45 million acres are being brought back into production, and Secretary Butz is urging Congress to approve a 3-year phaseout of farm income supplement payments.

At that time he also wants acreage controls, kept only on a standby basis, to be shifted from allotments by crops to a percentage of all crop land basis. Under that system, economists from our own Iowa State and other universities and the Library of Congress tell us it will be necessary to retire 70 million acres before the major crops—wheat and feed grains—are effected. The least productive cropland and the least remunerative crops will, of course, be the first to go under such a plan.

The Secretary also has called for lower price supports, including authority to drop dairy supports below 75 percent of parity, and for review of our programs for such crops as tobacco, rice, peanuts, and sugar.

The Flanigan Report on international trade negotiations, which John Fialka of the Washington Star brought out of its classified status after finding it being passed around in big business circles, reveals that the administration not only wants low farm prices in the United States but also hopes to spread low price blight around the world. This would be accomplished by persuading the European Community and Japan to end their farm price support programs and buy cheap American grain instead.

Interestingly, the report recommends that Congress not be advised about what our trade negotiators are up to until after the negotiations with the European Community and parties to the General Agreement on Trade and Tariffs have been completed. Equally interesting is the list of U.S. economists that it recommends to consult with and advise our negotiators. These include D. Gale Johnson, who helped Presidential Assistant Peter Flanigan prepare the original report, and Dr. Hendrik Houthakker, longtime proponent of phasing out farm programs. Houthakker first proposed these disastrous policies for American agriculture in a brochure for the Committee for Economic Development, a big business front organization.

The Flanigan Report does not concern itself with the consequences of destroying family farming in America, Europe, Japan, and the rest of the world. Nor does it estimate the economic and social costs of doing that. It simply recommends that we make full use of technological developments and mechanization, the decline in the number of farms, and the rise of larger and more important agricultural production units to, in effect, clean out all remnants of family farming in the developed nations of the world.

It is little surprising to find Dr. D. Gale Johnson of the University of Chicago associated with such a report. He apparently is unfamiliar with a study of 5,000-acre corn farms conducted by the nearby University of Illinois and intended to prove superior efficiency of large farming units. The study did conclude that large farming units were

most efficient, but not in production of crops. They cut costs, the Illinois study found, in (1) borrowing capital cheaper in large quantities; (2) avoiding local suppliers; (3) avoiding local marketing facilities, and (4) avoiding taxes.

It is clear now why a mission was sent to Europe last September by the Chamber of Commerce of the United States and why its members pressed so urgently to persuade their European counterparts to get their governments to put agricultural policy on the trade negotiating table this year. They obviously had been briefed on the Flanigan plan.

Premature exposure of the Flanigan Report also makes it clear why the President has asked Congress to give him the authority, without approval or subsequent ratification by Congress, to adjust tariffs and trade barriers. Any way Secretary Butz went to Paris a week ago to urge the agricultural ministers of the European Community to face up to a reassessment of farm price-support programs in their countries. He was engaged in peddling the American poverty-for-agriculture line in his speech at that time.

The administration and the Chamber of Commerce line is to close our trade gap and our dollar gap by putting agriculture through the wringer both here and abroad.

For years big business and big bankers in America have succeeded in making farmers the goats of inflation by rolling back farm prices while industrial goods, prices, and interest rates were going up. Now they have a scheme to cover our international trade deficits by picking the farmers' pockets.

If you read the Flanigan Report carefully, you will note that the bait held out to Europe and Japan for deflating their farmers and letting us supply cheap grain is a possible \$33 billion in savings to Japanese consumers and \$10 billion in savings to European consumers. That's an estimate of the sums that can be wrung out of the farmers. Instead of being a plan to help farmers, this is a plan to fleece them of billions of dollars, marks, francs, and yen.

The Flanigan Report tells of the possibility of increasing U.S. farm exports \$10 billion in the next 10 years and increasing this Nation's net income from such exports by \$8 billion. It also predicts a \$2 billion rise in farm imports, including \$1.1 billion in dairy products.

I would urge you to look closely at its references to increased net income. A careful reading shows it fails to distinguish between net increases in gross income and increases in real net income. It is actually talking about net increases in gross income from agricultural trade when it refers to increases in net income.

It errs very seriously in failing to honestly set out the effect of low prices on the net income of agriculture. It suggests that Europe and Japan might offset their farmer's losses at a cost of \$4 billion each annually but it makes no suggestion of how the losses to American farmers would be covered. And it misrepresents the situation when it declares that an increase in total gross income in agriculture will be good for rural communities. It will wipe them out.

Admittedly, the only farms that will have a chance to survive under the Flanigan plan are the farms so big that they can go com-

pletely around all local banking, supply, and marketing establishments and then rook the local and Federal governments of substantial amounts of tax revenue as the Illinois Corn Farm Study reveals. That study shows that big farms are no more efficient as actual producers than the family farm.

It is difficult to understand how the American business community, which derided the efficiency of Russia's big State farms because of their lack of individual opportunity and incentive, can now take the position that the managers of big corporations like Litton Industries or the Penn Central Railroad or some other big U.S. Chamber member can produce corn, soybeans, hogs, or other foods and fiber more efficiently than an Iowa State University graduate managing his own family farming enterprise.

The only thing they can do that the family farmer can't is charge off their losses to the U.S. Treasury, which is a tax loophole that ought to be closed. So should the front window at the Treasury where Penn Central gets its money when it gets in trouble.

The key to puncturing this dream of international financial solvency by exploiting farmers is the enactment of minimum price support levels in the farm law, which you are now considering, to a point high enough to keep family farmers solvent.

Corn at \$1 a bushel and wheat at \$1.25 is not high enough. Dairy-men are entitled to more than 75 percent of parity for milk, too, not less than that as Secretary Butz urges. These prices do not even represent cost of production.

Minimum price support levels in the Agricultural Act of 1970 should be raised at least the 40 percent requested by the National Farmers Organization so farmers can survive economically. It also would provide some assurances that when we sell agricultural products abroad, the result will be an increase in net income, not an increase in gross income at the expense of net.

There is a school of economic thought that believes the only real new wealth produced in the world comes from agriculture, lumbering, fishing, and the minerals industry and that all the paper debts that are being piled up in this Nation must ultimately either be paid off by the returns from that real new wealth or by wiping it out in another economic debacle like the Great Depression.

A great many Americans fear that we are skirting that economic crisis right now. Certainly we are not serving our country or the world well to adopt programs that deflate the value of new real wealth in order to bolster up a house of cards built on usurious interest rates, 20 percent to 50 percent corporate profit margins, inflated security values, wildly expanding consumer credit, and unrealistic property values made possible by unrealistic, high-interest mortgage credit. It is time we adopted farm policies that assure producers of real wealth a fair return, both here and abroad.

Senator CLARK. Thank you very much.

That is certainly the most detailed analysis of the Flanigan Report that I have had the pleasure to hear, and some of its effects.

Do you think that it is fair to say that one of the reasons we are opening up so much of the acreage, so much production, is a desire to have a great supply of cheap grain available for broader foreign policy purposes?

Mr. PFINGSTEN. That is exactly it. Flanigan made a speech in St. Paul on the 22nd of February, where he specifically stated that they were going to use farm production to balance the payments of trade balances. Then last week Secretary Butz was in Paris—no; it was April 11, when he delivered this one, a copy of which I have here—

Senator CLARK. I wonder if I could put that in the record?

Mr. PFINGSTEN. Yes; I will leave both of them with you, Senator. [The documents above-referred to, follow:]

STATEMENT BY SECRETARY OF AGRICULTURE EARL L. BUTZ AT MINISTERIAL MEETING OF THE AGRICULTURAL COMMITTEE OF THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT, PARIS, FRANCE, APRIL 11, 1973.

Some 400 years ago, the philosopher Montaigne wrote an inscription for his personal library in Bordeaux with these words: "I do not understand; I pause, I examine."

As I review events of the past 2 years, I think we might well follow Montaigne's example. I welcome the opportunity to meet with my fellow agriculture ministers—to pause and examine some of the questions that affect our nations and our joint efforts within the Organization for Economic Cooperation and Development.

Montaigne lived in a turbulent era—a time of reformation and counter-reformation. But we are in a period of some tumult ourselves. We are living through a historic transition in Europe, the full emergence of Asia as an economic force, a rebirth of trade between East and West, and a time of searching by underdeveloped areas for full membership in the world economy. This is all complicated by a long overdue adjustment in the world monetary system. It is made more difficult by world inflation produced by a demand that is burgeoning and supplies that, for now at least, are limited.

But the changes we are seeing are by no means temporary or superficial—they are fundamental and far-reaching. If we are to manage these changes—and benefit from the new systems created—we must move now to question the old verities and the old shibboleths. We feel that we are doing this in the United States. We are making policy changes that respond directly to new forces. I would like to discuss some of the changes we are making—to satisfy domestic demand, to respond to current world needs, and to foster trade.

WE ARE EXPANDING SUPPLIES

In the last few months, we have taken a number of strong actions to expand U.S. production of soybeans and grains and to move into use those commodity stocks carried over from past crops.

*In order to meet current needs, we have returned to the market grain stocks controlled by government. Between government-held stocks and farmer stocks stored under price support loan, we have moved into the market more than 600 million bushels of wheat and 1200 million bushels of feed corn.

*In order to meet future needs, we have freed our agriculture from acreage restraints. This will result in the largest one-year acreage increase in modern history—an increase of at least 25 million acres in 1973 plantings.

*We have terminated all export subsidy programs so that today we have no current program to sell commodities abroad at prices below the purchase price at home.

*We have acted to expand livestock supplies. The voluntary restraint program on beef imports is no longer in effect. We announced that grazing and forage harvesting would be permitted on land set aside under the wheat and feed grain programs this year. The government is moving to obtain authorization to remove the modest import duties on meat.

TOWARD A MARKET-DIRECTED AGRICULTURE

These actions, taken within a period of 6 months, are part of a longer-term movement away from controls and toward a greater reliance on market forces in U.S. agriculture. The Agricultural Act of 1970 eliminated commodity-by-commodity acreage restrictions on wheat, feedgrains, and cotton—giving our producers greater freedom to respond to market demand. And they are responding.

In 1971—the first crop year under the current Act—about 90 percent of U.S. farmers were farming in ways that would not have been possible under the tighter regulations of the old law. By 1972, we estimate that 95 percent of U.S. farmers had made such adjustments, responding to market demand by shifting to those commodities they produce most efficiently.

The result is that in 1971 farmers shifted about 60 million acres. In 1972 they shifted more than 70 million acres, an amount equivalent to almost one-fourth of the acres cropped that year. These shifts have resulted from farmers responding to the signals of the marketplace—and were possible because of the freedom provided in the 1970 farm act.

Soybeans are a good example. The program changes of 1971 and 1972—plus the recent changes announced for 1973—have brought a substantial rise in the number of acres planted to soybeans. Last year, plantings were increased by 3 million acres over the preceding year. This year, we are likely to see an additional 7-million acre increase in soybean plantings.

This year's expansion from 47 million acres of soybeans up to 54 million acres should result in a dramatic one-year increase in protein production by the United States. It represents a response to demand, and is encouraged by legislative and executive actions to clear away certain restrictions.

The Agricultural Act of 1970 expires at the end of this calendar year. We are looking to the Congress for new legislation that will contain the objectives of the current Act, but with certain changes. Essentially, we have recommended that Congress:

1. Discontinue, over a 3-year phase-out period, the program of income supplement payments—payments used to make up the difference between market price and a higher price objective.

2. Continue adjustment payments for the set-aside of acreage, but establish a new cropland base. The set-aside requirements each year, when needed, would be a percentage of the cropland base for each farm, rather than a requirement based on a complicated and outdated system of allotments and bases for each crop.

CERTAIN PRINCIPLES ARE INVOLVED

I think you will recognize that when the United States moves so strongly to expand production, as we are doing this year, we are making a substantial commitment to the future. We do this in the knowledge that certain national and international forces are at work—forces that will inevitably influence the breaking down of archaic production and trade systems.

We do this in the belief that certain principles are valid and can be relied upon to guide us in producing for future markets in the United States and around the world.

I would enumerate these principles as follows:

1. The market provides a better basis for production and marketing decisions than a system of government guarantees that distort farming patterns geographically and hinder agriculture's ability to respond to consumer needs.

2. Individual farmers, acting freely in their own interest, will adjust production in ways that maximize their incomes and improve the ability of agriculture to compete at home and abroad.

3. National economies benefit from a liberal trading system that permits producers to respond to growth in global demand—and to the changing appetites of the world's consumers.

4. It is inevitable that government costs for supporting agriculture will be under political pressure to be reduced in countries where populations are becoming more urban and less rural.

We see a basic consistency between our approach to domestic agriculture and goals in international trade. The idea of freeing American agriculture to produce is entirely consistent with our desire for a liberal trade system that permits American agriculture to compete. We believe that these goals are in harmony with the pressures for improved living levels around the world—and the desires of nations to combat inflation. We believe that these forces are much in evidence in this particular year, as nations reach out to each other for help in supplying the needs of people.

INCREASING INTERCHANGE AMONG NATIONS

Never before have we in the United States been so impressed with the increased reliance of nations on each other; there is growing economic interchange as nations seek to meet the needs and desires of their people. Never

have no many nations come to the United States to tell us that they are counting on us for agricultural commodities—for wheat, for feed grains, for soybeans, for cotton.

Many of these are old customers, and some are old customers who at times have acted to keep our commodities out of their countries. Some of our friends who a short time ago were seeking trade restrictions have now reversed themselves and are looking for assurances of supply.

But not all this increasing interchange is with traditional customers. In recent months, the Soviet Union and the People's Republic of China have come to the West for surprising quantities of grains, soybeans and cotton. Even in the light of weather problems, it is highly significant that nations have found it advisable to take such strong measures to satisfy consumer demand for better living, especially in terms of more animal protein in the diet.

We are seeing a continued and rapid growth of the Far East as a commercial market for agricultural products. In fact, we in the United States find it hard to realize that a market as rich as Western Europe—along with America the most prosperous in the world—is no longer our leading growth market. It is on the verge of falling behind the Far East as a market for U.S. farm products. This is something to contemplate after 350 years in which Europe was our most important trading partner in agriculture.

All in all, this year will see a record level of world trade in agricultural products—close to \$55 billion compared with only \$45 billion as recently as two years ago. Moreover, the overall growth in world demand is quite apart from the temporary needs created by last year's bad weather in Eurasia. Economic growth and rising personal incomes around the world are being translated into effective demand at a rate that is difficult to comprehend and impossible to predict. To a considerable degree, these forces are reflected in an increased demand for livestock and poultry products—a demand that the world is currently not able to satisfy. As a result, we see strong upward pressures on the prices of livestock and poultry and on the grain and protein feedstuffs that are basic to expansion in the animal sector. Dairy is an exception, as my European colleagues well know.

OUR COMMON PROBLEMS

As ministers of agriculture, we face a number of common problems.

To begin with, inflation is a factor in most industrialized countries and in some developing ones. At the same time, there is an extremely strong demand for food as economies boom and personal incomes rise. The result is that consumers are bidding up the price of food—especially certain of the most popular items.

In the United States, for example, we are eating more meat than ever before. We are eating almost twice as much beef per person as 20 years ago. And we are bidding up the price—in stores and in eating places. This rise in beef prices has occurred despite the fact that beef supplies in the first quarter of this year were above what they were in the same period a year before. Moreover, our beef producers are once again responding to demand. After more than doubling production between 1952 and 1972, they are expanding their cow herds again this year to meet the desires of consumers for more beef in their diets.

Consumer power is real. Never before have we seen and felt the power of the consumer as we do today. We feel those pressures every day, and I am sure that you as agriculture ministers know what I am talking about. I am aware of some of the actions taken by European Community and by non-Community nations as well, to encourage imports of beef and other livestock products, and even to limit exports. This is the power of the consumer at work.

On the other hand, there is a worldwide decline in the number of farmers—most apparent in the developed countries. My colleagues tell me that in years past the agriculture ministers of the OECD nations have made much of the number of people they have on farms and the resulting need to maintain old systems that protect those farmers. But let me point out that the trends in developed countries are making that argument obsolete.

In the United States we had 5.5 million people in the agricultural labor force in 1960—out of a total civilian employment of almost 70 million people. But by 1970 our agricultural employment had fallen to about 3.5 million.

This is not just a U.S. phenomenon—far from it. It is apparent in virtually every member country of the OECD. In the 10 years between 1960 and 1970 the agricultural labor force in France declined from 4.2 million to 2.9 million.

In Germany the number declined from 3.6 million to 2.4 million and in Greece from 1.9 million to 1.7 million. In Italy, the agricultural labor force fell from 6.6 million to 3.7 million, in Spain from 4.9 million to 3.7 million, and in Japan from 13.4 million to 8.9 million. I am citing OECD figures.

It is apparent then that in most countries agriculture as a direct numerical political force is declining in strength. This does not mean that farmers will not continue to exercise a voice. They will continue to be influential; they will continue to draw the support of many non-farm interests and many non-farm legislators who realize the importance of stability and fair incomes for agriculture. Nevertheless, the downward trend in farmer numbers casts a serious question on any policy designed to preserve old forms and old patterns in the agricultural structure.

LET US EXAMINE THESE SYSTEMS

We need to examine these systems, yours and ours. Why should any protective system be sacred in a world that is moving closer together? Why should we regard our Section 22 controls as inviolate? Why should the European Community insist on sanctity for its system of variable import levies? These are questions that should be raised—for many reasons.

We have learned that protection fosters the uneconomic use of land. In many parts of the world, farm real estate values are much higher than they are in the United States—even in the American Midwest. These high values increase production costs; moreover they are evidence that much of this property is no longer valued as agricultural real estate, but rather for its potential in other uses. Average values in West European countries range from 2 to 10 times the American average. Japanese real estate values are 14 times what they are in the United States. In 1971, cultivable land in France was reported to average 8050 francs per hectare, which was almost four times the average value of U.S. farm real estate.

We have learned that such devices as minimum import prices and trade preference are costly to consumers and limiting to demand growth. We continue to be concerned about trade distortions resulting from EC policies on grain, tobacco, citrus and certain other commodities.

We have learned that protection at the border creates a desire for protection within borders. We have learned that protective measures tend to prolong themselves. It is strange to us that, at the very time that the world is short of feedgrains, the European Community's import levies are just as high on corn as they were one or two years ago. It is strange, too, that in a world of growing demand, consideration would be given exporting grains at prices far below the exporter's cost.

I have always been concerned about export subsidies—and the tendency for countries to justify their use on grounds that others are doing the same thing. As I mentioned earlier, we in the United States are now free of export payments, and in a recommendation to Congress we have proposed a phase-out of our income supplement payments. For some years, my colleagues in Europe have argued that producer payments used within the United States are in effect export subsidies. Without arguing that question, I can assure you that on both counts we are moving strongly in favor of the market system.

In my country we are impressed by the fact that—after 40 years of support and adjustment programs for the field crops—the animal sector of our agriculture, largely free of price supports, is the biggest income earner. Year after year, livestock products account for well over half of cash receipts from farm marketings in the United States. Last year, the proportion was 59 percent. In Europe, livestock prices are higher than they are in the United States, which reflects a strong demand for livestock products in European countries. We face that kind of demand, too, and we are adjusting our system to meet it. Some of the actions enumerated in the beginning of my paper are moves in this direction. In some countries and areas, however, such adjustments are inhibited by price and trade disincentives.

We do not question the right of nations to support their own farmers in their own way. We cannot dictate to each other the programs by which governments choose to assist disadvantaged groups. We cannot expect changes to come overnight. But we should question the wisdom of programs that distort trade advantage. We should not insist on devices that say: I have to have quotas; I have to raise levies.

THE FUTURE COURSE

I might say to you that in the United States our course is set. We are committed to a policy of expanding production to meet a demand that is real and will continue to grow. We are responding to the pressures of a world that wants to live better—and do so within a realistic cost framework. I believe that you are feeling pressures that are similar although perhaps not as intense. And I submit that these economic forces are just as important to you as they are to me—or they soon will be.

How can we fail to respond to the increasing interchange between nations that is so evident this year?

How can we fail to take account of the importance of consumer desires that are so evident this year?

How can we fail to heed the pressures for elimination of import restrictions wherever they occur?

What better evidence could we have of the potency of these forces than we are seeing this year? The booming trade. The entrance of new customers into the world market. The high commodity prices. The extraordinary demand for beef. The crumbling of import controls for many of these items.

It would be a tragedy for the world to lose the gains it has made. It would be a tragedy for the United States to return to rigid programs of acreage control. It would be a tragedy for other nations to reverse the changes they have begun in response to the desires of their peoples.

Inevitably, I believe, those systems that artificially frustrate those desires will bend and crumble. This may take some time, but consumers will have a stronger voice in what they want and need. This will happen more rapidly than we realize, because the world has historically underestimated the growth in people's needs and desires—and their determination to satisfy those needs and desires.

If systems of protection are really vulnerable, which is my argument, then the only question remaining is: Why not alter those systems ourselves—before they come down around us? Let us manage this change ourselves, in ways that promote an orderly expansion in world trade.

WHY LIBERALIZATION?

Some of you may ask the question: Why do you continue to push for liberalization of trade and agriculture when your own exports have grown so remarkably. My first answer is a philosophical one—that this is the right thing to do. Just as mankind yearns for peace in the world, he also yearns for closer personal and economic relations—a closer communication in the advancement of nations and cultures. The French philosopher whom I quoted in the beginning of this paper wrote that he looked upon all men as compatriots . . . “making less account of the national than of the universal and common bond.” I believe there is a common spirit among the world's peoples, and that trade in the products of man's labor and initiative is essential to full communication.

Secondly, we in the United States recognize that although our export base has grown, a part of that gain has been due to unusual weather conditions. When we deflate our current \$11 billion agricultural export total by weather and associated value factors, the base figure is about \$9 billion. We are going to do everything we can to hold the trade gains we have made in the areas that are new markets for us, but we recognize that we cannot hold the weather gains. Further, we know that those areas cannot for long sustain the heavy foreign exchange expenditures which are involved. They are going to have to expand their export earning bases sharply, if we are to hold these markets.

Speaking frankly of Western Europe, it is a large market for us, but it should be larger. I say that because European populations have an income base unequaled anywhere in the world except in my own country. Thus Europe has the ability to buy more of our agricultural goods than she is purchasing today. The fact that this is so is indicated by the waves of revaluation which have generally depreciated the American dollar in relation to the strong European currencies. That, to me, is a most clear-cut signal that not only has Europe had the ability to buy more, but it would have been good for Europe to do so.

I would say the same thing about Japan. It too is a very large market for us, but it could be larger.

LIVING WITH REALITIES

In my country, a minister of agriculture lives and functions within a great many realities, and these include inflation, consumer desires, and the need to control Federal expenditures. I dare say that, in my 16 months as Secretary of Agriculture, I have been exposed to these forces in a variety and with an intensity that few agricultural officers in the United States have ever experienced.

As a result, we have taken actions that we normally would not have undertaken at the particular time we took them. We have made changes in import policies that, quite frankly, would not have been equally possible at some other time in history. We have made greater changes in domestic farm programs than we would have done under normal circumstances. But we have taken these actions—made these changes—because we came along at a time in history when such decisions were required. I think that you, as ministers of agriculture, are up against the same historical necessity.

In the United States, we know that in order to find success in this process of freeing the market and encouraging farmers to produce for demand, we must look for a world market that is allowed to develop—that is allowed to expand naturally and steadily in response to people's needs and desires. We are assuming, in the United States, that the world's trading nations and institutions are equal to the task of providing a liberalization and enlargement of the world economic system.

We, as agriculture ministers, have the opportunity to exercise leadership in this cause, and I believe that the time is here. At this moment, a conference in Geneva, under the General Agreement on Tariffs and Trade, is trying to deal with trade maladjustments created by the enlargement of the European Community. A general negotiation has been scheduled this coming autumn. If we fail to take advantage of these opportunities I fear we will discover in time that we have poorly served our countries and our people.

By now, each of you may be aware of the proposed trade legislation submitted by President Nixon this week, and the accompanying message to Congress. The President has asked for legislation to give him more flexible authority to conduct trade relations—and to negotiate toward an open trading world based on fairness and non-discrimination. The President believes that agricultural trade questions will respond to negotiation based on a real understanding of the problems involved.

I might say that in the forthcoming negotiation, we are determined that agriculture not be treated in isolation. Agriculture must be viewed as part of the total trade package. We see no reason why it should not be considered together with other American industries, and negotiated as such. It follows that nations looking for access to industrial markets will be asked to negotiate in terms of access for agricultural products, and vice versa.

Doesn't it make sense to join together now—in efforts to negotiate changes that will help demand grow, that will help each of us to serve that demand, that will give our populations the opportunity to buy what they want from the suppliers who best satisfy their needs. These are thoughts that come to me, as I pause and examine, according to Montaigne's example. The obligations placed upon us are peculiar and difficult, but we are meeting at a time—in a year—when action and decisions can make an enormous contribution to the future well-being of the world economic system. I look forward to working with you toward that end.

SPEECH BY PETEE FLANIGAN, FARM FORUM 1973, MINNEAPOLIS, MINN.

I am delighted to be a part of this 27th Farm Forum, and particularly to have this opportunity to talk on my own chosen subject, a new international economic era.

Some of you may have heard about a mysterious document that has been called The Flanigan Report and were perhaps instead expecting me to talk about that. Now this so-called Flanigan Report happens to be one opinion of the position of American agriculture in our world economy. The trouble is the only thing that Flanigan had to do with the Flanigan Report was to ask a member of the Agriculture Department to prepare it in the first place.

If every report I have asked for since I went to Washington was put in one place—Flanigan reports would fill the Minneapolis Library.

It is not often that we get a chance to see a hard and fast dividing line between one period of history and another. But sometimes, looking back, we are able to select an event that marks a sharp departure from the past—in politics, in economics, in human progress, or in the delicate balance of international relationships.

Perhaps some of you were sitting in front of your television sets on the evening of August 15, 1971. If you were, you had a chance to see history in the making. That was the evening that President Nixon appeared on the screen to announce that he was slamming the gold window and imposing special temporary import duties.

It was also almost 26 years to the day since we had accepted Japan's surrender in World War II and started on the long road to help that nation and others rebuild their war shattered economies. And, in a sense, President Nixon was then asking some of those same nations to assume greater responsibility for bringing order to the world's economy.

We can now say that the postwar era has come to an end. In place of confrontation, we have entered an era of negotiation, both with allies and former adversaries. It is an era of greatly enhanced prospects for world peace. But peace, we have all learned, is something we must continue to work at—and one of the surest ways to achieve it is to build greater world understanding and cooperation.

Cooperation among equals, that is. The United States is no longer so much more equal than other nations that it can afford to hand out monetary and trading advantages indulgently to the rest of the world. In some ways we have become even less equal than others and lately we have been feeling the pinch of this inequality.

If that sounds like a simplistic picture of our international economic troubles, let me assure you that the situation, far from being simple, is exceedingly complex. It was to help deal with these complexities that the Administration established the Council on International Economic Policy of which I am the Director. Not only must we deal with the full range of international economic issues that face this country, such as trade, monetary matters, and investment. We must seek to harmonize international economic policy with domestic economic policy and overall foreign policy. And we need to deal with these matters in the context of a host of special interests and of the politics that permeate all government action.

Let's start with the problem of our balance of payments. Let's first make the optimistic assumption that the growth of investments in this country by Europe and Japan will balance the investments we make there. Then let us say that we make a net investment of \$1 billion in other developed countries and another \$1 billion in the underdeveloped countries, for raw materials and for other purposes. Against this outflow of \$2 billion, we can place a net inflow of something like \$7 billion in dividends, interest and royalties, from our investments abroad. That gives us an overall \$5 billion surplus from the private investment account. But when we consider the \$7 billion of outlays for development, military and other aid abroad, that \$5 billion plus turns into a \$2 billion minus. Add to that a \$2 billion net deficit in tourism, and assuming that all other items in our basic accounts wash out, we are \$4 billion in the red on international payments before we consider our trade figures. For almost 80 straight years this country had favorable balances of international trade, which many times helped turn payments deficits into surpluses. In 1970 we had a \$2 billion surplus in our trade account. But in 1971 our trade balance went \$2 billion into the minus column and the deficit increased last year to more than \$6 billion. That, together with the \$4 billion deficit before trade gives us a deficit in our basic balance of some \$10 billion.

Now it is generally agreed in international financial circles that all major countries, including the U. S., should be in overall equilibrium in their basic balance. Last September at the meeting of the International Monetary Fund, almost every speaker subscribed to that goal. The question, of course, is how do we reach this equilibrium?

One salutary way of going about it in terms both of sound economics and of serving the best interests of all concerned would be to improve our trade balance from the \$6 billion deficit position to one of \$4 billion surplus. And since it

would be costly to the welfare of each of us to import less, the difference should come in exporting more—fully 25 percent more than our present level of exports.

Our trading partners are often appalled at this suggestion. But they forget that in the past two years our imports grew 40%, while our exports grew only 15%. We need only reverse that record, not so difficult a task, to reach a balance.

The point has often been made that we seem to be making an awful lot of fuss for something—foreign trade—that amounts to no more than 4 percent of our gross national product. What we are looking at here, however, is only the tip of the iceberg, and there is a lot more solid stuff down below.

There is, for example, about \$90 billion in book value of American direct investment overseas, and about \$15 billion in book value of foreigners' direct investments in American business, with both totals increasing significantly each year; American transportation companies earned more than \$3 billion outside the United States last year, almost 6 million American travellers last year spent nearly \$7 billion; over 100 American banking institutions carry on business in nearly 600 branch offices overseas; and exports account for one-seventh—more than 14 percent—of our total output of manufactured goods and raw materials. Think, of what this means in terms of jobs. Almost 3,000,000 Americans were at work in 1971 producing our exports.

But simple numbers and simple percentages can sometimes lead to excessively simple thinking. I have in mind some other numbers that you may find closer to home. When this nation was very young, some 95 percent of its workers were engaged in farm. Now, as the result of one of the greatest technological triumphs the world has ever known, those percentages have been turned around. Only 5 percent of our work force is engaged in farming.

Does this make farming of only marginal importance to this country? Of course not. Not only does farming help feed and help clothe 100 percent of our population—more than 200 million people—but it provides necessities of life for other millions all around the world. But beyond all that, many of us in Washington today see agriculture as a key to solving our problems of international trade.

To place this in perspective, we might think back to the recent history of agriculture's involvement in trade agreements. Christian Herter, the chief U.S. negotiator in the Kennedy Round of the early 1960's, emphasized right from the start that the agreements had to include equitable tariff and trade arrangements for agricultural products. After four years of protracted negotiations, the results were most disappointing. The last hours of the Kennedy Round did produce an International Grains Arrangement that provided for world wheat prices at levels thought favorable for both exporting and importing countries. But the price stabilization part of this agreement collapsed in 1969, and the International Wheat Agreement that replaced the entire arrangement in 1970 has no price provisions at all. What all this added up to was less, rather than more, of our agricultural production being sold abroad.

In spite of its commitment early last year to prepare for new negotiations, the European Community seems to be dragging its feet on the matter of liberalizing agricultural trade. Many of their spokesmen appear to believe that agriculture has to be put aside as a special problem. We, of course, see it as a matter of much greater immediacy and as part and parcel of the whole problem of world trade.

It is also part of a larger complex of social problems the world is facing. One of the important objectives of national agricultural policies is to raise the level of farm income, both in absolute and relative terms. How this is done often creates more problems, since some national policies run head-on into the equally desirable objective of liberalizing trade in agricultural products.

This has been especially true of the Common Agricultural Policy developed during the 1960's by the European Community. The support of prices through variable import duties has had the effect of preventing price competition and of making countries outside the Common Market no more than residual suppliers. On top of that, the Community has been guilty of first creating surpluses through the use of artificially high support prices and then granting export subsidies in order to price their surpluses lower on world markets.

Disruptive as these policies have been to the international economy, they have not proved effective in remedying domestic incomes problems.

And, the lower level of farm incomes cannot be dismissed, either as a matter of equity or one of practical politics. Although the number of farm voters continues to drop in this country and elsewhere, their great commonality of interest makes the farm group a potent political force. Furthermore, a great many non-farmers identify their economic interests with those of the farmer, and commodity organizations, with much political know-how and sophistication, can focus these interests effectively.

The same thing is even truer in other countries, where farm productivity is lower and a higher percentage of the labor force works the soil. Rural people provide a vital base of support for Japan's ruling political party, and a small party that is heavily represented in Germany's low-income farm areas can hold the balance of political power there.

Yet these are old considerations, growing more outmoded with time. In the new era we are entering, it appears highly likely that more common ground can be found for farmers and non-farmers, for developed and underdeveloped regions, for nations in surplus and nations in deficit. In a world of equals, there are new alternatives that we dared not attempt before, but that make better sense for everyone.

Here are a few of the more significant factors that are helping create the new international era:

- Rising incomes and living standards have resulted in important changes in consumption patterns. Even though world beef production increased about 40 percent in the 1960's, demand has been outrunning supply and world prices rose sharply in 1971 and 1972. Perhaps as a harbinger of things to come, the European Community and the United Kingdom removed all duties and charges on beef imports, and, in this country we have set aside import quota provisions.

- Because of their own low incomes, European farmers aren't very happy with the Common Agricultural Policy. Fully 80 percent of the farmers in the EC have incomes no more than two-thirds those of industrial workers.

- The United States has been moving away from supports toward greater market orientation. Price supports of major crops have been reduced sharply, so that market prices have approached world price levels.

- Crop yields and output per farm worker have been climbing in most countries participating in the OECD. The number of people employed on farms in those countries dropped from 25 to 40 percent—and as much as 44 percent for Italy—during the 1960s.

- In most countries nonfarm income is of growing importance to farmers. The income of U.S. farmers with product sales of less than \$10,000 doubled in the 1960s, all of the gain coming from nonfarm sources. In Japan the proportion of farmers' income coming from agricultural pursuits dropped from 55 percent in 1960 to 40 percent in 1969.

What these factors add up to is that more and more people everywhere are living better and better. Greater industrialization, higher consumer incomes, and the prospect for expanded agricultural production are providing a climate for negotiations from which all countries could benefit and distortions and disruptions could be minimized.

We have begun to move in that direction. Europe, Japan, and Canada have agreed that broad multilateral trade negotiations will begin this coming fall. From our point of view, it is especially important that these negotiations include trade in agricultural as well as in industrial products. And our goal needs to be the fullest possible liberalization of policies with regard to agricultural trade.

A good deal of work has been done in the Council on International Economic Policy to provide us with the background we will need in preparing for the forthcoming trade negotiations, and I would like to review with you some of the thoughts we have had.

First and foremost is the very clear impression that all the participating countries and all the groups within those countries can indeed benefit from greater liberalization of agricultural trade. Appropriate provisions, of course, must be made in all agricultural sectors, but growing world affluence focused our attention on the grain-feed-livestock group of products.

We have made a set of assumptions on what might happen in agricultural trade, based on the adoption by all countries of fully market-oriented policies. We estimated the production of livestock products and total feed availabilities on the basis of a common set of world prices. We assumed that a large part of the increased demand for feed grains would be met by U.S. production, which

would mean that all of the present idle cropland in this country would be brought into production. We chose 1970 as the base year for our productions, so that 1980 became our ten-year target—although in actuality any ten-year program still to be adopted would necessarily end at a latter date.

Here is what our study showed:

First, with simply a continuation of present agricultural trade policies, U.S. agricultural exports could be expected to climb in the decade from \$8 billion in 1971 by almost $\frac{1}{4}$ billion a year. Agricultural imports in the same period would climb at about the same rate, from \$6 billion to \$8 billion, so that there would be no net increase in our agricultural balance of trade.

But based on a complete liberalization of agricultural trade policies, our projection showed exports climbing to over \$15 billion and imports to over \$9 billion, for a net improvement of \$7 billion in the balance of trade.

At the same time, net farm income in this country would rise significantly, even while government expenditures dropped sharply. Because the gains would come almost exclusively from the feed-livestock sector, expenditures for government commodity programs would decrease by almost \$4 billion.

Other governments would be similarly affected. The current costs for support programs and set-aside payments in the grain-livestock sector are estimated at \$1.5 billion for the Common Market Six and \$2 billion for Japan, and it is anticipated that these costs might well double under a continuation of present policies, since it will be necessary to store more and more grains at artificially high prices. Even if these countries were to make up the full drop in net income to their farmers, the costs would not be much higher—on the order of \$4 billion each for Europe and Japan.

But the greatest benefits would accrue to the consumers in the European Community and Japan, since they would experience very substantial reductions in the prices of meat, dairy products, eggs, and good grains. The possible gain in consumer welfare is estimated at \$33 billion in Japan and \$10 billion in the European Community. And this would be particularly helpful to the United Kingdom, where the cost of food is expected to climb at least 10 percent if present policies are not changed in the enlarged Community.

Now projections like these are subject to all the drawbacks of any effort to look into the future. All sorts of unforeseen events can come along to monkey up the works. But surely one of the conclusions to be drawn from our studies is that they suggest the direction we must take in our negotiating efforts and the size of the benefits available from the greater liberalization of agricultural trade. Any alternative to such a policy would be both short-sighted and self-defeating.

That is not to say that there isn't a lot of short-sightedness in national approaches to world trade. European nations, for example, intent on reaping the benefits of their new-found economic cooperation, tend to lose sight of the greater benefits that could still flow from the larger Atlantic and world trading systems.

In time, this parochial syndrome will surely fade away, just as our own onetime tendency toward isolationism has dissipated, and just as Russia and China have recently displayed their desire for greater commercial cooperation. Let us hope the time has already come. Neither we nor the other nations of the world can afford the narrowness of an old era in the broad-gauged world of the new. Taking all existing trade barriers together—both ours and those of other countries that affect us—the annual cost to our economy is almost \$8 billion.

Fundamentally, none of the individual problems can be solved unless they are viewed as one large problem. The gains that we may make in industrial trade negotiations may be defeated by plain old-fashioned stubbornness over agricultural trade; overall trade improvement can fall victim to the failure to rationalize monetary matters; both money and trade arrangements can be sabotaged by inadequate provision for international investment. None of these can stand alone.

What took place during to August 1971 was little more than a series of fingers in the dike—floats, massive currency interventions, and minor adjustments and concessions in matters affecting trade and investment. What we must now set about to do it build a new dike—one that can withstand the storms and vicissitude of a fast changing world.

To do that requires a large measure of cooperation and understanding, on the part of other nations in the developed and underdeveloped worlds, of our

own national administration, of our Congress, and of our people. Not least among those are you who stand in the front lines of providing tomorrow's abundance.

Mr. PFINGSTEN. But in the speech in Paris, Secretary Butz did two things. He promised the European agricultural commissioners and threatened them in another way. The dairy thing I mentioned here, that was kind of promised to them, that they could produce dairy cheaper than we could in the United States and that we would throw our markets open to them, provided they did the other things. Provided they eliminated the supports that they are giving their farmers.

He also threatened in another way, that unless they did this that they might be inclined to hinder the industrial agreements that are coming up, and in another way he promised them that if they did this and went along with these things that he was real sure that we would do away with the supports in the United States, increase the production and, therefore, supply the nations their food, lower than they were getting it now.

In the case of Japan, I think it was \$4 million savings they should have and the European Common Market, I believe, was \$10 million.

I can take it only one way. It has to come out of the hide of the farmers if they do it.

The reason I brought this out here today, more than anything else, I think they are already trying to get in the back door by, let's say, "secret methods," in my opinion, rather shady methods.

Senator CLARK. In other words, we are not necessarily assured that the argument that if we discontinue these great export markets that doesn't necessarily mean the American farmer is going to be any better off?

Mr. PFINGSTEN. I don't think you have any assurance of that at all. So if everybody drops their price around the world, have you gained anything? In breaking all of agriculture. Are you sure we are going to have another bad weather system all over the world next year? I don't think we are sure of that, either. And those other countries are building fertilizer plants to really hop up their own production. Does that indicate they will be buying more farm products from us?

No; I think it is to hold farm prices down to eliminate the family farm, to turn it over to the conglomerates as proposed by the Committee of Economic Development made up of 200 of the largest corporations of this Nation or their representatives. The idea as first proposed was that everybody has to have food so if we keep the price of food down, this will lower the cost of living, make more money available for television sets, automobiles, and such necessities as boats and campers, and so on down the line, all of which they produce; of course, all of it at the expense of the American farmer.

Senator CLARK. I was particularly interested in your description of the arrangements that have apparently been made with the Common Market countries on dairy products. The other point that needs to be made there is that, of course, those dairy products that we are importing are subsidized by countries in the Common Market. It is not a question of not being able to compete. They are subsidized.

Mr. PFINGSTEN. That is right.

Senator CLARK. Senator Huddleston?

Senator HUDDLESTON. Your organization has been, of course, very interested in the marketing procedures. What do you suggest might be done to improve the marketing conditions of farmers that operate under it.

Mr. PFINGSTEN. Well, I think we have all the legislation that we need. We have the Capper Volstead Act, which is the broadest act we can possibly have.

In my opinion, all it takes is for the farmers to wake up and do their own business and set their own prices, because if they would do that, they would be the most powerful group on Earth because, after all, we have the food, we have it first, and nobody can do anything with it until we let loose of it. So I would say the American farmer, if he unites in a collective bargaining program under the Capper-Volstead Act would be the most powerful group on Earth. I think in our farm production, once we learn to use and work together, we have more power than industry and labor combined. It is the food every man, woman, and child has to have to stay alive.

Senator HUDDLESTON. The Department sets prices. Of course, we have the parity figures. But it seems like they are going about it from what the market might bring or what the price might bring in the market.

Do you think there is any possibility that a Government commission might go about it the other way around and at the beginning of a crop year make some reasonable estimate on what it is going to cost to produce each farm commodity, whether it be grain or wheat, and then base a price so that there will be some assurance that the farmer will get a fair return or reasonable return?

Mr. PFINGSTEN. Well, I think then it would depend a great deal, again, upon who makes that estimate and how biased it is. Hendrik Houthakker, whom mentioned in this testimony, and who wrote the document for CED, for the elimination of the family farm, for reducing prices, told me personally and several others a couple of years ago that by 1975 the very top price on corn had to be 75 cents a bushel.

If a guy like that is going to make my estimates of cost of operation, I think I am worse off than when we are flying blind.

Senator HUDDLESTON. The cost factor as it relates to the production of the crop is not enough?

Mr. PFINGSTEN. There isn't any business or industry that can operate on less than the cost of production, and it is a must. Unless they do get it, the American consumer, through pressure, will try to drive prices down and will actually be killing the goose that laid the golden egg. This is your problem in meat right now.

We had at the close of World War II twice as many farmers as today, and 20 years ago every farmer, no matter what his principal production was, was a livestock producer. As we eliminated 3 million farm operations, maybe the neighbor took over the land and operated it, but not the livestock production. So we have killed operators continuously.

When we couldn't hold prices down that way, we did it with imports since 1952. Since 1952, there has not been one single year that the American farmers have produced enough meat to feed this Nation. We have become dependent on other nations for part of our

meat supply. We got as high as 18 percent. This was being used to hold prices down in the United States. In my opinion we weren't willing to pay those producers. So we get in still deeper trouble. We kill off more producers.

So we devalue of the dollar, 14 percent, the last time 10 percent, or a total in 18 months of a 25 percent devaluation. That raised the price of that meat in foreign countries by 25 percent and now it is not so easily available they were trying to do. If they do hold these prices down rather than pay the producer, I think they will see a day when they are hungry.

There may, as Secretary Butz has planned, be plenty of corn and hay, but I am not too sure that is what we want to eat.

Senator CLARK. Mr. Schuchman is here, the president of the National Farmers Organization in Iowa, and I think you have a brief statement.

STATEMENT OF CLARENCE SCHUCHMAN, PRESIDENT, NATIONAL FARMERS ORGANIZATION OF IOWA, CORNING, IOWA

Mr. SCHUCHMAN. Senator Clark, Senator Huddleston, and Staff. I thank you for coming to Iowa to listen to farmers.

I have here a booklet put out by the USDA, April 1973, "What Happened to Food Prices." On page 8, we find that farmers received 4.9 percent of the average person's after-tax income to produce that person's food supply. Farmers feed them for less than a nickel.

On page 15, we find this statement:

In terms of disposable income, the average income of farm people still lags 17 percent behind the average income of non-farm people and nearly half of the income of farm people comes from off-farm sources. If farmers had to rely on income from farming, the average income of farm people would only be 47 percent of the average income of non-farm people.

I interpret this as meaning that farmers receive only 47 percent as much income as the non-farmer.

This booklet, like all such booklets, shows where the farmer gets a smaller and smaller income for his labor and investment as he increases his output.

The figures in this book, like all such figures, will be history for the simple reason that the farmer cannot operate this way, and he will not.

We cannot expect the farmer to increase his acreage of corn with the added costs, and guaranteed only \$1.05 per bushel support. The price, to be in balance with his operating expenses, labor and capital, should be \$3.03 per bushel.

The farmer must have a 40-percent increase, at least, in support prices on his grain production to help take care of his increased costs. The farmer needs passage of the Family Farm Act to protect him from the large corporations that are gobbling up the land of our family farms at an ever-increasing rate with their coffers of outside money. We need a sensible tax law requiring a separate filing for each source of an individual's income. Then farms could not be used as a tax write-off for the privileged as is being done now.

I spend most of my time working for the NFO contacting farmers up and down the road in Iowa, members and future members alike.

I can assure you that the farmer has been put in a position where he is sick and tired of getting inadequate payment for his production; and when he does get a better price, he hears constantly that it is too high at the retail level.

Right now, we have many farmers liquidating their breeding herds. They say they are not going to get caught in feeding out a bunch of hogs and cattle and getting less than what it has cost them.

The same thing is coming up in statements farmers are making about planting their 1973 crop. They have no assurance that they will get an adequate price this fall. The farmer will make his own decision if, or how much, crop he will put in this spring, the Lord willing.

With the increased acreage and prospects of a bumper crop this fall, the farmer is almost assured that prices will drop to the level of inadequate supports, forcing the farmer out of agriculture, so he will not be here to make any agricultural decisions next spring. This will destroy our economy.

Senator CLARK. Thank you very much.

We are going to ask a couple of you to come up now and take a little less time as we move from witness to witness.

Delwin Cross and Fred Stover of the Iowa Farmers Association.

I would like, while they are coming up, to introduce the Senate Agricultural Staff, our members who are here. The Senior Agricultural Analyst is Jim Thornton, who was also an aide to Orville Freeman and is a native of Sioux City. He works very closely with Senator Humphrey on the Export Committee.

Also, our other staff member from the Republican side of the committee is a very good friend, a man with great talents, Bill Taggart, who is here.

I think we will hear first from Del Cross, who is Master of the Iowa State Grange. Is that correct?

STATEMENT OF DELWIN CROSS, MASTER, IOWA STATE GRANGE, CORWITH, IOWA

Mr. Cross. Senator Clark, I am going to attack this thing a little bit differently than probably most of the people prior and the people following me. Since ours is a family organization and we look at the family standpoint, I am going to talk a little bit on probably an education program, somewhat.

The thing is to continue to produce the good and fiber necessary for the existence of this Nation at a reasonable price to the consumer.

Two major factors that farmers produce under that no other segment of the economy must contend with are the weather and a speculator's market.

No one at this point in our civilization has produced a successful manner of controlling moisture and temperature, and certainly within the last week we have had a real good example of this, an enormous death loss of livestock and poultry throughout this country. This, of course, will add to the cost to the farmers in the production and with the rolling back of prices, certainly these farmers cannot withstand this all on their own. Right in our area there was a number of farmers that lost a number of livestock.

The other thing I would like to talk a little bit about is this speculative market, and a very good example would be the recent soybean market where the market rose to exactly \$7 a bushel, while less than 10 percent of the farmers had soybeans in their possession. Now, this means that the farmers didn't reap any great harvest over this high soybean price but, in turn, the net result has forced the farmers to pay about three times as much for soybean meal and ingredients as they must have to produce beef and pork.

So it seems to me they have got caught on the short end of this thing.

I think there needs to be some kind of legislation or some way of controlling markets of this kind that do not do the farming or producer any good at all. I think probably we should institute a program of complete education to the public to provide a true picture of farm products and this should be started immediately, spelling out a true picture of the return to the farmer of the consumer's dollar.

Of course, we have had this example of boycotting of meat, and I am sure that some of these people that are doing this probably had lockers full of meat that they were working on while they were boycotting them but, at the same time, I am sure that they do not understand what the cost of production to the farmer means.

We need legislation to eliminate competition of "tax-loss" to the farming.

Long-term, low-interest loans available to young men interested in starting farming. If you look at the age bracket of farmers now operating on farms, it is up somewhere around 57 years old. To me, this is an age bracket that should be leveling off and more younger people coming into farming, but at present cost, without government help, long-term, low-interest loans, and without any real sure way of knowing that they are going to get a cost-plus price out of their products, it doesn't look very good to these young fellows to start out.

On this issue of high beef prices aired so thoroughly in recent weeks, I would like to remind you it has risen approximately 50 percent in the last 10 years, and most of this having been in the last 3 or 4 months. While at the same time, wages have risen from 100 percent to as much as 300 percent in the same period. I don't think we in agriculture have any quarrel with good wages and a prospering economy, but since agriculture is the very foundation of any country's economy and that we must receive a fair share of it if we are expected to produce food, not only for the people of our Nation but to provide enough to help balance the trade between other countries, which the whole economy so much relies on.

I can expand on these points probably some more, but I am sure that we have other people here with other points they would like to bring up. I didn't go into a great long, lengthy thing of facts and figures which I am sure that some of the others have, and it will be just a reiteration of it. But these are some of the points I want to bring before you.

Senator CLARK. I appreciate it very much. I was particularly happy that you emphasized something a little different, particularly with regard to credit available and the difficulty of young people going into farming and the difficulty of credit terms. In short, you would

like to see us do something more by way of making credit available on an easier basis so we can at least get some young people back into farming and not lose all of them?

Mr. Cross. This is what is going to happen. I happened to attend a meeting in Kansas City this past week where it was spelled out who will control agriculture in the future. If this thing is left to go the way it is going now, we are headed pretty much to corporate farming.

As the gentleman before me expressed, those of them that think that their groceries are high now, just haven't seen anything yet because of the fact that corporations will come under wage laws, and so on, and overtime must be paid. Corporations would control the product from the very beginning clear into the consumer's hands.

When this becomes large enough, and as we were told down there, probably if it went this way we could expect six corporations in the United States to control all of agriculture.

Well, I don't think anyone needs to spell out the figures exactly there of what would happen. I think we all know.

Senator CLARK. Senator Huddleston?

Senator HUDDLESTON. Just one question.

You mentioned the need for a public information program which was one of my suggestions. Who do you think, or what agency or group do you think should be responsible for this program?

Mr. Cross. I believe it should start with the Government. I feel that for many years the publications that came out and have come out regarding the cost of farm programs to the taxpayer, in some ways they are not falsified, and no doubt the figures are right. But I think they need to be spelled out—for instance, we have the school lunch program now. If only 15 percent of the people live on farms, certainly they don't consume 90 percent of this school lunch program. This is charged against agriculture.

Food stamps, welfare programs are charged against agriculture, and certainly agriculture doesn't enjoy the end results of these. This is what I mean.

Senator HUDDLESTON. There is a great story to be told, but the problem as I see it is, who is going to do it. You really do need to get some group—I have been suggesting 4-H Clubs and Future Farmer groups that this is a problem that you should take on, but they do need some kind of concentrated or concerted effort on a nationwide basis to bring this information on a factual basis to the general public.

Mr. Cross. You talk about 4-H Clubs and NFA. Probably the Farmers Union and all farm organizations could have a part in it. The only problem is getting a true picture of these figures spelled out to us. It costs money to put out these publications, and since the Government is going to put out publications, then I can see no reason why they can't put this out in a breakdown form so that anyone can understand where these particular costs come from.

Senator CLARK. The other thing that we ought to do in relation to that is to show what farm programs cost in relation to some other budget areas we have. We are talking now just as we finished building this Polaris Poseidon submarine that we are now going to go to a whole new Trident submarine fleet. The Trident is going to cost

the American taxpayer \$1.3 billion. Four Tridents equal the price of all the farm programs in America. This is the kind of thing we are talking about when we talk about the areas of additional Military spending.

We thank you for being here.

We are going to hear now from Mr. Fred Stover, president of the Iowa Farmers Association.

STATEMENT OF FRED STOVER, PRESIDENT, IOWA FARMERS ASSOCIATION, DES MOINES, IOWA, ALSO REPRESENTING THE UNITED STATES FARMERS ASSOCIATION

Mr. STOVER. Senator Clark, Senator Huddleston, the name is Stover, S-t-o-v-e-r, and I represent both the Iowa Farmers Association and the United States Farmers Association.

In the prepared statement, we pointed out that our organization did not take a position in regard to the 1970 Farm Act. We are not opposing it, either. That may seem like we are being evasive, which is not the case at all.

Briefly, we pointed out the reasons and briefly it is this: We feel the program has been used in reverse to keep prices down instead of getting prices up.

Until we get a Secretary of Agriculture, determined to make programs operate, to get prices higher and not committed to dumping reserves to keep prices down, we are not sure we should be associated with the consequences. A good alternative would be something like Senator McGovern proposed 5½ years ago. I think that was Senate 2617.

Under that provision, contracts would be made by cooperating farmers to store grain over a period of years without releasing it. A loan rate would be made at a higher percent of parity and would be called only when really needed, in case of short supplies or when prices reached parity. That called for putting 500 million bushels of corn under that kind of a program and also 75 million bushels of soybeans. If that had been done, if we had 75 million bushels of soybeans right now, or if we had it earlier when the price of beans went way past the parity figure, that would have come in pretty handy and stabilized the price of beans at a level near parity.

For all too long now, the whole question of farm policy, farm programs, farm and food prices have been floundering around in a political quagmire. Getting into that quagmire was not an accident of history, nor an outgrowth of our agriculture. It was planned that way. Who planned it is now unimportant.

But the issues used to cause confusion over direction of farm policy and farm policy goals, those issues ought to be understood if we are to outline the right steps to meet the needs of the future.

We have heard a lot lately about meat and beef and pork and lamb, and sometimes it seems now they have all become dirty four-letter words, but they are still using them. But the one word that is really to be bad, and that is hardly used at all, is not a four-letter word, but a six-letter word, and that is parity. We are still going to use that word.

Once this was the objective of farm programs. The objective was achieved because it was planned that way.

Earl Butz, and he is not alone, says those goals are unattainable, unrealistic, and in fact he said completely obsolete, or something to that effect. But that was a year ago. That was before the speculators got control of the soybean market. That was before his boss set ceilings on meat prices at a figure well above parity. It is just possible that that word "parity" might become respectable again. Certainly, the price of \$4.57, that is the parity figure of soybeans for March, looks quite respectable and quite reasonable now.

Thirty-three dollars and ninety cents for hogs and \$40.90 for beef is a much higher parity figure than we have known for a long time. Even that doesn't look as bad in view of what prices have been and still are. So maybe we will get back to parity on other things after awhile. Let us remember that the overall parity, in spite of the fact that some commodities soared far above it, the overall parity is still 86, not 100. We think it is high time that this Nation make, not just temporary, but permanent arrangements to pay its overdue domestic board bill to its food producers. So much for this question of who is subsidizing whom.

So this one word, "parity," and all the things that have been said about it, is one of the reasons why there is confusion and indirection and aimlessness in our whole farm policies. Then there is the old myth that higher price supports, cost too much and pile up surpluses. Practically, the opposite is true. This we documented in the March 14 testimony in the prepared statement submitted to the Senate committee last March 14.

Then there is this thing about price supports only help big farmers. They don't help small farmers. How often have we heard that? Well, obviously price supports on corn of \$1.05 and soybeans of \$2.25 can't help any farmer very much.

I am glad that somebody mentioned the Common Market. Well, in the Common Market, there are price supports for corn at \$2.45 last year and \$2.82 this year. Now, it doesn't matter much what happens to oldtimers like some of us who went through two depressions without a program, but if we are going to be able to continue to produce corn on \$600, \$700, \$800 land and pay for it and pay for the overpriced tractors and combines, then we will have to do something about the price of corn and the one way to do it is to raise price supports by the way of nonrecourse, price-support loans.

Thank you.

Senator CLARK. Thank you very much, Mr. Stover. Maybe just a couple of questions before you leave.

What do you think might be a fair support price? What do you think we should do in writing a new bill? What do you think the new support price should be?

Mr. STOVER. Well, with the desperate position the corn farmer is in, I suppose any little raise would be appreciated. We think you ought to go the whole way of 90 percent of parity, and certainly if they can make that work in Europe it ought to work here. Ninety percent of parity worked before. It worked to give parity for farmers and it cost very little. If we can't get our Secretary of Agriculture

to do that job for us, maybe we ought to go over to Europe and get that good Dutchman, Cicco Mansholt, who has made a success of it in the Common Market.

[The prepared statement of Mr. Stover follows:]

MR. STOVER. Senator Clark and fellow citizens:

The position of our organization is that a farm program, which perhaps we should now call a farm and food program, should have two very definite and specific objectives or targets.

It should aim at abundance for the protection of consumers and for a fair return or fair prices for the protection of farmers. When one states the case that broadly most everyone will agree. But we said the goals or targets should be definite and specific so we will spell them out.

Price wise, for the protection of farmers, the target must be parity. This is a commitment made by the Congress 40 years ago and repeated often since and is regarded by many of us as a social contract.

Production wise, the target must be abundance for the Nation cannot afford to gamble with scarcity.

By abundance we mean our national production goals should aim for adequate reserves to cope with disasters like drouth or floods.

But such reserves to be of real protection for consumers must be beyond the reach of the market masters and commodity speculators.

It is quite obvious that such a program that assures farmers parity and assures consumers of safe reserves at no more than parity prices is incompatible in what some call a "Market Oriented Economy."

That is why a dual purpose, two way functioning program with the twin goals mentioned above is imperative. It is imperative because there is no other way to do it.

To spell it out a bit further so there is no misunderstanding, we mean that the target of parity for farmers is to be achieved by means of the nonrecourse price support loans at 90 percent of parity and such loans to be renewable until the price is at or near parity. If farmers are assured that the goal is parity, they are not likely to market their crop much below that figure.

We had such a program once. It worked. It worked to give farmers parity because it was planned that way. The consumers too got a bargain, again because it was planned that way.

In all of the uproar over rising food prices and all the columns of news and editorials about high farm and food prices and meat boycotts, there are two items that are never mentioned once—the twin goals of parity prices for farmers and safe reserves for consumers. By safe reserves, we mean reserves that could be put on the market to keep market prices from soaring above parity.

Our Farmers Association has never asked for more than parity. That's all we ask now. If farmers and consumers together, and the Congress can learn a lesson from what has happened to soybean prices since the 1972 harvest, then the unreasonable skyrocketing of soybean prices can still be a blessing. Soybeans at \$6.50 are no blessing to the farmers who sold them at \$3.50 per bushel, and most certainly no blessing to consumers either.

If we can learn the importance of having agreed on prices, targets that are fair to both producers and consumers, then we have a solid standard on which to make judgments in the future. The parity fig-

ures for soybeans for March 1973 is \$4.57 per bu. In the light of present soybean prices that seems like a very reasonable figure.

The same is true of hog and cattle prices. Nowhere in the news stories does one find figures on what parity is for hogs and cattle. The parity figure for hogs in March 1973 is \$33.90. For beef cattle the figure is \$40.90 per 100 lbs. Present market prices are above that and have been for a short time. Given the wide margins in handling, processing and retailing meat, the meat boycotters have some justification.

The boycotters have no lasting solution however, again, what is needed is specific information and agreement of fair price targets.

It is important to note that if price supports on soybeans had been at a figure near 90 percent parity, the market price at harvest time would have been near that figure and farmers would have received the benefit of such higher support. Then as prices reached full parity, enough beans could have been put on the market to stabilize the price at that figure, it being understood that parity is the target price. Thus the unconscionable speculation and profiteering would not have taken place.

There is some other profiteering and rather shady manipulation that could not have taken place with regard to wheat and corn. I refer to the big grain export deals by Continental Grain and other big grain firms that did right well in their sale to Russia.

If price supports on wheat and corn had been set at the limit permitted by present legislation, U.S. farmers, not the big grain companies would have received the benefit.

Again, if the target price had been parity as it was during the early years of the farm program and everyone, grain handlers, farmers and even the U.S.D.A. big whigs who shift around between Government jobs and serve as flunkies for the big grain and processing firms, knew that the target price was parity, then the secret, underhanded finagling could not take place at all.

Our organization has not taken a position in favor of extending the 1970 Farm Act. We have not urged its elimination either. This does not mean that we are evasive at all. The 1970 Act could be used effectively to raise farm prices and incomes. But it has been used to keep prices down instead of being administered to raise prices. Reserves that should have been kept off the market for the mutual benefit of both producers and consumers have been sold at subparity prices, much of it shipped out of the country. Until the administrators of the program commit themselves to the twin goals of parity for farmers and safe reserves at parity figures for consumers there is no good reason why we should lend our endorsement to an extension of the 1970 Farm Act.

As a representative of the corn belt, I want to make a special plea for consideration of corn prices. The old saying that "Corn is King" isn't heard any more. Today, and in fact for quite a number of years now, corn has been singled out as the pariah of all farm crops.

While pork and beef, produced mainly by corn are now well above parity and soybeans are about 140 percent of parity, corn is less than 50 percent of real parity. In fact the price support rate is less than 50 percent of the modernized version of parity which for March is \$2.16 per bushel. For February it was \$2.13.

So in spite of some items being well above parity, the over-all parity ratio is only 86. For March of 1972 it was 72.

Yet corn is still the bell-weather of all crops and livestock as well. It is grown on more farms by more farmers than any other crop. Its actual, real value far exceeds that of any other crop.

Corn farmers have been subsidizing the huge cattle feeding operations with cheap feed and at present beef prices they don't need this kind of aid.

Corn farmers, more than any other farmers, have been used as the main shock-absorbers of an inflation-ridden domestic economy.

Besides that we are helping the government with their international balance of payment predicament. They tell us we must keep our prices down in order to "compete in the world market."

They don't tell us what the world market prices is for corn or where it is.

The sad fact is that the Government of the United States of America has been setting the world price and means to keep it down by one means or another.

The area that could well be called the world market for corn is the EEC (European Economic Community) usually called the Common Market. And the price in this "World Market" is quite a secret. Not in Europe but in the United States of America.

They have a threshold price of \$92 per metric ton. The price support for their small farmers is \$2.45 per bushel. That was for 1972. For 1973, adjusted for dollar devaluation and other factors, it is \$2.82.

Here we are told price supports only help big farmers, not small farmers.

Corn price supports at \$1.05 per bushel are not much help for any farmer, large or small. But European farmers, most of them having only about 25 acres, are doing right well on their price supports.

The propaganda line we are hearing and reading a lot about now is to the effect that farmers should get their income in "free markets" instead of in Government payments. We are to be given "freedom to produce" and let "supply and demand" determine prices.

The fact that we have always had freedom to produce is not supposed to be pointed out. It interferes with the rhetoric.

Yet some don't seem to like the taste of their favorite medicine when they get it.

Surely the production of live stock has not been restricted and it could not be argued that the \$2.25 per bushel support price on soy beans had any influence on the soybean market.

It seems that some of the "free market" enthusiasts like it only when it keeps prices down far below parity. Soybeans are now so far above parity that the parity figure for March 1973 of \$4.57 looks very modest indeed.

This "free market" lullaby is not something entirely new. Twenty years ago last February, Ezra Taft Benson made his pitch for free markets in his first Iowa speech to the National Farm Institute in Des Moines.

We answered him over some Iowa radio stations on March 1, 1953.

Partly because of what we said about free markets and partly because of what we said about speculation in farm commodities on the

Board of Trade, it would seem appropriate to include a part of that broadcast in this record.

Since we have on a number of occasions called for action by the CEA (Commodity Exchange Authority) to exercise their duty in monitoring speculation on the Board of Trade and urging some response to the demands of the GAO (General Accounting Office) to correct abuses by members of the exchanges; the comparisons we made in 1953 should help to point up the nature of the trade practices.

Here is a part of the 1953 broadcast:

Mr. Benson said, "I believe our agricultural policy should aim to achieve full parity prices in free markets."

But farm costs are fixed, not by free markets, not by supply and demand, but by various regulatory commissions, by trade laws in 45 States, and by the monopolies themselves.

Fixed or regulated for the farmer, or rather against the farmer, are freight rates by rail or truck, commissions and charges for weighing, grading and storing. Fixed also are taxes and interest rates, and last but not least, the prices he pays for machinery, repairs, gas, and oil are all fixed and he has little voice in the fixing.

Yet, the opponents of farm price supports want to throw the farmer on the mercies of the "free market!"

When it comes to the things farmers buy, there is no free market. We buy at retail and sell at wholesale. If this "free market" idea Mr. Benson is trying to sell the farmers is so good, why have other sections of our economy not tried it?

What Mr. Benson is trying to sell us farmers is the idea that low prices and freedom are one and the same thing or at least that the two go together. But we know low prices do not give us more freedom. Low prices only put us further in debt. They have limited our freedom. And if the opponents of farm price supports who want to flex a few million farmers off the land really believe that more freedom lies in the direction of lower prices, they should either try that formula themselves or quit mixing that kind of medicine for us.

It is strange, indeed, that the security which endangers freedom, which suppresses incentive is always the security of farmers, workers and independent businessmen. One never hears that such sad results issue from the security of corporations, from the free flowing of profits. No, it takes something like a real break for the people, like a 40 hour week or parity for farmers to put freedom in peril.

Today all the heavy artillery in the propaganda arsenals has been turned loose against a farm price support program. They know as well as we do that we are living in a legislated economy, that farm prices have been and largely will be fixed in Washington. Our entire economic life is shot through with subsidies and artificial or self-applied limitations on competition. Government aids and subsidies to business of one kind or another, direct or indirect, are colossal. The costs of all farm price support programs have been and are insignificant. Yet our farm price support program has been singled out and pilloried as the one horrid example of government interference in our economy. To me, Benson's attitude reflects a callous indifference to the farm situation in an economy where nearly every segment is protected by some Government device.

The nature of our farm economy requires a government program of stabilized prices, with farm price support floors at parity. Farmers cannot set their own prices as do most manufacturing corporations by means of a standard markup over cost. Farm prices fluctuate widely, while cost items are insensitive to our price changes.

In short, the farmer has little to say about the price he receives for his products. Our products are used for speculation. Industry's products are not. Their paper stocks can be bought and sold, but NOT the products."

The speculation on the Board of Trade is always in farm products, not industrial products.

Try and imagine industrial products being placed at the mercy of all buyers, or having the price established, let us say, on the Board of Trade by all buyers. Can you, for example, imagine a market report like this:

Farm tractors opened \$60 lower than yesterday's close, or;

Cash plows were steady to \$30 lower;

September harvesters were weak to \$40 down;

July refrigerators were \$25 below yesterday's high;

Slackening off of consumer demand caused October auto futures to drop \$140;

Uneasiness in the gasoline pits caused prices there to drop 22%;

The sharpest drop and most widely fluctuating item in the propaganda pits today were the daily newspapers, which dropped from 290% of parity to 150% of parity.

Don't bother looking on the market page of your paper. You won't find such reports."

Senator CLARK. Thank you very much. I appreciate it.

Next, we have a panel of speakers here from the National Corn Growers Association. We are very honored to have the distinguished past president, Walter Goeppinger from Boone, who is going to speak first.

STATEMENT OF WALTER GOEPPINGER, CHAIRMAN OF THE BOARD, NATIONAL CORN GROWERS ASSOCIATION, BOONE, IOWA

Mr. GOEPPINGER. Senator Clark, as chairman here, I am going to dovetail my comments and those of Thurman Gaskill, who is our new president, to one statement with his regrets, because he is working on our corn checkoff bill down at the Iowa Legislature and he has to be there today. The Agriculture Committee of the House is going to vote today on the bill, so we must have our president down there working on that.

It is a real pleasure to be here. We appreciate having you gentlemen come out from Washington to hold these field hearings where many more farmers can participate and hear what your views are along with Iowa farm leaders and national farm leaders. I am pleased to see these farm leaders here today because it gives you the full spectrum of their thought, both nationally and nationwide.

Talking about corn, we are talking about the biggest crop in the United States, the most valuable in the United States and all the world. There is no crop raised in all the world that is more valuable than corn, dollar-wise. If you put in the other values of currency

alongside, in U.S. dollars, it is still the world's most valuable crop. Agriculture is the basis of all our great wealth in the Corn Belt and throughout the United States as well.

We corn producers are the bottom ring when it comes to production of livestock, poultry and dairy products. Without corn you can't produce them. They have to have protein supplements to go along with corn, but it is still the thing that eventually determines the price of livestock and poultry and that is why we place so much emphasis on the price of corn.

We would like to see 90 percent of parity on corn. I think it would be great. There is widespread publicity about farmers this year because of the advance in farm prices. It brought the housewives out. The reason was we had such demand put on our crops, corn, wheat and soybeans by the Russian deals that it actually did more harm than good. It jerked our transportation into a log jam. We sat out here with corn coming out our ears and the elevators couldn't buy it. It has created problems in the country with elevators.

I really feel sorry for our country elevator people because I am sure it actually financially broke many of them.

As I said, we are not against 90 percent of parity, but you have to move up gradually so you don't throw the livestock industry out of gear. There are many people in the East in the poultry and dairy business that buy our corn that have had to sell out. Feed just became too high in price. It was too big a jump for them and they just quit.

I will now go on to our printed text statement and read our thoughts to you.

In order to protect corn farmers, the animal agriculture which consumes corn, corn processors and, last but not least, consumers, we recommend the establishment of a national reserve of feed grains. This is one of the guidelines of Fred Heinkel's from the National Farm Coalition, a 29-member organization of which we are one of the 29.

Not until such a reserve is brought into being can we narrow the wide price swings that throw production of the main end products of corn out of kilter.

Such a reserve should be maintained in farmers hands with the assistance of Federal storage payments and a corn loan level of no less than 65 percent of parity. Now, that would be \$1.40 a bushel. This wouldn't throw things much out of gear because it is pretty close to that price right now. If we started at that level today, then we would begin to accumulate where we are now.

This would stay in storage, well insulated from the open market, until two things happened simultaneously. First, production for a specific year is less than estimated demand, and, second, prices have advanced to 75 percent of parity, which is \$1.60 a bushel. That doesn't mean it will begin to be sold at that figure. It wouldn't necessarily come out at that time. At such time it would merely become available to the market. Both of these things would have to be in existence at the same time. The 1970, 1971 and 1972 corn, which hasn't yet been sold by farmers in many cases, could be the beginning bases for the national grain reserve at this time.

We know there is a lot of corn that isn't going to get to the market because of lack of grain cars. The Government has called the 1970,

1971 and 1972 corn under CCC loan. There must be some way we could relieve the market systems of the problems facing it right now.

If we got \$1.40 a bushel as a basis for the CCC corn loan for the national reserve, we would increase the income of farmers by \$2 billion nationally over what the present corn loan of \$1.05 amounts to.

Now, \$1.05 is only 49 percent of parity, and if we increased it to \$1.40, that \$2 million nationally would mean \$420 million more of price insurance of Iowa farmers in their pockets, knowing it wasn't going to decline to \$1.05. This would mean approximately \$3,000 to the average corn farmer today. Every one of them would be \$3,000 better off in net income, if the loan is increased from 49 percent of parity up to the 65 percent level of \$1.40.

Now, speaking about price, the best prices that we have received in 15 years has been received by corn farmers for corn during the last 6 months and still it is only 63 percent of parity, which is well below our cost of production.

We made a study out of this matter of cost of corn production during the last year and we found that the cost of production on an average 400-acre farm in Iowa is a \$1.68 a bushel if you value the land at \$700 an acre and you apply current rates of interest against it—that is, apply it to farmland at just about what you will have to pay today. The reason we are selling corn for less than \$1.68 is that there are many of us that haven't dropped off the end of the table.

I am past 60 and it is getting that time, fellows, when you can't stay with it forever. But the young man today is faced with a \$1.68 a bushel cost and you can't deny it by any means of using the pencil. If we are going to have young people coming into farming and staying in farming and paying the cost of machinery and land and herbicides, which are all going up in price, then we must get the price of corn up or we will lose these young people.

The cost of production for corn has continually risen in the past 10 years but there has been no increase in corn levels. A raise is more than past due. We are recommending that the corn loan be set at 65 percent of parity now with the massive release of set-aside acres year threatening the possibility of corn crops larger than the Nation can use. It takes on more importance than ever to farmers.

Our delivery on contracts to the Russians by July 1973 will total only about 90 million bushels of corn versus the total called for of 284 million. It is less than a third. It is evident that there will be a short-fall on our deliveries as there are only 21½ months left, leaving large amounts still in country positions.

Worst of all, wheat growers are going to start to sell in Texas soon and are working continually north from then on. That means many railroad cars will have to be diverted to the wheat country away from grain deliveries to the export ports. We will get our cars taken away from us here again in the corn belt.

The U.S. Government should be taking immediate steps to set up a grain storage on their farms so as to be ready to have a place to put the 1973 corn crop. This should include larger facility loans and storage capacity for more than 1 year's crop.

Loans should cover the cost of cement work, electrical hookup and drying equipment which are not now eligible for financing under Government storage facility loans.

We also believe that the CCC bins should not be sold, but left where they are as a cushion for the market when extra storage is needed. If sold off, this facet of our marketing system which has been most helpful in the past will be lost. If farmers cannot buy these bins, they will buy new bins, thus creating greatly needed additional grain storage at this time.

Since corn farmers are deeply interested in the protection, maintenance and conservation of the Nation's greatest natural resource—the soil—it is respectfully requested that Congress reinstate the program of support of soil conservation practices as part of the new farm law to be enacted.

We are against the exploitation of U.S. farmers through low prices on wheat, soybeans, and corn in order to assure the U.S. of foreign exchange for the import of its oil. With the devaluation of the dollar, our foreign customers are already buying our corn at a 25-percent discount.

Thank you very much.

[The prepared statement of E. Thurman Gaskill, president, National Corn Growers Association, presented by Mr. Goeppinger and above-referred to, follows:]

PREPARED STATEMENT OF E. THURMAN GASKILL, PRESIDENT, NATIONAL CORN GROWERS ASSOCIATION, BOONE, IOWA

1. In order to protect corn farmers, the animal agriculture which consumes corn processors and last but not least consumers, we recommend the establishment of a national reserve of feed grains. Not until such a reserve is brought into being can we narrow the wide price swings that throw production of the main end products of corn out of kilter.

Such a reserve should be maintained in farmers hands with the assistance of federal storage payments and a corn loan level of no less than 65% of parity. This reserve would stay in storage, well insulated from the open market until (1). the production for a specific year is less than estimated demand, and (2), prices have advanced to 75% of parity national average at which time it would become available to the market. Both of these circumstances would have to be in existence to effect the release. The corn reserve could be started by resealing the 1970 and 1971 corn not yet sold by farmers.

2. With costs of production for corn having continually risen in the past ten years and no increase in the national corn loan level having taken place, a higher corn loan is more than past due. We recommend that legislation be enacted raising the corn loan from \$1.05 nationally to 65% of parity. With the massive release of set-aside acres this year threatening the possibility of a corn crop much larger than the market can transport or use, the corn loan level takes on more importance than ever now for corn farmers. Up to now our total deliveries of corn on our contracts for delivery to the Russians by July 1, 1973 total only about 90 million bushels versus the total called for of 284 million. It is evident that there will be a shortfall on our deliveries as there are only 2½ months left, leaving large amounts still in country positions.

Wheat harvest will start in southern Texas in one month from now, and work continuously north from then on. This means that despite the shortage, many railroad grain cars will have to be diverted to the wheat country away from grain deliveries to the export ports. With the transport situation now so tight that corn belt elevators cannot obtain sufficient cars for loan-out on contract of sales, the U.S. Government should be taking immediate steps to set up the needed grain reserve program and encourage farmers by economic incentives to build more grain storage on their farms, so as to be ready to have a place to put the 1973 corn crop. This would include larger facility loans than now permissible, storage capacity for more than just one year's crop, and a lower rate of interest on storage construction loans. The loan should cover cost of cement work, electrical hookup and drying equipment which are not eligible for financing under government storage facility loans now.

3. In view of the fact that opponents of the CCC commodity loan system are suggesting that corn and other commodity loans be made loans with recourse, we recommend that such loans be continued only in a non-recourse form.

4. We are against proposals to dismantle the U.S. Department of Agriculture, since we consider this country's food and fiber best produced under the guidance and jurisdiction of one department fully knowledgeable about it.

5. Prosperity of U.S. farmers and the success of many of our domestic agricultural programs are dependent on intelligent and consistent handling of our international trade agreements. We recommend that Congress provide authority for farm commodities to be afforded full status with industrial products in the 1973 international trade negotiations, that the U.S. Department of Agriculture be given a leading role in the U.S. government's trade negotiating team; and that representatives of U.S. corn farmers be included in the U.S. negotiating delegation.

6. We recommend renewal of Public Law 480 to be included in new 1973 farm legislation, with provisions for modifications and changes that the U.S. government, merchandisers and producers agree will be beneficial.

7. We recommend that enactment of a new permanent farm law takes place in this session of Congress. It should be designed to keep production and consumption of corn and other grains in balance, with minimum price support loan levels increased now on corn to 65% of parity while it is possible to do so without significantly affecting current market price levels. This should be done in order to provide that the commercial family type farms will at least be assured of the cost of production plus a fair profit on the major commodities needed by the U.S. and its foreign customers.

8. We believe that CCC bins should not be sold, but left where they are as a cushion for the market when extra storage is needed. If sold off, this facet of our marketing system which has been most helpful in the past will be lost. If farmers cannot buy these bins, they will buy new bins, thus creating greatly needed grain storage at this time.

9. Since corn farmers are deeply interested in the protection, maintenance and conservation of the nation's greatest natural resource—the soil—it is respectfully requested that Congress reinstate the program of support of soil conservation practices as part of the new farm law to be enacted.

10. We are against the exploitation of U.S. farmers thru low prices on wheat soybeans and corn in order to assure the United States of foreign exchange for the import of its soil. With the devaluation of the dollar, our foreign customers are already buying our corn at a 25 percent discount.

Senator CLARK. That is a very good and very strong statement. Before we have questions, I think we will go ahead with Mr. Woodrow Diehl, who is the Iowa Corn Growers Association president.

STATEMENT OF WOODROW W. DIEHL, PRESIDENT, IOWA CORN GROWERS ASSOCIATION, INDIANOLA, IOWA

Mr. DIEHL. Thank you, Senator.

I am Woodrow W. Diehl, president of the Iowa Corn Growers Association. I live on and operate a 1,600-acre corn, soybeans, hog and beef cattle farm near Indianola, in Warren County, Iowa. We are grateful for the opportunity to testify before you today.

In addition to the points being brought before you today by our national president, Mr. E. Thurman Gaskill, I would like to add the following thoughts:

1. U. S. corn farmers' best customers, the hog and cattle producers of the Nation, are being unjustly attacked and pointed to by the President of the United States, various Congressmen, George Meany, food boycotters, and price rollbacks as the main culprits responsible for inflation of prices in the United States today. If farmers had received as much advance in farm prices during the past 15 years as labor, Federal employees, and white-collar workers, then finished

1,100 pound steers would be bringing over \$80 per hundredweight instead of \$40 and hogs at least \$70 instead of \$35 per hundredweight live.

2. Let's face it. Labor works such short hours now that its productivity has fallen far behind that of the farmer. Unduly low farm prices over the past 15 years have caused an exodus from the farm that is just now showing its effects. Farmers have been putting their products on the market at such a low figure that despite ever-increasing delivery, processing, wholesale and retail costs built into the price at the grocery store, the price of food to the consumer has been a bargain. Now that the bargain-basement days are coming to an end, the consumer is complaining.

3. Since the production of our factories is so expensive compared to foreign competitors, our manufactured exports have declined drastically in world markets in recent years. So, the job of providing foreign exchange has been loaded onto the back of U.S. agriculture where prices are still relatively low compared to the rest of the world.

4. With the world exporting all sorts of manufactured products to us in ever-increasing amounts and with our military expenditures overseas on personnel, equipment, maintenance and R and D going up despite the pullout from Vietnam, many countries are overloaded with dollars. This is enabling them to buy at our world grocery store, putting upward pressure on farm prices which now has U.S. consumers worried. First, the U.S. Government creates the situation where dollars are made available abroad for purchases here and then spans U.S. agriculture with the blame for inflation which the Government itself created.

5. Let me leave you with this thought. If inflation in this country is to be stopped, then a halt must be brought to the constant increase in Federal expenditures for the military-industrial complex, especially on the spending overseas. Drastic cuts in this area must be made. Therein lies the root cause of our Nation's inflation as not only does it put too much money in the hands of foreigners, but it basically is the opposite of creation of true wealth. Contrarywise, it is the destruction of it.

I have one little additional statement here to make. This was handed to me a short time ago. It is a memo from the Bunge Corp. to an elevator in northwest Iowa. It is dated March 30, 1973. This is what it says:

Per our conversation on Bunge hopper cars, all shipments of grain in hopper cars will be against Bunge contracts. The cost to shippers will be 10 cents a bushel each time the cars are loaded. Shippers guarantee loading of cars for as many returns as possible, commencing April 31, 1973, and ending September 1973.

Do you realize what that means? This means that the local elevator will have to bid 10 cents lower for the corn they buy from local farmers if Bunge cars are used.

Also, we received word that they are getting 10 to 15 cents for these cars used for soybeans, which means another 10 or 15 cents out of the pocket of bean farmers into the pocket of Bunge Corp.

I thank you gentlemen for this opportunity.

Senator CLARK. Thank you very much.

One question that comes out about those statements, particularly at the end of your statement, Walter. For years, you have heard the argument that you can't raise the corn loan rate because we can't compete in the world market. Who is there that can compete with us on that kind of a massive market anyway?

Mr. GOEPPINGER. There is a fallacy. There is no proof to it. The matter of where our price goes, the rest of the world goes along. The pricing of the Thailand contracts the Japanese have were all geared to the number of yellow corn in, Chicago a few cents under to make sure they get sold first. Basically it is a hitch to our price. Mainly it is for the chicken feeders over in Italy that like to see their chickens get yellow corn which makes yellow flesh. We aren't unreasonable in what we ask people. We will still have to have it for the production of meat, hogs, and eggs.

As we pointed out, the price of these products overseas, people are buying much higher. Let's take Japan, for instance, where today beef is selling on the meat market for about \$10 a pound. I would just like to have the housewife in Iowa or New York or California walk into the meat market at \$10 a pound for Chuck roast, but if she were adjusted to that, she wouldn't be complaining. But this is the same as is true in Northern Europe.

Consumption is lower per person per year and meat is higher. But they buy our grains to produce. It isn't grain and soybean prices that make livestock prices. The price of trucking is up, processing and killing the animals, killing and putting in the grocery store. Joe Hammer has a son who is getting \$2 per hr for carrying out groceries, \$4 on Saturdays and Sundays, and \$6 on holidays when he works overtime. That has to be built into the prices. There is no question the farmers are sitting here taking what they will give him.

Senator HUDDLESTON. You have mentioned that probably no more than 10 percent of the farmers were able to sell their soybeans in the peak profits; is that correct?

Mr. GOEPPINGER. To put it the other way around, 90 some percent had sold their beans at an average of \$3.49. That means—I will admit that we ourselves, I sold beans in contract for 29 and 80 cents, contracting a third of the crop. So we are probably right in that average there where we sold beans at different levels, but the price of \$3.95 was for 95 percent of the people.

Senator HUDDLESTON. There were very few farmers who were able to take advantage of that price?

Mr. GOEPPINGER. Yes, and I am glad you brought that up because this difference in price and what United States and the foreign consumer paid for them returned to the farmer in oil, meal, and feed to hogs and cattle, both overseas and in the United States, probably built—nobody will know for sure—it will take a keen economist—but we think it built about \$2 billion in the cost of food which the farmers didn't get at all. It went into the speculator's pockets.

Senator HUDDLESTON. You had to pay the price but didn't get it?

Mr. GOEPPINGER. Yes.

Senator HUDDLESTON. Is this true in corn also?

Mr. GOEPPINGER. No; a speculation came into beans—especially foreign speculation. They couldn't bring more beans on, and probably devaluation of the dollar. So they bought the future 5 and 7

bucks down the line, knowing they were going to use cheaper dollars, knowing they were going to pay less for the soybeans when they got them. That ought not be built back into the prices of the farmer.

Mr. DIEHL. I remember that real well. Again, I was perhaps a little better off with my beans on the average. I sold mine at \$3.89. I am primarily a hog and cattle man, so I usually buy a lot of beans back as meal. So I have been buying these \$3.89 beans back in meal for \$6 and \$7, in other words. In fact, I pay as high as \$229 a ton for bean meal, but, again, that is part of the game of gambling. But there was another factor brought in which I don't think anyone ever followed it very far, the crushing margins that took place part of the time. I don't know where they are now, but they were well over \$1 a bushel, which was fantastic, even with beans selling for \$6 a bushel. There is no reason for bean meal to be selling up to \$240, \$250, \$260, which a lot was sold at that time.

Senator CLARK. We have the president of the Iowa Soybean Growers Association, Judson Seeley. Since we are talking about soybeans, let's get his opinion.

STATEMENT OF JUDSON SEELEY, PRESIDENT, IOWA SOYBEAN ASSOCIATION, DONNELSON, IOWA

Mr. SEELEY. I appreciate you asking me to come here. I have no prepared statement but I suppose my statement will come in the form of a question to you.

You sent me some testimony from a Senate Agriculture hearing in which you questioned Secretary Butz about the 13½ million acre release of set-aside. I fancy myself some kind of a mathematician, but I can't see when 2 to 3 million of these acres will be taken up by corn production. Approximately half a million will be in soybean production. A million in other production. That leaves 9 million acres in limbo.

I guess my question to you will be, the Secretary didn't answer you in testimony where does he think these 9 million acres will go.

Senator CLARK. I wish I could answer that. As you indicated, we didn't get an answer. We submitted that question again in writing. If we get an answer, I will submit it back to you, but I appreciate an answer myself.

Mr. SEELEY. My contention is that the American Soybean Association survey, when the USDA asked us in January for 54 million acres of soybeans, the projection was before this 13½ million set-aside, we would have about 54 million acres. I contend that there are 9 million acres in limbo, of which probably 3 million will go into soybean production.

We have estimated in the following year from 53 to 54 million acres of soybeans. I can't justify what we are going to do with this extra production.

Senator CLARK. Do you have any speculations about it?

Mr. SEELEY. Yes; I remember either 3 or 4 years ago we were talking about 224-million-bushel carryover in soybeans and talking about a price of \$2.20 to \$2.30. This is the situation we will get ourselves into. We can't produce soybeans for \$2, \$2.30, or \$2.40. I think

with the devaluation of the dollar and several other factors, with the Russian grain sale and other things, we have to realistically have \$3.50 a bushel ourselves.

Senator CLARK. What kind of support do you think you ought to have?

Mr. SEELEY. I think we are somewhat unique in this situation because we are—the American Soybean Association and the Iowa Soybean Association have said that \$2.25 is a high enough support price because we feel like we could keep our beans in a free market flowing freely. With surpluses, I am not going to say it. But the Iowa farmer has checked off a half cent a bushel on his soybean production this year, and we put money in market development plus some research funds.

We have tried to build these markets. I think we have done a good job on them in an orderly schedule. But we just can't overproduce soybeans for surplus instead of markets.

Senator HUDDLESTON. That will kill it.

Mr. SEELEY. I think it will.

Senator HUDDLESTON. Another thing might be pointed out, that most housewives aren't aware of, that most producers have to contend with, and particularly soybean producers, is the catches of fish off Peru, which can have a very decided effect on what the foreign market on soybeans might be.

Besides all the weather and other things, you have to worry about these fish.

Mr. SEELEY. I think we have to worry about some other things. The Russians, as of February 2, they bought 21 million bushels of soybeans. Of course, in your testimony with the Secretary, he said he thought this would continue. But as I say, 2 years ago, Russia was the net exporter of sunflower oil and meal and now they are importing our soybeans, and I contend if the Peruvians catch more fish and the soybean farmers overproduce, we will be in a worse surplus situation than we think we are.

Senator HUDDLESTON. Mr. Diehl, one thing I have been concerned with of late is this wide fluctuation. We are all looking for corporates and there is wild speculation going up and down. No one can put their finger on any one organization or group. But it seems to me a certain portion of the blame has to be put on the speculator or the fast-buck boy, or the gambler.

What came to my mind when you talked about Peruvian fish, they say the main reason they went up too high, the fish moved out. When they moved back in, down went soybeans. Then word came they moved out and weren't quite as plentiful. At this time, they go back up. Now, the flooding going down the Mississippi River, it appears there will be a few million acres in beans and they will go up and break this \$7 market, I don't know.

But it seems to me, with all these rumors, whether they are true or false, they still produce the same results, and certainly these wild fluctuations are not doing the farmer any good and the consumer, for sure, the two of us.

Well, who are they helping? Only the people who are putting out rumors or the fast-buck boys or the speculators. I have always thought that wild fluctuation did no particular good outside of the people that use those in the commodity market.

There is a point that some of us have been pushing for. That is more information—more of it available to everybody from the Government, as far as our market abroad is concerned, what our conditions really are there, what the prospects are, as well as what is going on in this whole country.

Senator CLARK. That is precisely true. We didn't have that information and the Soviets took us in, and that is where the American taxpayers ended up, subsidizing \$300 million or so to the Russians. We didn't have that information available.

Our time is very short and we are running a little behind. We appreciate your attendance here, all of you.

We are going to have three representatives from the Dairy Industry now, the Iowa State Dairy Association, the Iowa Dairy Products Association, and the Mid-American Dairymen's Association. I would like, while they are coming up, to read a telegram from Senator Hughes.

I deeply regret that I could not attend the Listening Conference. I look forward to seeing the transcript for insights into Iowa farm and rural development. I hope to discuss these and related issues next week at the hearings of our Subcommittees on Labor and Public Welfare. We will be discussing unemployment, poverty, and migratory labor in Sioux City Wednesday, in Des Moines Thursday, in Ottumwa, in Davenport and in Waterloo.

Thank you very much, Senator Clark.

Senator CLARK. Now, we will hear first from Robert Ellis, president of the Iowa State Dairy Association.

STATEMENT OF ROBERT ELLIS, PRESIDENT, IOWA STATE DAIRY ASSOCIATION, ANKENY, IOWA

Mr. ELLIS. Thank you, Senator Clark.

It is indeed a pleasure and a privilege to be here this morning and to be asked to give testimony.

I am a dairy farmer in Dallan County. I hopefully represent 21,000 dairy farmers in this State who own 423,000 dairy cows. I will not get into the intricacies of the marketing. My associates will get into this area.

I have been asked to cut my testimony short, which I will do, and I will delve into the philosophy of price supports, and so forth.

Knowing that we are either the victims or the recipients of the Government and agriculture, it varies from time to time how I feel about this. I want to point out the investment that dairy farmers in this State have in their operation. The investment by these 21,000 people amounts to well up toward \$511 million dollars in cattle over 2 years old, milking equipment, harvesting equipment, and so forth, and this does not include cattle under 2 years old and does not include the land and price of land that has to be taken into consideration for growing feed for these cows.

This is a fantastic development and you people in the political parties realize that 96 people are fed by four people on an average in the United States, and by counting the votes it is very apparent which way you must go.

But I want to leave the impression with you that this tremendous investment must be taken into consideration on all proposals that you have on price structure.

I would say further that the imports which we are experiencing, which they are promising us, dairy farmers in this State and many dairy farmers in other States such as Minnesota and Wisconsin are the most efficient dairy farmers in the world. We will take them all on provided their product doesn't come here under a heavy Government subsidy. We can't compete with that.

If we can be on an open market with these people, we would like to keep it that way.

Senator CLARK. Thank you very much. We may have some questions as we go on.

Now, the executive secretary, Arthur Kirchhoff.

**STATEMENT OF ARTHUR KIRCHHOFF, EXECUTIVE SECRETARY,
IOWA DAIRY PRODUCTS ASSOCIATION, ANKENY, IOWA**

Mr. KIRCHHOFF. My name is Arthur Kirchhoff. I am executive secretary of Iowa Dairy Products Association. Office address is 101 North Trilein, Ankeny, Iowa, 50021. The Iowa Dairy Products Association is a state trade association representing dairy producers and their processing, marketing associations.

I want to thank you for this opportunity to appear before you today to present the position of our Iowa dairymen on a few of the current national issues of concern to our members.

First, we need to understand, and I believe you will agree, that milk and dairy products make up one of our basic foods. This makes it one of the foods we need for good health. To meet these needs it is necessary to maintain a regular supply of milk in this Country.

To put the position of dairying in proper perspective, I would like to quote one paragraph from a speech by Mr. A. G. Mathis of the U.S.D.A. Economic Research Service at the 1973 National Agriculture Outlook Conference in Washington, D. C., February 20, 1973.

Dairymen's production costs are rising faster than their gross incomes in early 1973, and this year's net returns may be down from 1971 and 1972. High feed prices along with poor quality roughage and short feed supplies in some key producing States are limiting milk production this year, probably to about the same or a slightly lower level than the 120.3 billion pounds in 1972. The impact of the feed situation is showing up chiefly in a smaller than average rise in milk output per cow. Also, the pace of milk cow slaughter has quickened somewhat as farmers trim their herds in accordance with feed supplies, and some farmers quit dairying.

When the Secretary of Agriculture announced the support price on March 8, he set the support level at \$5.29 cwt for the current year. He estimated this would be equal to 75 percent of parity. He further stated that he believed this would provide adequate supplies of milk for the year. That same afternoon, President Nixon announced that he had requested the Tariff Commission to investigate the need for a temporary increase in the import quota of cheese, a basic dairy product. From this we assume that there will be dairy products imported whenever the administration wishes, and that imports will be used to keep the market price for dairy products reasonably close to the support level.

Dairymen believe that they have a basic nutritional food, and they have spent large sums of money to help promote the sale of milk and dairy products by telling consumers that these products are good,

and they are good for us. But dairymen are becoming alarmed by the administration's program of allowing imports to flow into this Country about the time that we see prices move up to a fair market value.

To bear this out, we would point to the case of 25 million pounds of nonfat dry milk imported early this year. Perhaps the supply of nonfat dry milk was somewhat limited at that time, but we have yet to hear of any manufacturer in need of nonfat dry milk that was not able to purchase the product on the open market. From this, we must assume that the administration officials are not going to permit our manufactured dairy products to establish a fair price on the open market.

We believe that it is essential that dairy products be supported at 85 percent of parity in order to maintain an adequate supply of milk and dairy products for the American consumer. While it is true that there is public concern over the level of food prices, dairymen are faced with a severe cost price squeeze. Without adequate incentives to dairy producers, we believe that large numbers will sell their dairy herds and seek employment elsewhere. This would appear to be already happening.

U.S. milk production for March was estimated at 10,321 million pounds, 1.6 percent below March last year. Production for the first quarter was 2.1 percent lower than in 1972. Milk production per cow for March stood at 894 pounds, about the same as the 893 reported last year. The number of milk cows on farms in March was estimated at 11,549,000, down 2 percent from the same month last year.

We believe that for the good of the Nation we must have adequate supplies of dairy products in this country to meet consumer needs, and to do this dairymen must have a fair return for their product. The recent publicity concerning the Flannigan Report, dealing with exports and imports, would have this country exporting huge amounts of feed grains and dropping the import restrictions against dairy products. To do this could soon make this country dependent upon imported dairy products and we do not believe that U.S. consumers are ready to depend on foreign nations for these basic foods.

We further believe that imported dairy products should be required to meet the same production, processing, sanitation and quality requirements set for domestic products. The Special Milk Program and the School Lunch Program are both excellent examples of the benefits to be derived through greater use of milk and dairy products in improving the diet and health of the children. These programs should be continued with adequate funds to encourage greater participation. The appropriation should be expended as intended by Congress.

We request reinstatement and full funding of the Rural Environmental Assistance Program—REAP—which dairy farmers have relied on in recent years to finance the construction of waste management facilities and funding for a Dairy Cattle Management and Forage Research Laboratory and funding of several other research activities.

Regarding soil conservation, farmers should be encouraged to shift land use through a conservation program to those soil building practices that adjust total agricultural production to market needs. We insist that all jurisdiction over soil conservation and related activi-

ties must reside in the Department of Agriculture and not be transferred to any other Federal agency. The use of diverted acres for the surplus production of agricultural products should be prevented.

Because the whole program of water and soil conservation is so essential to the general welfare of all people, the agricultural conservation payment program should be continued.

We urge continuation of the pesticide indemnity program whereby dairy producers and dairy manufacturing plants are reimbursed for losses due to traces of chemical residues when such residues are not due to misuse by producers.

We object to price ceilings or rollback of prices. Consumers are disillusioned if they think that price rollbacks and price ceilings will make more food available, thereby resulting in lower prices.

Dairymen are gravely concerned with the inequity of product pricing under the present dairy support program. If market prices should drop to support levels it would create havoc within the industry due to the 50 cents per cwt differential in value of cheese compared to butter powder. This inequity should be corrected.

Of all the subjects dealt with in this presentation, the problem of imports and what they will do to market prices is the most serious. This should be dealt with in a very practical manner and we strenuously object to any additional imports of dairy products.

As a whole, we support the legislative program of the National Milk Producers Federation.

Again, I thank you for this opportunity to appear today.

Senator CLARK. Thank you, Arthur.

We are going to hear now from the Mid-America Dairymen's Association, Dale Hendricks, who is treasurer, and then we will have questions.

STATEMENT OF DALE HENDRICKS, MID-AMERICA DAIRYMEN'S ASSOCIATION, BLOOMFIELD, IOWA

Mr. HENDRICKS. Senator Clark and Senator Huddleston, press, fellow farmers, I am glad to see the press here today. If ever a farmer needed a press as a friendly press, it is today. I am Dale Hendricks, Route 1, Bloomfield, Iowa. I am a dairy farmer and a member of Mid-America Dairymen, Inc., a dairy marketing cooperative. I serve on the Iowa division and corporate board of directors of Mid-America Dairymen, Inc.

Dairy farmers had a relatively good year in 1972. Our net income was up. We did not intend for net income being up in 1972, to have to last us for the rest of our lives. I suspect that our net income for 1973 will be down, due to increased costs. The number of dairy farmers in the Iowa Division of Mid-America, which represents from a third to a fourth of all dairymen in Iowa, dropped 196 members in 1972. I am not sure in the first 3 months of 1973, if it has been larger than that.

Senator Clark, I am not sure people realize the extremely tight position dairymen face right now. They are depressed because of long work days, extremely wet weather, which makes it extremely difficult to do chores and impossible to get into the fields. There are adverse Government actions.

The first one came in 1973, the importation of 25 million pounds of nonfat dry milk during January and February. Then we had the March price announcement for dairy support, 75 percent of parity, the lowest price set by law.

Senator Huddleston, possibly this little news item represents some of the people in your State, but I would like to read it anyway:

The Administration's Farm policies illustrate once again that truth is stranger than fiction. Shortly after giving notice that the Department of Agriculture will oppose a bill to raise milk price supports to 85 percent of parity, USDA announced that 1973 supports for tobacco would be 138 percent of parity. In other words, the milk support level is only half of that for tobacco, a product known to be hazardous to health, whereas milk—the most basic of all foods—is both wholesome and health-giving. Another one of those decisions made in a "smoke-filled" room?

The price-support announcement also was against tradition in that the price support for milk going into butter and powder was more than 50 cents per hundredweight lower than the price support for milk used for the production of cheese.

Also, in March, the Tariff Commission held hearings to receive evidence on whether to allow an additional 64 million pounds of cheese to be imported into the United States under quotas, before July 31, 1973. This would mean a 50-percent increase in quotas for cheese during 1973. We understand this matter is now before the President and we are fearful of the decision he will make.

Currently, there is talk of allowing additional imports of nonfat dry milk. We know that price supports are only a floor, but it seems this year that whenever our actual market prices get above support prices, there is a move to increase imports. We think this is done to reduce dairy product prices which reduces milk prices, and reduces dairy farmer income.

I think you can understand why many dairy farmers are depressed. Government actions this year have affected us both from an actual marketing standpoint by reducing prices and from a psychological standpoint by not offering any hope for a better situation in the future. We think these actions are very shortsighted. A small milk price increase now would be much better than milk shortages and greatly increased milk prices this fall and next year.

I truly believe that many sections of the United States will be facing milk shortages this fall; and, unless something is done to give dairy farmers some money and some hope, we could be facing a shortage of domestically produced milk and dairy products for several years.

Now that I have painted a rather bleak picture that dairy farmers see every day, I would like to mention very briefly the points of our dairy legislative program which we think will provide dairy farmers with the income and hope they so badly need. I will mention these points briefly only because we have presented the program in detail to the full Senate Agriculture and Forestry Committee—about 3 weeks ago.

First, we need an effective import control program which can be fair to both our dairy farmers and foreign suppliers so that we can increase our agricultural exports.

Second, amend the Agricultural Act of 1949, to set the minimum milk price support at 85 percent of parity instead of 75 percent of

	1960	1965	1967	1971	1972	Feb. 1, 1973
1910-14 farmers:						
Prices received.....	239	248	254	285	319	405
Prices paid.....	300	321	342	410	433	472
Parity ratio.....	79.6	77.3	74.3	69.5	73.7	85.8
1967=100:						
Prices received.....	94.1	97.6	100	112.2	125.5	159.4
Prices paid.....	87.7	93.9	100	119.9	126.6	138.0
Parity ratio.....	107.3	103.9	100	93.6	99.1	115.5

Senator CLARK. Thank you very much.

I did want to mention you spoke, each of you, about the administration decision to implement only 75 percent parity. Senator Huddleston and I are the original sponsors of a measure that would establish dairy supports at 85 percent of parity. Senator Huddleston's subcommittee held the hearings and I am sure you—well, each of the dairy groups came in to support the testimony.

I think our basic reason was—there were several reasons—but the most important was the evidence, which was very convincing in terms of not only the number of dairymen that are going out of business, but the actual cow numbers that are down and the milk figures that are down, and that can't continue endlessly without great danger to this country, above all to the American consumers, in addition to the farmers.

Senator HUDDLESTON. Incidentally, that was a very fine presentation except for the start, where you started meddling about—

Mr. HENDRICKS. Senator, I didn't know you were going to be there.

Senator HUDDLESTON. I wouldn't worry about it.

These imports of nonfat dry products are certainly of major concern. Do you know what countries this came from?

Mr. HENDRICKS. A lot of this came from Canada, but there is a good deal of it from Common Market countries.

Senator HUDDLESTON. A lot of countries where we are sending a great amount of grain. This is sort of the thrust of the Flanigan report, I think; we will produce ourselves right out of business in some of these other products.

I don't have any further questions.

Senator CLARK. We are very happy to have you here.

Thank you.

We are going to recess at 12:30, so prior to that time we are going to ask a number of people to come up, representing various livestock groups, the Cattlemen's Association, the National Pork Producers Council, the Iowa Pork Producers Association, and the Iowa Association of Farmer Elected Committeemen.

We will hear first from the Iowa Cattlemen's Association. Mr. Freese is the president.

STATEMENT OF BAXTER FREESE, PRESIDENT, IOWA CATTLEMEN'S ASSOCIATION, WELLMAN, IOWA

Mr. FREESE. Senator Clark and Senator Huddleston, I certainly appreciate the opportunity to appear here. I certainly appreciate the fact you two gentlemen have come out to conduct these hearings.

I am Baxter Freese, president of the Iowa Cattlemen's Association, representing cow/calf producers and cattle feeders in the State of Iowa.

I understand one purpose of this hearing is for us, as farmers, to present ideas regarding a new farm bill and our general feeling regarding future trends to be taken by agriculture.

Our position on the new Farm Act of 1973 can be stated rather quickly. The Iowa Cattlemen's Association favors a simple continuation of the 1970 act with a thorough study made of the feasibility of raising the ceiling price of corn to a minimum of \$1.25. This suggestion is made in view of the current danger of overexpansion of feed grain production based on expected, but not confirmed, sales abroad. We feel that the grain farmer or the livestock producer should not have to assume all the risk involved in opening up the production capacity of this country.

Thanks to such events as the corn blight, higher standards of living worldwide, and the precarious position of the United States in maintaining a favorable balance of trade, agriculture has, for the past 2 years, enjoyed a rather profitable return on its investment. There is a very strong reluctance on the part of food producers to relinquish these profits. These profits are not excessive; in fact we have not yet caught up with the urban standard of living.

It is only fair that we serve warning to the members of this Senate Agriculture Committee, to all Members of Congress, and to the administration that we are not going to give up our profits and we are not going to revert back to the old philosophy of "cheap food" and low farm income. To quote a prominent labor leader, "This is not a threat; this is simply a fact of life."

Today we can back up this statement with an illustration. We have all witnessed this past week, one of the most massive lobbying efforts ever directed toward the House of Representatives. This lobbying effort was successful and we eliminated several features of the President's economic stabilization extension bill; features that would have been disastrous for both agriculture and for the consumer. This was accomplished using a very simple formula. Cooperation. Every commodity organization, every farm organization, agriculture business and all farmers worked together. This is something I have not seen in my 22 years of farming. We have had a taste of victory and we now know how it can be accomplished again.

The farm bloc is small but it is powerful. Farmers have been told repeatedly that they are losing their influence in Congress, and we have believed it. But not now; farmers produce the food that this country lives on. The recent consumer boycott and the national attention it attracted has placed agriculture in the prominent position it deserves. The farmer has another bargaining tool at his disposal that he has not been able to use before. This is the demand for our food by foreign countries, and this is a tool that our Government can't afford to legislate against.

Agriculture is the only industry in the United States that can produce efficiently enough to sell our products overseas in volume. Volume sufficient enough to correct our balance of payments problem. How many ports have railroad cars of automobiles, steel, television sets, motorcycle lined up for exports? None.

If we do not continue to receive adequate returns on our investment from the consumer of this country, we are going to send teams

of men abroad to sell our beef, pork, poultry, corn, beans, and wheat to people that are willing to give us adequate prices.

We meat producers have not even scratched the surface. Here are the facts of life. Farmers and ranchers control food production in the United States, the Arab Nations control the oil wells, the two main ingredients of our international trade. Automobiles and trucks are useless without fuel, and we no longer are willing to accept the designation of second-class citizens. And we no longer are willing to become the pawns or the scapegoats in a power struggle between labor leaders and the administration.

In conclusion, we are willing to produce all the food that this country and the world can use, but we are only willing to do this on a profitable basis. If labor leaders and consumer groups are going to continue their efforts to arbitrarily lower prices without regards to costs of production and the ravages of mother nature, then we will have many meatless days. Not by design, but of necessity.

Thank you, Senators.

Senator CLARK. Thank you.

I particularly want to say what Baxter said about the lobbying effort and the work effort that was done in Washington this week and the week before. It was massive and extremely well organized. There was no way of knowing precisely that was the measure that defeated the bill in the House, but I am very much inclined to think it was. You are certainly to be complimented. It was an excellent effort.

I would like to introduce now the National Pork Producers Council's, Ken Kohl, the Organizational Director.

STATEMENT OF KEN KOHL, EXECUTIVE SECRETARY, NATIONAL PORK PRODUCERS COUNCIL, DES MOINES, IOWA

Mr. KOHL. Thank you, Senator Clark and Senator Huddleston, Members of your Staff.

We thank you for this opportunity to present information on behalf of the Nation's pork industry.

The National Pork Producers Council has over 67,000 pork producer members in 33 States today, and we are sincere when we express the feeling that there is unrest among them today. Although our membership has increased each year, there are 8 percent fewer pork producers today than there were in 1971. Pork production has decreased a like amount in the same period.

Pork prices have finally attained a level that returns a justified living wage to pork producers that is being challenged by some today. Pork producers have become abruptly aware that they no longer operate within the confines of their farms, but are a part of an awakening world economy and environmental affluence of this Nation.

Concentration of larger numbers of animals in fewer, but larger facilities has created environmental problems, as well as disease and production problems that were unknown a few short years ago. Our production of pork is not only of importance to us as pork producers, but is important to this Nation's people and also those living in other countries.

On April 12 our organization presented a request to the House Subcommittee on Agriculture Appropriations, in which we identified our basic problem areas and the Federal funding needed to implement much-needed research that can be done in our Land Grant Colleges.

Pork producers themselves through their State and National Organization, have funded over \$150,000 this year in these research areas; however, our input is insufficient to carry them to completion or as speedily as needed. Though our industry ranks third in product value to this Nation's economy, we rank below 12th in funding from Federal funds on research. We believe this imbalance is not justified and should be corrected as readily as budget will permit within priority.

We are requesting that \$2 million be budgeted for this important swine research and for an important eradication program that will rid this industry of a minimal, yet costly, TB problem in our swine industry.

The specific research areas are: Swine Waste Management, Baby Pig Scours, Swine Dysentery, TGE, Reproduction, Swine Stress and the remaining portion for indemnity payments for the TB eradication program. These are explained in detail on an attached sheet with a breakdown of recommended funding, to be made through the USDA to ARS or CSRS Divisions as the project requires. The indemnity money should be routed through the APHIS Department.

We know that pork producers are an important part of this Nation's food supply and economy, but in order to render our full ability, we need the assistance and support of others in this economy that can be attained through research funding that will benefit the entire Nation and its consumers.

We thank you for this opportunity to express our needs to you and this important committee of our Federal Government.

Thank you.

Senator CLARK. Thank you very much.

[The attachment to Mr. Kohl's statement, above-referred to, follows:]

The National Pork Producers Council, based upon its poll of the membership, study of research needs, and evaluation of present research, recommend the \$2 million be utilized in the following specific areas:

Swine waste management.....	2 SMY	\$200, 000
The increasing environmental actions at Federal and State levels make this a priority item. We believe land grant college institutions, selected on the basis of climate, rainfall, soil type, and area are capable of conducting this research.		
Baby pig scours.....	2 SMY	200, 000
Condensing of our swine population and continuous production schedule has caused this problem area to multiply almost beyond control in many units.		
Swine dysentery.....	2 SMY	200, 000
This is a separate problem because it causes death loss from pig age through market weight animals. This one area probably causes more concern with residue problems than all others together.		

TGE-----	1 SMY	\$100, 000
For more than 25 years this dreaded pig killer has caused severe losses on specific farms, jumping from farm to farm and having no basic pattern or proven system for control.		
Reproduction-----	½ SMY	50, 000
A consistent problem area that has been confounded during the past year by hormone unbalance caused by our feed supplies in many areas, and one that continues to restrict our increase in production of pork.		
Swine stress-----	½ SMY	50, 000
This is a constantly growing problem in our swine breeding and management, causing death loss from pig to especially market size animals. It too seems to be hormone related and involves many unknowns.		
TB in swine-----	1.2 SMY	1, 200, 000
We need immediately \$20,000 to establish a true and 100 percent effective method of testing breeding stock for this age old problem. In addition, we need to initiate an eradication program with the remaining \$1,180,000 to rid the industry of this problem that under new meat inspection programs is causing severe industry loss. Though some funds were appropriated last year for this program, they were taken away from the swine industry and used in other areas. We request that these funds be specifically budgeted and used.		
Total request-----		2, 000, 000

Senator CLARK. We will hear now from the Iowa Pork Producers Association, Paul Bernhard, president.

STATEMENT OF PAUL BERNHARD, PRESIDENT, IOWA PORK PRODUCERS ASSOCIATION, BANCROFT, IOWA

Mr. BERNHARD. Thank you, Senator Clark and Senator Huddleston.

I appreciate this opportunity to speak today and to present my views, as well as those of the Iowa Pork Producers Association, concerning those needs of the swine industry to which I feel the Federal Government could best provide assistance.

As you are aware, there is a great deal of unrest in the swine industry today, despite the relatively profitable price levels of the present. Our major concerns are as follows:

A. We have in recent days made it plain to the Congress that politically established meat prices will serve neither the consumer nor the producer. Let it be clear that we oppose a rollback at any level of pricing because we firmly believe that by establishing a precedence for political price-setting, the Congress will place the Nation's meat supply in real jeopardy. Farmers can foresee that if food prices are determined politically, they will always be too low to permit a profit for the producer.

We are also concerned that over-reaction by segments of the industry to speculation over Government action can create such severe market fluctuations as were experienced in live hog prices March 27 and 28, 1973. Such severe fluctuations can spell economic disaster to the small producer who markets only a few days during a year, and

creates an uncertain market for the other producers who were more fortunate.

B. Pork producers are also concerned that new environmental regulations, formulated at the Federal level, will be so written that many producers will find themselves unable to meet the additional expense required to gain compliance with new requirements, and will be ultimately forced out of the business of pork production. You will realize that expenses incurred by a producer to meet new environmental regulations does not result in an increase to his income.

We need assurances that officials with an understanding and appreciation for the problems and production methods of livestock production, have an input to regulations. I hope, also, that when regulations are imposed, that they will be practical, workable, and will allow pork producers the opportunity and time to meet them, protect their private investment, and the opportunity to produce pork which will be in the price range which consumers and pork producers can both live with.

C. One major area in which the Federal Government could greatly assist the pork producers of the Nation would be by investing more funds into research. There is dire need for in-depth research in baby pig scours, swine dysentery, TGE, swine stress, TB, reproduction, and swine facilities as related to environment.

The National and various member States' pork producer members in 1972 invested over \$150,000 of their own funds, collected voluntarily at 5 cents per market animal, in specific problem areas identified by producers as major high loss areas in the industry.

In 1972, the USDA invested \$360,000 directly for research in swine problem areas. However, even with these funds, swine research investment by the Federal Government ranks below at least 14 other farm commodities, and only two or three of them have a greater input to this Nation's economy than does pork. On April 12, 1973, I presented a request for \$2 million for research funding in pork production to the Subcommittee on Agriculture Appropriations of the U.S. House of Representatives. A listing of the specific areas, amounts requested, and background on each specific area has been attached to my written testimony to be placed into the record of this proceedings.

The largest request for assistance was for \$1,200,000, of which \$20,000 is needed to establish a true 100-percent effective method of testing breeding stock for tuberculosis. As a result of a change in Federal meat inspection service regulations effective February 1972, a large number of swine which were once acceptable for slaughter are now being condemned, or at best, passed for cooking. Pork producers have repeatedly stated that they want to eradicate this disease from their herds. We need the \$20,000 which I mentioned earlier to develop a 100-percent test to test live animals for TB and \$1,180,000 to rid the industry of this problem through an eradication program.

D. I will turn my next comments to the area of exports and imports. We believe that we have the greatest potential to supply pork exports from this Nation, of any meat segment of our farm production. Approval of our product by potential foreign markets is partially indicated by the 16.8 million pounds of pork exported during

the first 2 months of this year compared to 5.9 million pounds 1 year ago for the same period. Another reason for this increase is also related to more favorable changes taking place in the world market. Iowa's pork producers request of the Federal Government only the opportunity to trade with the world on a competitive basis and are, therefore, requesting your assistance in reducing barriers to free trade.

E. In a final comment, I ask your assistance in investigating the USDA's statistical reporting service's present policy of livestock reporting. I suggest that reporting would more accurately describe production trends if based on a comparison to a 5-year average rather than on short-term, year-to-year or season-to-season comparisons. I have seen too often in the past the USDA report contributing to our price cycle problems rather than providing a service to the producer.

Again, I appreciate the opportunity to speak at this Farm Listening Conference today.

Thank you very much.

Senator CLARK. Thank you very much, Paul.

Before we go on to the next speaker, I know that Senator Huddleston must leave to go back to Kentucky for an engagement there tonight. I do want, on behalf of all of us here, Senator Huddleston, to thank you very much for coming to Iowa. I know we will be bringing back the testimony of the individual farmers that testify here this afternoon for your review, and we are very happy to have you here.

We would like to have you come back often, and I know from the experience from the times that I have been in there that Iowans and American farmers can generally count on your support.

Thank you.

Senator HUDDLESTON. Thank you.

Senator CLARK. As our next speaker—we are particularly pleased to have Mr. Chuck Morgan. We know they have been particularly hard hit and this is one of the reasons we asked the President to give immediate attention to the loan program. We are particularly happy to have you here. I know you have a brief statement and letter.

STATEMENT OF CHUCK MORGAN, BOARD OF DIRECTORS, IOWA TURKEY FEDERATION, MIDWEST TURKEY HATCHERY, DIKE, IOWA

Mr. MORGAN. Thank you, Senator Clark.

I notice by the program that we were supposed to be finished by 12:30. So, being of rather small stature, you try to comply. My statement is in the form of a letter to Senator Clark. The contents are as follows, ladies and gentlemen:

"The Board of Directors of the Iowa Turkey Federation asked me, in their behalf, to attend and present to you at the Farm Listening Conference in Ames, Iowa, Thursday, April 19, the below letter which we feel depicts the attitude of turkey growers in the State of Iowa. The presentation to you is as follows:

"We 27 members of the board of directors of the Iowa Turkey Federation who represent 6½ million Iowa-grown turkeys and about 100 million pounds of nutritious meat for consumers, wish to remind

you that our average age as producers is over 50 years and that in no way can we be expected to use our capital to expand our industry when the threat of meat price rollback exists.

"We feel that no meat producer, red or poultry, will financially survive when the finished product price is controlled and the related costs of production of the finished produce are not controlled. We further feel that in a free-market situation so necessary to the growth of food production, no individual or group has the ability to pass judgment on what constitutes a correct controlled economic cost of production in relation to the value of the finished food product. The profit motive is paramount before an industry will expand facilities to increase production of food.

"Senator, the board of directors further asked me to give you the current costs of production of turkeys so that you are fully aware and cognizant of the current costs of production. The board of directors further asked that these current costs be related to today's current turkey farm market. Because of the fact that a live market quotation is nearly nonexistent, all farm prices of turkeys must be directly related to processing costs and including also grade and yield factors. Please see attached a specific case in point depicting both current costs and current returns."

Now, ladies and gentlemen, I am fully aware that I would only bore you with these costs because about the best we in the turkey growers do is we feed about 8 million bushel of corn. So I will not bore you with the facts and figures.

Senator CLARK. We will put them in the record.

Mr. MORGAN. Thank you.

[The attachment to Mr. Morgan's statement, above-referred to, follows:]

The below record depicts an authentic turkey growing record (cost of production) and a sale return on 3,500 tom turkeys. This presumes that the poults were hatched and grown on today's market price (4/16/73) of all costs of production. The feed cost was arrived at by using April 16, 1973 costs of \$164.40 per ton for 27 percent turkey starter, 2.53 cents per lb for corn (\$1.41 per bu.) 38 percent Turkey concentrate at \$11.02 per cwt. The conversion of feed to meat was 3.78 percent. The return of sale was based on 90 percent liveability, average grade of 80 percent A, norm processing charge of 9.5 cents under Uner Barry.

Cost of production:

Poults.....	\$2, 450. 00
Gas for brooding.....	350. 00
Litter.....	345. 00
Drugs (medicine, preventive).....	413. 28
Electricity.....	31. 77
Insurance on poults.....	280. 00
Interest on growing poults.....	522. 15
Supplies.....	175. 00
Feed.....	17, 799. 95
Grind and mix.....	595. 00
Buildings and equipment insurance, depreciation, labor at \$2.00.....	3, 680. 00
	26, 642. 15

Return from sale: 90,660 lbs turkey sold at 29½ cents per lb—return... 26, 744. 70

RETURN FOR RISK CAPITAL INVESTED—\$102.55 or 2.93 cents per bird

Mr. MORGAN. I would only make this comment: I would assume that it would be in order to say that these figures on today's feed costs, today's return shows that for 3500 turkeys grown, today's prices, both the cost of production and the turkey, the man risking the capital and adventure would have about 3 cents return.

I want to thank you very much for this opportunity to appear at this meeting.

Senator CLARK. I think sometimes people do forget the number of turkeys grown in Iowa. We have livestock groups here. I would simply repeat as Baxter emphasized in his testimony, that you will stay together and you will see fit as a group to come back often to Washington on a continuing basis to keep the Congress informed.

I know it was very helpful to me and I represent a farm State. So I know it was helpful to nonfarm Congressmen and Senators. I think you made an excellent statement to show that it is basically unfair to require to operate under a ceiling while at the same time the costs of that industry continue to rise in an inflationary way. I think it doesn't work even in terms of a ceiling.

If you are talking in terms of a rollback, it becomes increasingly unfair. You have made a great case.

Now, time for recess has arrived. Following the recess, at 1:30 we will hear from the last of the farm groups, the Iowa Association of Farmer Elected Committeemen, the Iowa State Conservation Service Commissioners, and then the rest of the afternoon will be spent listening to individual farmers' testimony.

We will come back at 1:30, but before you leave, just quickly, Bob Wegmuller, who is my farm coordinator, has a brief statement with regard to lunch.

We stand adjourned until 1:30.

[Whereupon, at 12:40 p.m., the committee recessed, to reconvene at 1:30.]

AFTERNOON SESSION

Senator CLARK. The committee will come to order.

We are going to be hearing principally this afternoon from individual farmers. So that we can hear as many as possible, we are asking that you keep your remarks from 3 to 5 minutes, and I will give you the gavel at the end of the 5-minute period so you are aware of the time.

First, however, we are going to hear from the last of the group that were scheduled to testify this morning, the Iowa Association of Farmer Elected Committeemen, and then the Association of Soil Conservation District Commissioners, and the Iowa State Conservation Committee.

Now, I wonder if Mr. Carl Sellers, who is the president, is here.

First, we are going to hear from Carl Sellers, Iowa president of the National Association of Farmer Elected Committeemen.

STATEMENT OF CARL SELLERS, IOWA PRESIDENT, NATIONAL
ASSOCIATION OF FARMER ELECTED COMMITTEEMEN, RUSSELL,
IOWA

Mr. SELLERS. Thank you, Senator. for having me here.

I am slightly out of wind. Since you do have my prepared statement, I don't think it is necessary to go into all the details of it.

It is nice that you all are concerned about the price supports. We are also very concerned about the continuation of the committee system which you talked about before. We feel like there is a very definite need, as this committee says, to be implemented so we can administer the program which I am sure there is a need for.

We are also very concerned about the termination of the REAP funds, which we have testified about.

If there are any questions you would like to ask me, since you have my prepared statement, other than the fact that we should also comment about the transportation system we have. I think that will conclude my statement.

[The prepared statement of Mr. Sellers follows:]

Mr. SELLERS. Senator Clark and Staff:

I first want to thank you for giving our Association an opportunity to be heard in regard to very important farm legislation.

My name is Carl Sellers and I am Iowa President of the Farmer Elected Committeemen's Association. I am a farmer producing feed grain and cattle on my farm near Russell. I am a member of the Lucas County ASC Committee and through the Association I represent Committeemen from all over Iowa.

I am especially glad to be here for the visit and proud to be asked to help as I know some high up Republican officials who were refused permission to attend by their superiors in Washington, D.C.

Everyone with whom I have visited agrees that there is a definite need for farm program legislation. Legislation for the Program should cover a period of 4 years. I think this is imperative as a farmer must have some assurance of continued support as year to year Programs are inadequate for any type of long term planning.

Farming is the most basic of all industries in that farmers are expected to produce food and fibre to feed and clothe the world.

In addition to a 4 year production control or incentive program, we need a strategic reserve on hand under the control of County Committees. County Committees are equipped to receive and store commodities at very little cost and those commodities would then be available in case of drought or other natural or nuclear disasters. This was brought to our attention when we had the epidemic of the Southern Leaf Blight. Similar situations could occur with much more devastating results.

We believe that a 4 year Program should include Price Supports with Corn support of at least \$1.50 per bushel and Soybeans of at least \$4.00. We also believe there should be a continuation of the Reseal Program.

We believe that there should be a payment limitation at a much lower figure than the \$55,000 limitation at present.

Farmers in Iowa are almost 100% in agreement that it was a serious mistake to discontinue the Rural Environmental Assistance Program and you, Senator Clark, know as well as any farmer the

benefits both city and country people have had from this important Program. It has been the best Program ever devised to conserve soil and water and to reduce pollution.

Lower farm incomes as we have been experiencing due to over production has forced many young men off the land and into congested areas and will continue to drive the small farmer out of business. This has been the real problem of meat production as larger operators seldom participate in feeding operations.

Farmers are not asking for subsidy handouts such as are given to transportation, communications, and other types of business. We wish for a program which will control over production and result in higher prices for perishable commodities. We are not in a position such as automobile manufacturers and tractor companies which control their production and sell a nonperishable item. They wait until they get *THEIR* price.

Farmers seem to be continually in the news due to what some people think are high food prices. These same people think nothing of paying 75¢ a drink, \$3000 for a boat, or \$5000 for an automobile. Farming has been a way of life ever since the days of President Washington. Very few have ever become rich.

Farm Programs are needed. The Committee system of administration has been successful. Let's do our level best to keep the Committee system working.

Senator CLARK. That is fine. A couple of questions.

First, the REAP program, as I know you are particularly interested as some others who testified are. How do you think that program can be maintained? As you know, it is very much under attack. The President has ended it simply by proclamation. What do you think the best arguments are?

Mr. SELLERS. To the best of my knowledge, there has never been another Federal—whereby anybody matched Federal money with government money to promote conservation practices, and I don't know how anybody can put an amount on the figure that has been done.

There has been a lot of conversation in recent months about the environment and pollution, and all I know about the entire situation, ACP and REAP have done more to control these various situations than anyone has ever done.

Senator CLARK. I want to ask you about the effect in Iowa.

Do you believe that farmers will go ahead and do these things on their own? When Secretary Butz was before the committee it was his judgment that the program had been somewhat successful, but that farmers would do the work anyway. Do you think that holds water?

Mr. SELLERS. I don't believe so. There will be a percent of it done, but for the numerous reasons mentioned this morning, the farmers are going to have their dollars allocated toward necessary expenses and there will be a percentage done, but not nearly the amount without incentive. We all have to have incentive to do these things we have to do. So I think that is the reason it should be reinstated and funded.

Senator CLARK. I notice one of the interesting things is that REAP is perhaps the best example of the whole constitutional crisis that we are talking about now, whether or not the President, not just

this President, but whether or not any President ought to have the right to not spend the funds or discontinue or effectually nullify all that is passed out of Congress. I think many of us, members of both parties, feel that failure to use the program which was passed and has been funded is not constitutional. We have in effect passed legislation in the Senate to restore that kind of program, to mandate it, I should say, to pass the law again with mandatory language that the appropriated funds be spent. So it will be interesting to see what happens to that.

We will next hear from Eugene Swartz, president, Iowa Association of Soil Conservation District Commissioners.

STATEMENT OF EUGENE SWARTZ, PRESIDENT, IOWA ASSOCIATION OF SOIL CONSERVATION DISTRICT COMMISSIONERS, LENNOX, IOWA

Mr. SWARTZ. Thank you, Senator.

Really I feel privileged to be here to represent the Iowa Association of Soil Conservation District Commissioners, which was formed in Iowa about 30 years ago. Since then the laws have been changed. First we were organized just to develop and implement a program soil and water conservation with the farmers. Since then the cities and towns have been taken in.

First we had an evangelistic type program. Now, since 1972, I believe it was, the conservation law was passed which put the responsibility for soil conservation on the farmer if he was under the complaint system and erosion could be controlled in that manner.

The Soil Conservation District—I would like to mention a little bit of this because I am a farmer in southwest Iowa—I believe in soil conservation districts and their commissioners. They serve without pay. They do get some compensation from our State government, but it is very, very small. We appreciate that, of course. It has a memorandum of understanding with the Department of Agriculture, and we work very, very closely with the Soil Conservation Service, the Extension Service, and this sort of thing.

But you have the prepared text, and I will go through this rather fast. Soil conservation districts are now at the present time in a really unenviable position. I think you are aware that the funds have been pretty well held back and at the present time we have had a great reduction in their ability to carry out programs than at any time in their history because funding of USDA programs is being curtailed at the very time when the needs and responsibilities are really and truly the greatest.

The REAP program has been dropped. We do have another tool. We feel that really cost sharing is very, very important on the incentive practices here in Iowa because the benefits from soil conservation are not only proved by the farmer himself, because when you stop to think about the soil itself, the greatest producer of energy, the United States of America has, then it flows on everyone's behalf to pitch in and help take care of our natural resource, the soil. So everyone, when you put a few dollars in something, you then begin to realize it means something to you.

So it is not only the landowner's responsibility, but believe me, it is everyone's responsibility, and at the present time when the USDA is calling for full production, it has been a long time—let me put it this way—since we have had more dire need for soil conservation practices. When you pull in a lot of this marginal land for production I am sorry to say a lot of it will go down the Missouri and Mississippi River.

Let me say that the Rural Development Act was passed in 1972 and there is in the Rural Development Act, title IV, section 605. We do have long-term cost share conservation agreements. Iowa itself is working very, very hard for this. We hope that in the very near future we can get a long-term contract for soil conservation practices where by even 3, 5, 10 years a contract can be drawn up with, by the farmer with the USDA, whereby these practices, the long term, the permanent practices can be cost shared.

Now, the farmer, I am sure, can be put on cost sharing. He doesn't need to be paid for everything. He realizes it.

But under title II, also in the Rural Development Act, we have high hopes for the environmental progress that can be made in rural America. We have already indicated the budget for the coming year proposes \$10 million for technical assistance and cost sharing under title II and section 605. Now, this will represent a start and a start only. I think it would be a very modest one.

Another deep concern of the Soil Conservation District is the lag in funds for the Soil Conservation Service. They are the ones to whom we look for technical aid. They have been cut tremendously in personnel. They lose 40-some men in the near future, the increasing demands on our soil conservation program and reduction puts a real increase in the demand for technical aid.

The Soil Conservation District has been quite prominent in making effective use of the small watershed program. We have 102 watershed applications which have been approved by the State Soil Conservation Committee. Thirteen watersheds have been completed with 25 under construction. This is a program whereby farmers and community people work together. This week has been State Soil Conservation Week in Iowa. I have enjoyed having an input into it, and we really appreciate our watershed projects.

You know, as we sow, so shall we reap. As I mentioned a moment ago, funds have been cut. Last year we had \$28 million. This year it is recommending \$8 million. And, yes, as we sow, so shall we reap. If you sow corn and kindness, so shall we reap, and if you sow guns and ammunition, so shall we reap.

If I spend one-third this month planting my crop, as I spent last year, I will probably reap somewhere near a third of the crop. This bothers me when programs are cut so tremendously. Really, districts are making every effort they can to adjust to the losses in funding. They are not standing idle. But I do feel that urban people have a responsibility and they should not have the opportunity of shirking it.

Soil conservation districts have a positive program to wisely use their soil and water resources for many years. We will, however, need technical help, at least at a level to that of 1972, if we are to

continue to carry out effective conservation programs to support a growing population.

Thank you.

Senator CLARK. Thank you very much, Mr. Swartz.

I liked particularly your interest in the fact that these programs really affect urban people and the people in the small towns as much as farmers, because the programs, the REAP program and the other programs you mentioned clearly are not designed for one segment of the economy.

I wanted to ask, Eugene and Carl, who are very rightly affected by this, what have been the concrete results of the decision to discontinue these programs? How many people have actually been let out or notified? Do you know anything about the status of people that might be leaving the Service?

Mr. SWARTZ. Yes, the Soil Conservation Service is losing 43 men.

Senator CLARK. You said 43. Would that be in Iowa?

Mr. SWARTZ. Yes, they are quite perturbed about being able to keep up the technical force that we actually need. By 1974 there will be a loss of 136.

Mr. SELLERS. Right along with that these men who have been implementing the ASCS offices, there is going to be one girl, and in lots of cases more than one girl in the offices let out on account of this.

Senator CLARK. Sir, the thing that is disturbing to me about this, even if the Congress were to pass the law and the President signed it, indeed if it were to be vetoed, the Congress overrides the veto, we have already dismantled the administrative mechanisms or already gone forward towards dismantling it.

Mr. SWARTZ. We will lose these and if they reinstate something then new people will have to be trained. We are losing very well-trained people.

Senator CLARK. All across the economy we are ending programs with the discussion of the fact that they may be reinstated with more local control, with more revenue sharing, but the fact is if these programs are ended for 16 months or 6 months or whatever, you lose most of the people and you have to start all over again. I know with a great many social programs, at any rate, it really took 2 or 3 years to get the kind of people to make these programs effective.

We are very glad to have you here.

Thank you very much.

[The prepared statement of Mr. Swartz follows:]

Mr. SWARTZ. I consider it a personal privilege to represent the Iowa Association of Soil Conservation District Commissioners on this occasion.

Over three decades have gone by since the Iowa Legislature enacted the legislation that permitted the organization of soil conservation districts in the state.

The law not only permitted the organization of districts, but further imposed far-reaching responsibilities on the governing boards of districts.

Soil conservation districts were initially charged with the responsibility of developing and implementing a program of soil and water conservation for the agricultural lands of the State. Over the years,

more than 100,000 Iowa landowners and operators have voluntarily cooperated with their local soil conservation districts in developing individual and group plans to conserve soil and water. Districts have an enviable record of action in promoting the wise use and conservation of the State's most precious resource—our soil. It should not go unnoticed that the 100 soil conservation districts of Iowa all had action programs for environmental improvement long before the so-called environmental awakening.

During the first three decades of district operations there was a mixture of evangelism along with the job of providing on-the-land services to cooperators. The public awakened and as we moved into the fourth decade, there was a demand for districts to further broaden their horizons to represent the managers and users of both agricultural and nonagricultural lands for the benefit of the entire community. The Iowa Legislature, keeping pace with present day needs, in 1969 amended the Soil Conservation District Act to include cities and towns in districts. Units of government were quick to respond to this new source of assistance in resource management; in 1972 alone, over 400 requested assistance.

More recently, the State legislature expressed concern that voluntary action by land users to control soil erosion might not cover all situations where valuable resources are being damaged by sediment and passed the Soil Conservancy Act. This act gave soil conservation districts the responsibility of acting on complaints filed by landowners who felt they were being damaged by sediment resulting from uncontrolled erosion from specific sources.

Soil conservation districts are governed by a body of five commissioners who serve without pay. All of Iowa's districts have developed long-range programs to deal with the special resource conservation needs of their district. Many are now updating their programs to reflect their broader responsibilities.

Each district has a memorandum of understanding with the U.S. Department of Agriculture whereby the district agrees to tailor their programs to meet local resource needs and the Department, in turn, agrees to provide certain assistance through its various agencies in implementing the district programs. The tools available to districts have included for many years the educational assistance of the Cooperative Extension Service; credit facilities of the Farmers Home Administration; assistance of the Forest Service represented in Iowa by the Iowa Conservation Commission; technical assistance from the Soil Conservation Service; and cost-sharing assistance through the Agricultural Conservation and Stabilization Service.

Soil conservation districts are now in the unenviable position of having the greatest reduction in their ability to carry out programs at any time in their history because funding of USDA programs is being curtailed at the very time that their needs and responsibilities are greatest.

As you know, the administration has abolished the rural environmental assistance program for cost sharing. Their cost-share program has been an important incentive to farmers in Iowa applying erosion control measures such as terraces, grassed waterways, grade stabilization structures, and tree planting on their land. Under this program the farmer and the Federal Government share in the cost of conserva-

tion practices to prevent soil loss, keep sediment out of lakes and streams, abate pollution, and improve the quality of the environment. All of our people benefit, rural and urban alike, and as such should be willing to share in the costs.

We feel very strongly that cost-sharing assistance on those permanent practices requiring higher costs should be provided because of lasting benefits to the environment and the public interest being served. Title VI of the Rural Development Act of 1972, section 605, provides for and authorizes the Secretary of Agriculture to enter into agreements with landowners for the purpose of carrying out soil and water conservation practices over a period of up to 10 years. The basis for the agreement is a conservation plan approved by the local soil conservation district. Cost-sharing assistance could be provided on the more costly permanent practices with the landowner carrying out the less costly but necessary conservation practices on his own. We believe this to be a very satisfactory and acceptable approach in providing immediate and long-range protection to Iowa and the Nation's soil and water resources.

We believe this portion of the Rural Development Act is an opportunity and means to provide the kind of cost-share assistance sorely needed to support the soil and water conservation efforts of farmers in this State and in the Nation.

We have high hopes for the conservation and environmental progress that can be made in rural America under this section of the law, along with the authorities provided in title II. As we have already indicated, the budget for the coming fiscal year proposes \$10 million for technical assistance and cost-sharing under title II and section 605. This would represent a start on this important activity, although a very modest one.

Another matter of deep concern to Iowa Soil Conservation Districts is the slash in funds to the Soil Conservation Service. SCS is the chief agency in USDA providing technical assistance to Districts. Planning to meet the conservation needs on an individual farm basis, in groups, or on a community basis is one of the most important services we receive from the Soil Conservation Service.

During 1972 we asked SCS technicians to serve the broadest cross-section of resource users in our history. These resource users and planners included everyone from individual farmers or homeowners to city and county planners to urban developers and highway officials.

These increasing demands for technical assistance stem from the concern of Iowa people, rural and urban alike, for the conservation of their soil and water. They recognize the need for more care in planning the use of these resources. This is especially evident as decisions are made and action taken to bring about greater production in corn and soybeans to meet domestic and world demands. As a more intensive use approach is taken, the need for soil and water conservation measures on the land is going to be greater than ever.

Soil conservation districts are making effective use of the small watershed program—Public Law 566—in Iowa. One hundred two watershed applications have been approved by the State soil conservation committee. Thirteen watersheds have been completed with 25

under construction. These watershed projects are scattered about the western and southern part of Iowa with a limited number in the northeast. This project type approach to soil and water resource development and conservation is locally initiated and controlled by people living in the watershed. Present fund limitations for this program will reduce the amount of technical and financial assistance available from the Soil Conservation Service. Local people and their organizations will not be able to complete the installation of flood prevention, erosion control, water management, recreation, and wildlife developments as planned.

Soil conservation districts have recognized that community needs extend beyond the development of physical resources. Therefore, 16 districts in Iowa have now combined into three multicounty resource conservation and development projects. These projects are aimed at developing and carrying out improvements that create more jobs, added income, and improve the quality of living in rural areas. Districts and local units of government work closely in planning and implementing resource related community needs.

Currently, measures being developed include water supply and distribution, protection of established city water facilities from sediment and other pollutants, providing erosion control to county roadsides and improved land use.

We are faced with a decline in both technical and financial assistance in these projects. The national budget for R. C. & D. projects in fiscal year 1973 was \$26 million. The budget proposed for 1974 is \$8 million.

Soil conservation districts in Iowa have suffered a progressive loss in technical assistance from the Soil Conservation Service since 1967 due to a reduction in funds and personnel ceilings imposed on the Agency. By 1974 this reduction will result in a loss of 136 people.

Districts are making every effort to adjust to these losses but the net result will obviously be a delay in the protection of our soil and water resources and the resulting impairment in our quality of living.

Soil conservation districts have had a positive action program to wisely use our soil and water resources for many years. We will, however, need technical support at least at a level equal to that of 1972 if we are to continue and carry out effective conservation programs to support a growing population.

Senator CLARK. Anyone who wants to testify can please come down to the table in front and sit down on the left-hand side, right down in this area, so we can sort of take turns. We are going to ask you to use this stand in front of us here, so that you can be heard and seen and just stand up to the microphone.

So, again, I say I would like to have you limit your statements to 3 to 5 minutes, and we will give you the gavel so you will know when the 5 minutes are up. I would like to have you discuss your views in any way you see appropriate, either by reading or speaking, as you like.

So who is the first witness? We ask that you just come forward and give your name and your address.

STATEMENT OF DON SPENCER, RUTHVEN, IOWA

Mr. SPENCER. Senator Clark, it will be obvious to you that my testimony pertains not only to agriculture, but also to national security.

It is an honor to invoke my constitutional privilege and right of speech at this convocation. An honor, but at the same time I'm perplexed and troubled by the questionable decisions, dealings and policies conceived by agricultural authorities. The whole science of agriculture remains entangled in a web of deception, discrimination, and most evident, financial blunders. My conscience demands that I speak bluntly.

How can you talk about the common needs of people at this juncture in history without being realistically harsh? Needs about which there can be no disagreement or conflict of national interest and should be plain for all to see.

Perhaps this "unknown voice" of mine will be the catalyst and thrust that is going to and will expose those political leaders responsible for our disgraceful domestic neglect and secret, shady foreign deals. We American people can no longer continue to live in the shadow of doubt, deception and promotion of personal gain by people in power.

If this continues on, a Chief Executive in this era may be the first President to lose a different kind of election—voted out of office during his term of office.

I am convinced that people sense that these things are happening. But most are running scared, afraid to speak out.

The silent majority cries out for a rock to which to cling—reaching for his symbols—the flag, patriotism and so forth—hoping they will lead them through the chaos.

If a person is to break through the barriers of the silent majority, one must choose between "What is America and what is not America?"

Today I am testifying about Agriculture U.S.A. I have many formulated opinions—some of which will bring me into direct confrontation with Secretary Butz and President Nixon.

First it is my conviction that those of us engaged in agriculture must realize that we are in a time of transition, from many tough years of loss to years of justified profit.

It is equally imperative that the consumer must be educated about this fact of transition also.

Evolution is also characteristic of this transition period. Agriculture as it was originally understood to be now more aptly applies to the concept of the agribusiness conglomerate. The conglomerate invasion upon private enterprise and family farming is the problem to be dealt with.

I believe that the system of private enterprise and family farming must be nurtured and preserved lest the conglomerates bring them to their untimely de-mize (demize).

First—Independent farmers must work together to stop this invasion through legal and political means.

Second—we must challenge corrupt Nixon, Butz deals that subsidize corporate business and foreign countries.

Third—we must get tough with all the commanding officers in this conglomerate army of invaders, one of which is sergeant Butz.

Using the words so often spoken by Mr. Butz—let us chase the rabbit and find out where the rabbit's hiding.

Now, isn't it ironic to find out that the bunny has been sitting on the Secretary's desk all the time.

I'm not here to slap individuals personally but their policies. It should be obvious to anyone by this time that Mr. Butz has opened a gap a mile wide regarding his self-righteous pronouncements spoken and written to the U.S. Senate during his confirmation.

And now after 17 months of breast-beating performance our Secretary has proven beyond a shadow of a doubt to his Senate critics and farmers that he was not willing to break cleanly and drastically with the past.

In begging for his confirmation to the position of Secretary of Agriculture he supported rural family farming.

He wasn't long knocking hell out of that pronouncement.

During a Washington interview 1 month after taking office, Butz said he'd concentrate on preserving the family farm, but not the self-sufficient family farm of 160 acres.

I ask you—it is disgraceful to be self-sufficient in rural America on a small patch of good earth?

On his first day in office, Secretary Butz announced that the Federal Government would make large-scale purchases of corn on the open market. Farmers shouted—"It's come at last."

Seems like everybody was jumping on the political band wagon—but the wagon didn't roll very far.

In fact, the wagon stopped dead center in front of the terminal elevator * * * leaving rural elevators and farmers holding the bag.

Once again agribusiness conglomerates reap the harvest over those of the independent farmer.

You may recall when the U.S. Senate was unsuccessful in lowering the amount any one farm unit could receive under the feed grain program. A Senate bill was introduced to limit the payment to \$25,000—Butz was quick to take a stand, favoring no limits on feed grain payments. The payment limit was revised upward to \$55,000 and was passed. Secretary Earl Butz apparently believes the sum total of \$55,000 isn't enough for the survival of the conglomerates who continue buying the family farm off the auction block.

What about the many changes in the feed grain program? One county A.S.C. executive told me the changes came so often that he had to read the daily newspaper in order to answer the farmers' question.

I know the anger and despair many of you feel about the reversal of the feed grain contract.

Contractual reversals such as this decidedly contribute to the already rising clouds of suspicion and doubt about farm policy in the future.

This action taken by Secretary Butz leads one to question his incompetency and his inconsistency.

I believe that agreements signed before March 16, 1973, are not binding since the action of March 26 established the fact that the prior commitments were made on the basis of incorrect information supplied by the U.S.D.A.

The terms of the contract are subject to change after the fact, and therefore the sign-up should be reopened.

What were the reasons behind the movement of the C.C.C. grain market during an already existing transportation crisis and with country elevators facing bankruptcy because of high interest being paid on a backlog of stored grain.

Why does Secretary Butz turn his back on the need for strategic grain reserve—a reserve which is so essential to our national food defense system?

Why did the President of the United States turn his back on the American people by allowing this secret, corrupt Russian wheat give-away deal?

A deal in which conglomerate grain companies were given priority over national defense.

A deal that didn't give the farmer and country elevators a chance to profit because public right to know information was withheld.

A deal that was the direct cause for price rises in every bakery shop in America.

A deal, in my opinion, that will bring on bread rationing in this country—and before 1973 passes from the scene.

A deal made in apparent White House secrecy.

A deal that was a bargain buy made by the Russians with American credit cards.

A deal in which President Nixon sacrificed public money to subsidize the Soviet sales "costing the U.S. taxpayers about \$300 million."

It is ironic that Mr. Nixon has chosen these words—"let us keep a tight lid on our fiscal budget."

More than any President since the birth of this Republic—Richard M. Nixon has permitted and structured excessive military spending, subsidizing the Soviet wheat deal, neglecting domestic needs. By irresponsible direction, President Nixon is pur-pe-tray-ting [perpetrating] financial genocide to a worthy people of this great Nation.

I further believe there are several related factors involved with the Russian wheat give-away deal—some of which are tied in with Mr. Nixon's personal gain—election 1972.

Several months prior to his Russian trip he was questioned on national television about the feasibility of a trip to the Soviet Union. He responded negatively on the premise of possibly creating a false security or false peace. In contradiction to his answer in favor of personal gain for reelection he went anyway.

It would seem improbable that a careful reading of the record of Russian involvement in Indochina could have inspired Mr. Nixon to visit the Soviet Union.

If this was a "move to achieve peace with honor" then it raises questions that will haunt us for generations to come.

He sabotaged his own peace efforts by dealing in subsidies previous to his Russian trip. Why with a country that supplied armaments to kill 50,000 of our men, leaving thousands wounded, POW, and MIA, should we enter any grain exchange agreement? If the President would have had any guts he would not have allowed one loaf of bread to be exported to Russia. Such under-the-table deals with Soviet leaders amounts to a breach of loyalty to the Nation and a great dishonor to those who fought and died in Vietnam—every POW who suffered torture and hunger and every MIA who cannot speak for himself.

If I were a Congressman or a Senator, I would raise hell with Nixon, Butz and Brunthaver and demand that the Secretary and Under Secretary of Agriculture be fired and furthermore I believe the people of this Nation and the Congress will in the near future ask for the resignation of the President.

My concluding thoughts are raised to the Almighty and are reflective of this sublime period of Christianity.

Tomorrow the Christian world will observe Good Friday. A day on which Christ accepted a martyr's death upon the cross. By His passover through death to new life, Christians celebrate His resurrection this coming Easter Sunday.

On one occasion during His earthy life Our Lord, very angered, entered the temple and began upsetting the tables of the money changers and driving out the thieves.

In the true spirit of His resurrection we the people must rise up fearless in the true spirit of our country and drive out those individuals in power who corrupt the Constitution of the United States * * * Where there is a will, there is a way.

Awaken our sensibilities, Almighty God, so that we may firmly believe in Your Kingdom and in our Nation. That vision, hope, faith, and truth will restore America in its intended image.

Senator CLARK. You are Don Spencer of Ruthven, Iowa?

Mr. SPENCER. Thanks for the break.

Senator CLARK. It doesn't sound like you are very fond of our Secretary of Agriculture.

Mr. SPENCER. Senator, I have never met a man I ever disliked, but policies, they do irritate me.

Senator CLARK. What is your impression, Mr. Spencer, of the set aside rearrangements? I didn't notice that you discussed that.

Mr. SPENCER. I was just coming to that.

Senator CLARK. I wonder if you had any particular reactions or feelings.

Mr. SPENCER. I have a little history about the Secretary that focuses on that view. You may recall when the farmer could receive under the feed grain program, as the Senator knows was introduced to limit the payment to \$25,000, Butz was strict to take the stand there would be no limit on feed grain. It was up to \$55,000 and passed by the Senate. Secretary Earl Butz believes that \$55,000 isn't enough for off-the-auction. I consider myself a family farmer with a technique, with just about 60 years to collect \$65,000. By then I will be 110. They told me, look to the daily newspaper in order to glance at Congress questions. Appeal in the feed grain contract. Contractual reversals such as this attributed to the already rising amount. Policy in the future leads one to the question of his incompetency and his inconsistency.

I believe the agreements signed on March 17, 1973, for March 6 prior commitments were made on the basis of incorrect information supplied by the USDA. The terms of the contract are subject to change after the fact, and therefore the signup should be reopened.

What is the reason behind the movement of CCC grain market during an already existing transportation crisis with elevators on backlog of stored grain? Why does Secretary Butz turn his back on the needs of grain reserve, a reserve which is so essential to our national food defense system? Why did the President of the United States turn his back on the American people allowing the secret corruption?

The deal, in my opinion, in which conglomerate grain companies were given a deal over national defense that didn't give the public elevator a deal was a direct cause to price rise, a deal in my opinion that this country, and before 1973 passes from the scene, a deal made in apparent White House secrecy, a deal that was a bargain made by the Russians with American credit cards.

Senator CLARK. Thank you very much, Mr. Spencer.

We appreciate you coming forward.

Mr. SPENCER. If you will give me two more minutes.

Senator CLARK. Go ahead.

Mr. SPENCER. A deal for Soviet sales costing U.S. taxpayers about \$200 million. It is taken off the fiscal budget.

More than any President since the birth of this Republic, Richard M. Nixon is permitted to structure military spending, neglecting the present needs along the way. The President is financial genocide to the worthy people of this great Nation. Factors are involved with the Russian wheat and the giveaway deal, some of which are tied with Mr. Nixon's political campaign of 1972. He was questioned on the future trip to the Soviet Union. He was possibly, creating a personal gain for reelection, he went anyway. It would seem improbable that a careful reading of the record to the Soviet Union, peace with honor, then it raises his own going to the Soviet Union and treating the Soviet Union. Why would a country supplies armies, that killed our men, leaving thousands wounded, enter into any new negotiation that he would give one loaf of bread to be exported to Russia, and the President speaks with bold, decisive action. Such is a great dishonor to those who fought and died in Vietnam, every POW who suffered, was tortured, and was hungry has to speak for himself. If I was a Representative in the House and a Senator, I would raise hell with Butz and demand that the Secretary and Under Secretary be fired and I believe the House of Representatives and Congress could be asking for the resignation of the President.

My concluding thoughts are raised to the Almighty and reflect that tomorrow the Christian world will observe Good Friday, a day which Christ died upon the cross. By his Passover Christians saw his resurrection this coming Easter Sunday. Our Lord became and upset, driving, in the true spirit of our country, can drive out those individuals in power who were up for the Constitution of these United States. Where there is a will there is a way, awakening or sensibility, so might further believe in your Kremlin and our Nation that vision, hope, faith will restore America in its intended interest.

Senator CLARK. Thank you very much.

Will each of you give your name and address?

STATEMENT OF G. E. LEWIS, NATIONAL SILO ASSOCIATION, INC., CEDAR FALLS, IOWA

Mr. LEWIS. G. E. Lewis, National Silo Association.

I am a farmer and I live in Cedar Falls, Iowa.

Ladies and gentlemen, right now is the time to assure our children and our children's children the kind of prosperity we are enjoying, because the way we handle the problems of agriculture over

the next 18 months will determine what happens 20 years from now. I say this because I believe that we can do something right now about the dual problems of food supply and demand and the energy crisis.

Perhaps for the first time in more than 20 years our Nation's agri-producers, which most people call the family farmer, are enjoying a truly representative return on their invested dollar and labor inputs. If anyone doubts that, consider such comparisons as one made recently by KWVL-TV President Robert Buckmaster who pointed out that since 1965 the average hourly wage has increased 62 percent. During that same period food costs increased 33 percent. If food costs had increased at the same rate as postage stamps, beef would be selling for \$77 a hundred; at the rate of medical care, \$72 a hundred; at the rate of hospital service, \$180 a hundred pounds.

Farm costs, on the other hand, have continued to go out of sight. Since 1950 pork and beef prices have increased 52 percent. In that same period the cost of a manure spreader has increased 395 percent; a three-plow tractor has increased 466 percent; a two-row mounted picker 162 percent. I'm certain you'll also be interested to know that the Government's civilian payroll, in this same period, has increased 305 percent.

With that in mind, we find it not in the best interests of the Nation or the consumer, over the long pull, to roll back food prices to any level. Because we believe it is the surest way you'll ever get of bringing about corporate farming in the United States; and if that happens, at today's standards meat could easily be selling for \$4 to \$5 a pound. We simply cannot afford to allow our marvelous supply and demand system of agriculture to go by the boards. We must encourage these men upon whom the foundation of the Nation rests. We cannot stifle them now—just when they are beginning to see daylight. Just when they see a chance to make a decent profit and to join with the wage earner in the general prosperity of the Nation.

I mentioned supply and demand as the best way to solve the problem. It is—and always has been. In my Silo Association jargon, we refer to it as least cost production. Farmers are learning more and more about it. They get better at it every year. Consider these facts. Right now farmers throughout Iowa—all over the Nation—are making plans to produce 25 to 30 tons of corn silage per acre, 6 to 8 tons of hay silage, and 140 to 150 bushels per acre mile. That's nearly double what it was 10 to 15 years ago. Is it any wonder food prices have not risen as rapidly as hourly wages? Farmers are simply too smart. They're too good. And our association keeps encouraging them by carrying the message that silage and high moisture grain will produce more beef, milk and pork than any other livestock feed.

We would like to have your association encourage them a little too. We would like to convince you that reinstating the farm facility loan program is necessary if we are to keep this supply and demand policy healthy. Let's use corn as an example of what a farmer can gross in milk or beef per acre using on-the-farm wet storage facilities. 150 bushel per acre corn will produce about 8,400 pounds of dry grain. That'll give the farmer about 12,229 pounds of milk * * * or 1,274 pounds of beef.

This same acre, harvested as corn silage and stored in a crop processing container and storage structure, will produce about 19,575 pounds of milk * * * or about 2,000 pounds of beef. This represents a potential percentage increase in milk and/or beef of 62 percent per acre.

It's on-the-farm yields per tillable acre * * * and proper processing of these yields * * * that will do more to maintain and lower costs than anything we can do. Therefore, why not encourage the farmer to progress * * * to produce the end product of beef, pork and milk on a least-cost-per hundred weight basis? This encouragement might even convince some farm boys to stay on the farm.

ENERGY CRISIS!

Now, where do we get the energy savings in a program like this? Implementing the least-cost production program on the farm could create a potential energy savings of \$83 million a year. How? Using 1971 USDA statistics, corn produced for grain-only equalled 5,540 million bushels. For example let's say half of that grain was mechanically dried * * * with energy costs at 3 cents per bushel. More than \$83 million of ever increasingly valuable energy would be consumed. As silage or high moisture corn, not a cent would have been spent.

That's just another reason why we believe the agri-producer could use a little break in financing wet grain and silage storage facilities. And you have the advantageous position of doing it at no cost to the taxpayer. Today's farmer would accept happily any program on a simple breakeven proposition for the Government.

ASCS

To touch on another subject briefly, my recent talks with neighbors and other farmers around the Midwest reveals much criticism in the way our ASCS is handling diverted acreage. A good many farmers are literally disgusted to have originally accepted either the 25 percent diverted or the 0 percent diverted acre. Then suddenly the rules were changed * * * those who signed up for the 25 percent could change to 10 percent * * * but those who signed up for 0 percent couldn't change. Those who signed up for the 25 percent could reduce diverted acres to 10 percent and still receive total payment as figured or computed on 25 percent. I hope you gentlemen will get after the people who instigate and write these programs. Get them to come out on the farm once in a while; think things through when writing up a program; and not be changing horses in the middle of the stream. Farmers still neighbor * * * and they talk about our Government. Let's earn the right to their respect in discussing our Government.

SUMMARY

Thank you gentlemen, in allowing me to visit with you today. In summary, I would just like to say:

Don't roll back food prices. Supply and demand will take care of prices * * * and give the agri-producer a decent living. Food prices are not our basic problem so far as inflation is concerned.

Help the farmer with his storage and feed problems by reinstating the farm facility loan program * * * and you can enjoy the extra benefit of a possible big energy resources savings at the same time.

Encourage today's agri-producer in every way you can. The alternative of corporate farming will end much of what is great in America * * * and open a can of worms no government or bureaucracy can hope to control.

Senator CLARK. I think it is a good statement and the conclusions, I think, are very sound.

As I said, we were at this John Fitzgerald farm and we saw what facility loans can mean there in terms of bins and other facilities. Particularly as one of the earlier witnesses said, if we will not have grain reserves it is important we restore the loan.

Thank you very much.

STATEMENT OF LAWRENCE BRENNAN, EMMETSBURG, IOWA

Mr. BRENNAN. I am Lawrence Brennan, Emmetsburg, Iowa. I am 75 years old and I operate my own farm.

I spent 35 years as farm program administrator for Palo Alto County. My remarks will be brief.

I was intrigued this morning when you asked the question, "What could happen if we lost the farm program?" In 1932, I made a visit to Chicago and Milwaukee. I wasn't protesting the price of beef. There were soup kitchens on the corners. Nobody was protesting the price of soup because it was free. I stayed with a cousin who was a teacher. She told me that one of her pupils had fainted in class. It wasn't her turn to eat that morning!!! My cousins asked me what was happening back home. You know what was happening back home! Corn was 10 cents a bushel. There were foreclosures throughout Iowa and the Midwest. Banks failed, and what happened then? It got so bad that we finally got the first farm program, the first triple A. So coming to Ames is old stuff for me. We had our first meeting here to organize the program. Almost against my will, I was elected County Chairman, and I had to hire a man to help with my farm work. We spent the first year getting the farmers accustomed to the new program. A year later we came back to Ames for another meeting. It was then that a new problem arose. A telegram informed us that the Supreme Court had declared the triple A unconstitutional. What happened? The committee men, and there were a lot of them, started to riot. I managed to secure the rostrum, and I said, "Gentlemen, look, there are reporters and photographers here. Let's cool down, go back home, and try to secure a program that is constitutional and workable."

I was then elected by those present as chairman of a committee to work for a new farm program. After many months we succeeded in getting the lukewarm program known as the Soil Bank. Down through the years, we have seen our various farm programs evolve, and we have seen them bring a measure of prosperity to our farmers, and to those whose industries depend on the farmers. I have talked with many farmers this spring, including a young farmer by the name of Charles Fank, who does custom work for me. He farms 1,200 acres, but he said to me, "Larry, if I could make a living for my family on 240 acres, I wouldn't be farming 1,200."

Coming down to Ames today, I was saddened by the vacant farmhouses. Those farmers are gone. The towns have suffered, the churches have suffered, the schools have suffered. In God's name, bring back a workable program. Secretary Butz has asked for millions of additional crop acres in 1973. If that is the case, then the farmer should have a guarantee of at least \$1.65 for corn and \$2.50 for beans. This assurance would help to stabilize the farm economy.

I am one of the poor fellows who agreed to raise more beans for the Secretary by accepting a lower support and a lower payment, under the B program. Later the A program was changed and we who had signed up for the B program were short-changed. Seventy-five percent of my farmer friends who, like myself, signed up for the B program, feel like hostages at Wounded Knee.

If we can have at least a 2 year loan, at the support prices I have mentioned, our farmers will know a reasonable prosperity, and related industries will likewise prosper. Some one here today has said that he didn't like Secretary Butz. I love Mr. Butz. He has given us a new Biblical quotation, "Blessed is he who expects nothing, for he shall not be disappointed."

Senator CLARK. Thank you sir.

May we have the next speaker, please?

STATEMENT OF C. R. HURBURGH, ROCKWELL CITY, IOWA

Mr. HURBURGH. Farming is not a single industry. Each segment has its own actions and reactions; some with economic resources more flexible than others. I am a corn grower, and we do this job with some efficiency. However, problems arise once the corn leaves the farm. It is not moved well. There is no great surplus of corn, nor has there been in recent years . . . only enough to have been used to depress corn prices below production cost.

Corn is the "Taconite" of all agriculture; it is basic to most popular protein foods; and it is grown by a relatively few producers. This set of circumstances throws nearly the entire burden of maintaining a low national food budget on one group—the corn grower. This is obviously an unfair burden, and cannot be tolerated much longer. There is no reason why one group must subsidize a nation to the point where it needs spend only 16 percent of its income on food.

In my judgment, there are two things that can be done without too much delay. One by growers themselves, and one by the Government. First, corn growers should create an active and responsible Corn Growers Association similar in some respects to the American Soybean Association. The Corn Growers Association should then merge with other similar groups into an American Agriculture Association patterned after the American Manufacturers Association with responsibilities peculiar to agriculture. This would give farming the place in the sun it must have, and the direct power to take action on matters that concern it.

Second, the Government can be helpful in the short run by setting a high loan rate for corn—high enough to cover costs of production, and by providing loan funds sufficient to help growers build storage facilities on the farm, especially in the so-called surplus corn

regions. I would suggest a loan price on corn between \$1.50 and \$1.55 at the farm level. This should be sufficient to cover the economic costs present in corn production at this point in time. If it is felt that some sort of strategic reserve is prudent, this reserve must be isolated to the point that it will not, and cannot, be used to control the price of corn. The reason for storage facilities on the farm should be self-evident. It is the only practical way for a grower to participate in the economic health of his industry, and it offers relief for our already overcrowded and inefficient transportation system. The reason for the higher loan rate is to remove an economic injustice from a small group that cannot adjust without going out of the business of producing food, and transferring some small part of the burden to those who benefit from it.

The remaining problem is only to move corn. This is what has not been done before, and which, given the present world economic and population situation, is not an unsolvable problem at all—in the long run, by the Growers Association I referred to, working with Government and agri-business; in the short run, by Government with the help of agri-business.

Senator CLARK. Basically you would say that the extension of this program with \$1.50 support is right?

Mr. HURBURGH. In that area, yes. All factors considered, it now costs us between \$1.49 and \$1.55 to produce corn. The corn grower's trouble has always been that his product has not been moved. The demand is there. It is only that, heretofore, our national management has seen fit to ignore the small group of growers who carry the entire load.

Senator CLARK. Thank you very much.

STATEMENT OF ARVID LINDELL, BRISTOW, IOWA

Mr. LINDELL. Thank you.

I am Arvid Lindell, from Bristow, Iowa.

According to the USDA census 47½ per cent of the total acreage of all Iowa farmland is rented by operators. I don't think these tenant farmers have ever had their thinking on U.S. farm program adequately expressed or ever presented to the Agriculture Committee. They generally don't have the time, the education, to adequately express themselves, and they are not financially able to travel or present their views.

The main objective of the agriculture program is to alleviate the farm problems and solve them. Now, if you are going to solve any farm problem, you have to decide who has the problem? Who really has the farm problem? Does the farmer out here that owns 2,000 acres of good Iowa farmland have any serious financial problems? Does a professional or businessman who owns 200 acres or more and lives in town have any farm problems? Let's look at a borderline case. A farmer owns 60 acres and has it paid for. Does he have any serious financial problem? Well, if you take a look at him, he is worth \$100,000 or more if it is good farmland. He is in a strong financial position. He can be competitive. We shouldn't have to worry too much about him.

I'll tell you who has the farm problem! It's the tenant-farmer and the small farm owner. Those are the ones that are doing 50 per-

cent of all the farming in the State of Iowa. But these people can't make an adequate living on the farm and move to the city to find a job and end up, possibly on relief, adding to this country's urban problems.

If this country continues on its present agricultural program, in 20 or 30 years we are going to end up with a small number of large-size, 1,500 to 3,000 acre farms owned by individuals or family corporations. I don't think we have to worry too much about big corporations. The trouble is there won't be a chance for young men to start farming. Most tenant and small farmers are not against the theory of larger farms because they hope to enlarge themselves, but they are against the government helping the big farmer to get bigger. The government should have a policy of helping these tenant and small farm owners up to about \$100,000 net worth and then cut off all Government help. Why \$100,000? Because you have to have a \$100,000 unit to be competitive and efficient. We don't want a group of inefficient farms. Then food costs would really go up.

Then you ask, why should we help the farmer of \$50,000 or \$80,000 net worth. As someone said before, Las Vegas really isn't gambling compared to farmers. There is a lot of farmers that bet their whole net worth on a gamble for a crop or livestock operation, and usually it is a pretty good bet, but something can go wrong and they could lose their shirt in 1 year. So I think they should be given some help and protection.

First, we should lower the maximum Government payment to \$5,000 or less, to a farmer worth \$100,000 or more a \$5,000 payment doesn't have much influence, but to a tenant who's net worth is \$15 or \$20,000 that \$5,000 payment may make the difference between continuing farming and selling out and trying for a job in town.

Also, to be eligible for this \$5,000 payment, he should be required to give a signed statement that his net worth is less than \$100,000 and also that his off-the-farm employment is less than \$6,000, before he is eligible for Agriculture program.

Senator CLARK. Thank you very much.

Just one quick question. Arvid, I have been generally favorable toward lowering the limitation which is, as you know, \$55,000. It seems to me \$5,000 would be awfully low and \$100,000 would be pretty, a small operator. I was out talking to, as I mentioned before, a farmer this morning operating here. He estimated his present investment at his 215-acre farm as \$43,000. It was a relatively small operation. It was pretty diversified. It seems to me if you eliminated everybody like that you would have difficulty getting people in the program.

Mr. LINDELL. Senator, why should you be taxed and the labor and professional people and everybody else taxed to help this farmer worth over \$100,000? If he gets up to \$100,000 net worth, he should be competitive. From then on the people should take care of themselves.

Senator CLARK. You say net worth or gross?

Mr. LINDELL. I am talking net worth.

Senator CLARK. I guess my question wasn't so much. I understand what you are saying. I don't think I agree with it, but I understand what you are saying about the payments.

What I am asking, I think, is whether we could really limit production by having that many people outside production.

Mr. LINDELL. Don't limit production. Then we will have a good foreign balance of payments and then when the price of corn goes down to about 90 cents these large farmers won't be so anxious to buy this high-priced land and give an opportunity to the small farmers.

Now we are just being forced into this big farming proposition. I don't mind if a person wants to farm a whole township, but I am against the government helping him. All of the ASC payments are going to the big farmer. It isn't just the payment, it is the price support on his crops. Say a small farmer has 100 acres of corn. If you raise the price of corn 20 cents a bushel, you increase his net profit \$2,000—on 100 bu. corn crop. With a guy raising 1,000 acres of corn, that means he gets a direct net profit of \$20,000. I think it is just like a cow and calf operation. You have a calf, you let him suck the cow till he can feed himself. You don't let him suck the cow until he is sold. We should wean the large farmers off the government cow.

Senator CLARK. If you do not have time to finish your statements, give them to Carol or Charmayne or somebody on the staff. I know we are limiting you on your testimony. As I said this morning, if there are those who would rather not testify we would be very happy to receive your statement.

STATEMENT OF CLARENCE S. HEFTY, RENWICK, IOWA

Mr. HEFTY. I am Clarence Hefty, a dairy farmer from Renwick, Iowa.

With the help of our local bank production credit association and the Federal Land Bank, I operate a dairy within the corporate limits of Renwick, which is about 30 miles northeast of Fort Dodge. We maintain a herd of 150 cows selling nearly 12,000 pounds of milk per cow per year. I am a board member of the North Central Region of Associated Milk Producers, Inc. and am vice president of Public and Member Relations for our region. I am a student of history and good government having served on town council and presently on school board and as a strong believer in one of America's lost virtues—common sense.

We in Associated Milk Producers are deeply concerned with present administration policy of a minimal support price coupled with the planned adoption of the policies stated in the Flanigan report allowing dairy product imports. It is a short-sighted policy designed to please consumers today but will ultimately be to their detriment. It is not good sense to allow an industry such as ours to deteriorate by taking these steps.

Last year our farm profit and loss statement was such that our area extension economist advised me to sell our dairy herd and strictly grain farm. Our 320-acre farm is not large enough to support over one family as a grain farm while today we are supporting three families plus enough help from our two college and two high school youth to make the equivalent of four families. Also, at present we are not adding to the transportation crisis of moving grain

to foreign markets. Also, there is no better place to raise a family and to teach them the work ethic than on a dairy farm. Remember this—when a dairy farm dies—they do not come back to life. So preserve the American dairy farm—and the public will thank you just a short ways down the road.

STATEMENT OF DELMAR E. WILSON, SPRINGVILLE, IOWA

MR. WILSON. I want to thank you for bringing these hearings to our area and also thank you and Senator Huddleston for the sincerity and depth in which you are conducting these hearings here and in Washington, D.C., where I had the privilege to be in March.

The agricultural problem is a gigantic one, dramatized by the corn blight and the inadequate soybean harvest of 1971, by the wet spring and fall of 1972, and the fresh meat shortages and storms of 1973.

Let us heed their lessons.

1. We have in existence a more virulent corn blight, to which no corn is immune. Much of our corn has similar genetic strength and weakness. We must replace the weaknesses with resistant varieties.

2. Contrary to many theorists, the reduced soybeans production of 1971 was not entirely caused by the misnamed "culprit of good corn planting weather"—it was substantially the result of using our flexible price support system in the wrong direction, a reduction from \$2.50 to an actual \$2.20. This 30 cent differential plus advancement of the loan due date swayed many farmers from beans to corn. And remember, the soybean is not friendly to a conservation-minded farmer, because it promotes serious soil erosion.

3. The wet spring and fall of 1972 has proven there is inadequate capital—representing facilities, machinery, and livestock—to meet any more than good weather farming. Inadequate farm prices through a failure to use the flexible farm support system in a yearly upward adjusting spiral based on parity has failed to inject necessary capital into the farming industry. In fact, it has caused millions to migrate to the cities, taking their brainpower, their physical stamina, and their money out of the basic food-producing system.

4. The present shortages and abnormal gyrations in the price of meat are caused by but not limited to the following. (a) A shortage of capital—representing facilities, livestock and feed—on the individual farms; (b) Low support prices on feed grains breed rapid fluctuations in livestock quantity, since there is more of a go-for-broke attitude when livestock prices are high with resultant overproduction. We need to reduce this gambling whether by the farmer himself, by speculators, or by large grain companies speculating on the Board of Trade. A support price of grain, more closely related to value, will promote a reduction in price gyrations. We farmers routinely risk bad weather and diseases, etc., but as individuals we prefer not to gamble with giant corporations, and even Soviet Russia. Today the gamble on soybeans ranges from \$2.20 to over \$6. And in 1972 and 1973 over 80 percent of the farmers lost.

I should mention also that our large cattle feed yards concentrated around metropolitan centers are abnormal for cities and cattle alike. Why truck 700 pounds of feed over congested highways when we

could truck 100 pounds of finished cattle if distributed on the farms. Pollution and many disease problems would never exist. Reasonable support prices of grains, with resulting reductions in livestock price fluctuations, will give young farmers a chance to prosper. Our country needs them.

5. The recent storms and losses of livestock by the thousands prove our manpower, the indispensable farmers muscle and know-how, is another necessity in short supply. Our flexible price support system must be used thoughtfully and courageously to provide the necessary incentive for young farmers to cease their endless migration.

We farmers should not depend on the purchase of grains by Communist Russia and China to provide us with adequate prices and incentives. We have a flexible price support system which properly used, provides continued abundance. The French, as an example, say they will pay \$7.50 per bushel for soybeans and do not definitely call that a ceiling—why should our American farmers have a price support of \$2.20.

Low farm prices are causing even our farm machinery and repairs—now in short supply—to be exported to foreign nations including Communist. Apparently they are outbidding us pricewise including the increased shipping charges. Devaluation of the dollar has assisted them in the purchase of both machinery and grain.

If our Secretary of Agriculture and the administration prefers that our farm prices be regulated by the whim of Soviet Russia, then parity should be flexible only above 85 or 90 percent. Every farmer as well as every working citizen and retired person deserves a fair break in our economic system—

Senator CLARK. Mr. Wilson, the time has expired, but I would like to ask you if you have any feelings on how long we ought to extend the program for, 1 year, 3 years, 5 years? Do you have any particular thoughts on that?

Mr. WILSON. I don't think that matters, but it should be subject to yearly review.

Senator CLARK. Sir, we are not locked into it in case—

Mr. WILSON. The present farm program locked each farmer's allotment to the land use in 1959 and 1960, sometimes representing a previous owner or tenant, possibly now retired or even deceased. A new operator, with a different operation, was required to stay with the old allotment.

Senator CLARK. Thank you very, very much. I am pleased you made your statement so we can get it all in the record.

Thank you.

STATEMENT OF ELMER DOBSON, PRESIDENT, CARROLL COUNTY FARM BUREAU AND PRESIDENT, CITIZENS UNITED TO SAVE THE VALLEY OF CARROLL, CALHOUN, AND GREENE COUNTIES, CARROLL, IOWA

Mr. DOBSON. I am Elmer Dobson. I live in Carroll County. I represent the Carroll County Farm Bureau and, also, am President of an association of citizens organized to oppose a Corps of Engineer's project.

Senator Clark and Senator Huddleston and staff, I want to commend you for bringing this "Listening Session" to Iowa to get our views concerning legislation pertaining to agriculture. I want to address my remarks to an area of legislation other than what is known as the farm program. Yet my judgment ties in with good farm legislation because it entails judgments that involve agricultural trade-offs with other uses.

I am speaking of the rivers and harbors legislation that requires feasibility reports for justification of projects and where many of the projects require a large amount of good agricultural land. I am speaking about the inconsistency we see in congressional action regarding land. Action brought about through recommendations by a Federal agency that has no knowledge of agriculture and whose attitudes toward land and agriculture are outmoded and outdated. Namely—the Corps of Engineers.

My purpose here today is to encourage you gentlemen in the Senate and the Congress who are concerned about agriculture, to see that agriculture is treated consistently in your legislation. Second, when legislation requires the use of eminent domain, we ask that the studies justifying it be available to the public before the public hearings at which time testimony is taken to use before Congress. Third, that all property owners be notified that their property is being considered for public use and be informed where they can obtain or view the studies justifying that public use.

Very briefly, I would like to comment on each of the above points.

1. The Corps of Engineers does not treat land consistently as a resource to be preserved or valued. When figuring benefits, for flood control or reclamation to our economy, they project a very high increasing need for an agriculture and the economy it supports. When figuring the annual losses, they treat the land and the economy it supports by a different standard. They say we'll convert the land to dollars, both the people and the dollars will go some place else in the economy so there is no loss. By this method, they show no loss to the local communities and state for this resource of land and the economy it supports. It is for this reason that the results from some projects fall short of the expectations. No allowance is given for the economy already there over and against the new economy for the proposed new uses.

2. For the public to make a rational decision, that it has to live with, it should be able to examine all the facts and hear both the pros and cons, and not just be spoonfed the benefits by a self-perpetuating agency. It should be able to view a study from all sides.

3. It was almost inconceivable to me to realize that we live in a democracy and that the people who were to suffer the loss of their property, could not get access to a completed report prior to the public hearings. Then after they finally get a published report, and attempt to question the corps find they are told, look we don't want to argue with you, we only follow regulations. When we attempt to get those regulations, to see if they are being followed or to see if they are up-to-date with the times and needs of our country, we are sent back to the corps. The corps refuse to give them to us saying they are highly technical and that we can't properly understand them, that it would only cause confusion, but if we would care to

come to the district office they would explain anything we want to know. This is kind of like sending the chicken to the fox for help. It seems to me the Corps of Engineers should have to complete a report and then stand behind it and answer questions from all sides, publicly, prior to the public's or Congress' approval. It seems to me anything short of this plus equal treatment between farmers as to their worth to the Nation and economy constitutes a violation of the constitutional rights of those who are to lose their property.

I bring this up here because, if you get land in its proper perspective in the rivers and harbors bill it will make some of the other legislation concerning small watershed projects and conservation such as the old REAP program more competitive as a solution to pollution and flood control, plus preserving one of our most precious resources—land—for future generations.

Senator CLARK. We appreciate that very much.

I serve on the Public Works Committee which has that problem.

In brief you are saying "let's have more careful consideration of the land use and, above all, more democratic procedures in terms of the feasibility studies and a broader interpretation of the real value of that land most of all." I have had the same things in working through Congress and trying to get information for people who are involved with those projects and it is sometimes very hard. Sometimes we forget this is a democracy, and, after all, this Government belongs to us equally. It doesn't belong to the President, it belongs to all of us equally.

I certainly appreciate your testimony.

Mr. DOBSON. We think we could help a lot in this matter if we had the results of the studies prior to the public hearings where testimony is taken. It might take a little longer, but without this, we are selling our local people short, as the corps carries their testimony back to you people in Congress. Then the owner must overcome both the weight of the proponents and often times even congressional people who have worked on a project honestly and in good faith, and yet they have not been able to see a completed report either. This would help if these reports could be completed first.

Senator CLARK. I appreciate that very much. I think we operate too much, too often in terms of secrecy in Government, really, when public interest is involved and not the security of the nation.

STATEMENT OF DEAN VANDERLINDEN, MILO, IOWA

Mr. VANDERLINDEN. I am Dean VanderLinden, a livestock grain farmer from Warren County. Our Government has indicated a substantial increase is needed in feed grains needed. It seems to me this is based upon exports needed. There is no guarantee the farmer would take a lower price for his product. I am willing to do my share and I think all the other farmers feel they need a little higher support price. One way is to establish an adequate reserve and have a little more liberal facility loan program.

I would like to see the 2-year need basis go back, because the 1-year puts a lot of farmers out.

The REAP program was discontinued through the impoundment of funds, and I think that was grossly unfair because they had announced appropriations earlier. Farmers had made plans. I don't

think a lot of these will be taken care of. If we couldn't have a REAP program, possibly a loan program of some kind, and a long-term repairment schedule that would impound the water and save the soil. I am sure these have been established on the upper part of the rivers and the streams. We couldn't have flooding down in Missouri and Mississippi.

Our country, through last week's storm, lost a lot of cattle and calves which will in time, I am sure, increase the price of meat, possibly a disaster loan or something of that kind.

Thank you. I appreciate you having heard me.

[The prepared statement of Mr. VanderLinden follows:]

MR. VANDERLINDEN. I am Dean VanderLinden a livestock grain farmer from Warren County Iowa. I operate a 327-acre farm, producing 200 acres of corn and soybeans, 50 beef calves, and 1,000 hogs annually. I am quite concerned about some of the things happening in agriculture today.

Our Government has indicated a substantial increase is needed in the production of feed grains, wheat and soybeans. As a producer of these commodities I'm willing to try and meet my share of the goals requested.

It appears to me for the most part though those needs are based on an anticipated increase in export demands.

Should these demands not materialize, or for some reason be terminated, producers will suffer a severe loss in income because of a determination over which they had no control, or were in no way responsible for. It is grossly unfair to expect us to bear the cost of such a happening. Farmers should have guaranteed price support that will not reduce their net income below 1972 levels.

If the need is there and materializes, such guarantees would not cost the government one cent. If the needs do not materialize farmers should not be expected, nor have to bear the cost for an erroneous decision made by people in high positions in our Government.

Agriculture producers are proud to accept the challenge of increased production, as well as do their part in holding the line on the Federal Budget. It is noted funds have already been reduced, withheld, or impounded on many programs which affect all of us across this great United States; specifically FHA, REA, REAP, and other ASCS programs.

It is not fair, or just, to expect us to absorb these increased expenses, as well as the cost of the increased production without some guarantees. It is my opinion such a guarantee could be most easily affected, and administered, by increasing price support or loan guarantees.

I suggest consideration also be given to establishing a national reserve for all commodities, which could be isolated from the markets. Such reserve would be to the benefit of every individual in the United States. It could be maintained at certain levels, would guarantee a ready reserve available to meet national emergencies or disasters. It would also have a stabilizing effect on the markets and could be used to avoid extreme fluctuations in price as well as in production needs by simply enlarging or decreasing the reserve in any 1 year. The reserve could be enlarged by open purchases on the market. It could be decreased by use for export sales before any other sale would be permitted or made. Maintenance, of fresh

stocks could easily be maintained by purchase and export sales in any given year.

There is also a tremendous problem facing producers in the marketing of their products, and specifically in the areas of storage and transportation. One thing which might help as much as anything else would be the reinstatement of using 2 years production needs for facility loans.

It is inconceivable what objection could be raised to a loan program which is repaid with interest especially when related to the marketing problems which face us today. If we are ever to realize our potential for full grain prices some way must be found to move the grain in a timely manner. Increased storage would assist in more even flows and help relieve a severe strain on our transportation facilities at harvest time. It is not the complete answer however as it is impossible to provide enough storage with present facilities and available capital. Some way must be found to enlarge and improve our transportation facilities and this problem needs to have one of the highest priorities possible assigned to it.

Producers in our area feel the impoundment of REAP funds was grossly unfair. For many years over 90 percent of county funds have been spent for permanent type practices. Almost without exception, all of the practices used have benefited people downstream, far more than the farm on which they were installed. May we respectfully suggest, if more funds had been available, and more practices installed, the flooding along the Mississippi and Missouri rivers in recent weeks would not have been as severe as it was.

We're sorry we were unable to do more conservation work, but the truth of the matter is we simply could not afford it. Due to limited funds, most producers received only approximated 30 percent cost sharing for performing these practices. Many even less, due to payment limitations. It is my opinion without cost sharing, combined with the increased cost involved in increased production there will be almost no conservation practices installed in the near future.

It is extremely difficult to believe, individuals responsible for impounding funds for the REAP program realize the tragic consequences which could result from that decision. I suggest this information be brought to the attention of the appropriate people within the Department for their reconsideration and evaluation.

It has been estimated producers in my county lost over 1,100 cows, 1,600 calves, and possibly 1,000 head of hogs in the recent snow storm of April 8 and 9 this year. The losses vary in size from 1 to 2 cattle per producer to some of more than 24. One producer lost 70 to 120 hogs with several other losing 25 to 30 head. I would also estimate we have approximately 4,000 acres of corn and 2,000 acres of soybeans unharvested and still in the fields. The soybeans are probably a 100 percent, and the corn a 50 percent loss. Most of these people need only need capital to operate and replace their losses, they need time to replace the capital.

It would seem, the only real aid for these people was in a program recently terminated—the disaster loan program administered by the FHA. May I respectfully request your assistance in securing reinstatement of this program. It is quite possible, it like other programs, could stand streamlining and updating. The fact remains many farmers in southern Iowa need such a program, and need it

badly now. It is my belief, Iowa farmers would prefer long term, low interest loans, rather than outright grants.

If you would talk to fuel dealers in our county today, they would tell you the fuel supply situation is serious. It varies with dealers, from some who can not supply their customers now, to those who anticipate severe shortages by mid-summer. If Iowa farmers are expected to meet their production goals they must have fuel. As related to production, ample fuel must be a No. 1 priority.

Briefly summarizing, farmers are being requested to make additional capital outlays, at increased rates of interest, for increased production. Their outlays are even greater because of reductions or terminations of the previously mentioned programs. They are being asked to increase production with loan guarantee's on various commodities which will not even return production cost. In the meantime, incorrectly informed consumers are complaining about the high cost of food.

In closing may I repeat, I'm willing to do my part, will my Government do theirs?

Thank you for your kind attention.

STATEMENT OF FRANK OHLSEN, DYSART, IOWA

Mr. OHLSEN. I am Frank Ohlsen, Dysart, Iowa.

I am a 26-year-old farmer from Benton County. I have been farming in the last 5 years in partnership with my father. Together we operate 1,500 acres of which most is devoted to the production of corn and soybeans.

I have prepared a lengthy statement which timewise does not allow me to present, so I will summarize my thoughts.

Senator CLARK. We will put the whole statement in the record.

Mr. OHLSEN. 1. Farmers and consumers should work together, not against one another, to achieve our goals.

2. I cannot see any possible good that could come by putting a price ceiling on farm commodities. A ceiling could cause farmers to produce at less than the cost of production and in the long run cost the consumer more because of the lack of commodities.

3. I feel there is a need for a new more workable farm bill with adjustments for higher price supports.

4. Congress should reevaluate Government spending.

5. We must get corporations and conglomerates out of farming.

6. We must all bare the cost of conserving our soil through Government aid. Not just the farmer should have to pay for these practices.

7. Finally, young men should be able to get long-term, low-interest loans to start farming. This would help to insure that our Nation would remain the most productive and prosperous in the world.

[The prepared statement of Mr. Ohlsen follows:]

Mr. OHLSEN. Mr. Chairman, Senator Huddleston, members of the committee, I would like to thank you for this opportunity to present my point of view on the critical agricultural problems we as a Nation are facing.

I am a 26-year-old farmer from Benton County. I have farmed in partnership with my father for the past 5 years. Together we operate 1,500 acres of which most is devoted to the production of

corn and soybeans. We also have a small stock cow herd to make use of some rough ground and try to market 150 to 200 feeder pigs annually.

We all know, without saying; that our Nation is facing a critical agricultural situation. The consumer wants cheap food and the present administration is bound by voting power that they'll get it. The question is how can we ask a minority group such as farmers to carry the brunt of the load for the rest of the Nation. We've all got the questions, but who has the answers. It is high time that those who have the authority to initiate legislation to help alleviate the problems do so now.

Farmers have been carrying the brunt of the so-called cheap food idea long enough. For the first time in more than 20 years, farmers are receiving good prices for their commodities. I realize food prices are the highest they have been for 20 years, but they are not out of line when you consider the cost of other items. Food prices have risen less than any other commodity over this period. Much of the increase in food costs reflects the increased processing and marketing cost. Food is still cheap. The average American consumer spends less than 16 percent of his income for food.

Rising food costs are not a unique situation in this country alone but are happening throughout the world. In 1972, food prices rose 243 percent in Chile, 6.7 percent in Canada, 7.4 percent in the United Kingdom, 11.3 percent in Ireland, and 4.3 percent in the United States.

While consumers are protesting food prices they are completely ignoring the rising costs of other commodities. They also ignored the big cut in earnings earlier in the year when social security taxes were hiked. To some workers social security taxes went up as much as 35 percent in 1973.

I'm sure one of the major reasons consumers are complaining about rising food costs is the fact that they have to pay for them with cold-hard cash. If there was a credit card system developed so that payments could be budgeted along with house payments, clothes, cars, boats, trips, and the like, we wouldn't hear half the noise we do now.

I do not support a price ceiling on any farm commodity. Although they might help temporarily, I think the long-term effect might prove disastrous. Agriculture today is closer to a market-oriented situation than it has been for many years. A price ceiling could lead to a price squeeze on the farmers product causing the farmer to produce at less than the cost of production. This in turn would cause less production and a shortage of farm products for the consumer. History shows that direct controls on farm products have never been successful. If we can maintain good farm prices, farmers will adjust their production to produce what consumers want.

I recommend a temporary extension of the Agricultural Act of 1970 with modifications for higher support prices. However, I feel that the groundwork must be layed for a complete new farm bill. We need a strong piece of legislation that would benefit the farmer and in the long run the consumer. Why should the consumer be so critical of farm subsidies? After all the farmers pay taxes too, and in reality don't we help to pay some of our own subsidies. The

consumer doesn't say anything when the government spends millions of dollars to subsidize big corporate airlines and railroads. No one would benefit more by seeing farmers prosper than the consumers themselves. How much benefit does the consumer get out of the billions of dollars on the space program? Time after time I have heard the comment that through the use of satellites we have a better weather forecasting system. Is this the system that didn't tell us until a week ago Monday that we were going to have a blizzard which caused millions of dollars worth of livestock losses in Iowa alone. This certainly didn't help the consumer and their fight to stop higher meat prices.

I think instead of being so critical of the portion of the Nation's budget spent for agriculture, Congress should take a long hard look at spending in other portions of the budget. Millions of dollars are being spent on programs that are of no significant value to anyone. If we're going to cut spending let's do it where it will do the most good.

One major problem that must be dealt with is the Railroad crisis. What good does it do farmers to produce more commodities for export when we can't handle this years production? You can talk to almost any elevator owner in this State and he will tell you that he fears he won't be able to handle next years record production because he can't deliver 1972 production. I urge support of the Packwood bill to settle transportation strikes. The Nation cannot allow such strikes to tie up our large transportation network. This causes a backlog of commodities that no one can handle.

We also must have legislation passed that will curtail the influx of corporations and large conglomerates into agriculture. We must plug the tax loopholes which allows individuals and corporations to write off farm losses from the millions they make from other sources. This is costing us millions of dollars in revenue. If the number of corporations continues to grow we will soon be monopolized to the extent that they will control farm production and squeeze the little guy out.

We also need legislation to aid farmers in maintaining conservation practices. If farmers are forced to bear the burden alone, most of the conservation practices will be abandoned. The cost of such practices would be the biggest reason. Without conservation we would be destined to lose our most precious natural resource, our soil.

I also recommend legislation that would initiate a program that would make it possible for more young people to enter agriculture. Appropriate funds to young men that they could borrow for a long-term low interest loan. After all, we spend funds for vocational training why not agriculture. We need more farmers, but we are getting fewer and fewer every year.

Senator CLARK. Very succinctly put. I appreciate it.

STATEMENT OF BERNARD ELWOOD, IOWA CITY, IOWA

Mr. ELWOOD. I am Bernard Elwood, Iowa County, Iowa. I am 33 years old, married, and we have four children. I am a member of NFO.

We operate a family-sized farm and raise and sell corn, beans, feeder calves. I also buy feeder pigs and feed them out. I buy my supplies and equipment from an established market which sets its price and I either pay or go without. This market isn't affected by supply and demand. I sell my production on a manipulated market and this market isn't affected by supply or demand. My basic problem with my operation is my price per unit is too low. In fact, in each commodity I produce, my cost of production is more than what I receive on the manipulated market where I sell. I believe that I sell into a manipulated market because how else can you explain a \$3 to \$4 drop in hog prices at every packing plant, which was activated all across the country within 30 minutes of each other. Another example: CCC dumping grain on the market at 18-20 below market price, bean price staying down below \$4 until less than 2 percent of the total crop was left in farmers' hands then starting to rise on board, and so forth.

I am here today because I am concerned about my future as a food producer in this country and also as a consumer. As food producer, parity is a very real and very modern concept in my operation and unless I get 100 percent parity on my production my only recourse at this point is to limit the number of acres I put out so that my losses on my cost of production will not exceed what I can earn from outside sources. This would be used to cover any losses I might have.

I would also like to enter into the record my last year's cost of production. I won't go through the individual details, although I do have them logically prepared. I have the cost of bean production. You mentioned the support price should be \$3.20. My cost last year was \$116.32 per acre to put out a bean crop and get it back in and get it delivered.

My cost for corn was \$151.95. This was again to buy the land and put in the crop, get it delivered and dried. At that rate, if I had gotten 120 bushel an acre and had realized \$1.20 out of this I would have still lost \$7.95 an acre.

The average yield in the State of Iowa is 103 and 104, a lot of us lost a lot of money last year.

I feel support prices should be \$1.50 a bushel for corn and \$3.25 for beans.

Thank you.

[The attachment follows:]

Beans—yield 30 bushels per acre: ¹

	Cost
Plow.....	\$7. 00
Disk.....	5. 00
Harrow.....	2. 00
Plant.....	3. 00
Herbicide.....	12. 00
Fertilizer.....	4. 00
Total.....	33. 00
Interest on land (\$6.00 per acre at 6 percent).....	36. 00
Principle on land (20 year payment).....	30. 00
Interest on plant investment \$33.00 plus seed equal \$39.00 at 6 percent.....	3. 12
Total.....	105. 12

Harvest per acre.....	\$10. 00
Storage 1 cent per bushel per month for 4 months (30 bushels per).....	1. 20
Total.....	<u>116. 32</u>
Corn—yield 120 bushels per acre: ²	
Plow.....	5. 50
Harrow.....	4. 50
Disk.....	5. 00
Disk.....	3. 50
Plant.....	5. 00
Herbicide.....	20. 00
Fertilizer.....	5. 50
Seed.....	24. 00
Interest (400 acres of land at 6 percent).....	20. 00
Principle (20 years).....	3. 00
Insurance.....	<u>96. 50</u>
Total.....	<u>7. 20</u>
Interest on total spring investment at 8 percent.....	<u>103. 70</u>
Total.....	<u>11. 00</u>
Harvest.....	14. 40
Storage 1 cent per bushel per month for 9 months.....	6. 60
Labor, crop in and out.....	<u>135. 70</u>
Total.....	<u>14. 50</u>
Dry cost 10 cents times 145 bushels net equals 120 bushels day.....	1. 75
Interest on harvest cost (\$49.50 total).....	<u>151. 95</u>
Total.....	

¹ 30 bushels of beans at \$3.87 per bushel equal \$116.32, loss 87 cents per bushel or \$26.10 per acre.

² 120 bushels of corn at \$1.20 per bushel equals \$144.00, loss equals \$7.95 per acre.

Senator CLARK. Mr. Knudson is one of the last two witnesses commenting on the relationship to farm programs to consumers. A number of us on the Committee of Agriculture have discussed the possibility of calling a new agricultural bill a consumer benefit bill.

STATEMENT OF JOHN KNUDSON, PRESIDENT, CLINTON COUNTY ASSOCIATION, ALBION, IOWA

Mr. KNUDSON. I am John Knudson, president of the Clinton County Association.

We appreciate your help in defeating this bill. You know, we would also like your help in getting an environmental bill that our Iowa feed lots can live with. It would take a millionaire to build this, and you can't make it that way. If we can get an environmental bill that will work, we urge, otherwise it would have to be transported out. It seems we have a transportation problem, too. You can do a lot of this with the steers and hogs, and everything else.

Also, in this program, I have had two boys start farming. They both are on farms that they toured and the fellow on there they had some health problems in 1959 and 1960 as far as the corn goes and everything else goes. Now these young fellows interviewing they could show you some help in getting the base changed for the future if this is the kind of program we are going to have.

Thank you.

Senator CLARK. Thank you very much.

With reference to the environmental problems, I turn quickly to the problem of feeders. There were provisions in the bill to have some cost sharing. We would hope the new bill now that has been written would be mandatory which would require the President to spend the money.

STATEMENT OF DON CASTEEL, BALDWIN, IOWA

Mr. CASTEEL. I am Don Casteel, Jackson County.

Senator Clark, committee, and staff members: I am part of this group you talked about concerned about the price rollback. Because of our concern and interest, it didn't take us long to get organized. Out there we thought it was the farmer's role. We want to thank you for your attention to this matter, and helping to defeat the bill. Our chief objective here today is to tell you how we think it really is.

I represent the livestock producers from an eastern Iowa county. Right now we have a very discouraged and upset group of farmers. Our bankers tell us one after one, farmers are backing off with present uncertainties. Therefore, we are very interested in such things as a rollback.

Farmers were getting optimistic. Finally we were getting prices reflecting profits still lower but similar to our fellow Americans. What happened? Money was changing hands purchasing machinery, farm supplies of all kinds, starting an economic rally in Iowa.

We are talking about the 100 million dollar increase in State revenues. Let's not forget that we need to point out much of this is the direct result of increased ag prices and indirectly responsible for most of it.

The same is true at the national level naturally at a lower percentage income, however.

Another point we think many people forget is where would our flow of dollars overseas balance be without ag exports.

Let's look at some of the publicity about meat prices. Last spring a well known magazine carried a big spread where food was the really only one bargain in their expenses and it was the really only one thing they were complaining about.

We think they had their priorities mixed up. We know you have the same task trying to persuade your colleagues about our country's priorities but we do think food is important enough to be treated fairly.

I don't think Iowa farmers are any different than American farmers. We want to stay in business, that business being to provide all of the very best food possible necessary to feed our people and those countries needing food.

We can meet this challenge and we are willing to, but we cannot do it nor should we be expected to if we are not treated fairly.

We cannot do this under adverse Government action, exploitation, or being legislated against because we only represent a few votes.

We are proud of agriculture's past and present contribution to America and we think a healthy agriculture will be America's greatest asset in the future.

Senator CLARK. Thank you very much.

I think it is particularly important in terms of the interdependency of our economy, and I am particularly happy you made that point, because it is true that metropolitan, or city, Congressmen fail to see what happens here.

I know I worked for Congressman Culver in Jackson County. He would bring out a metropolitan Congressman to stay out here for a weekend, and they were always amazed, particularly at the capital investment in farms. They went back with a good deal of knowledge, as I think all of us ought to do. Congress should do this on every side in getting a good deal of understanding.

STATEMENT OF J. S. VAN WERT, HAMPTON, IOWA

Mr. VAN WERT. I am J. S. Van Wert. The testimony I present today has been compiled by 32 young farmers in our area, with an average age of 30.5 years. They farm over 10,000 acres and feed over \$1 $\frac{1}{4}$ million worth of livestock annually.

It is significant to note that the testimony presented today expresses a strong united movement in agriculture. I ask the question: Could producers be close to joining forces in a common front?

There are five areas of major concern that this testimony will present.

Area I, farm program: It is essential that the present farm program be continued in lieu of the complex circumstances existing in agriculture. We feel that in order to maintain orderly marketing of farm commodities, resealing of grains on the farm is essential. It is evident that we have flooded the transportation system with farm crops. We cannot iron out this major crisis by dumping another year's crop on top of the seemingly endless supply now being moved. Some mechanism is needed to encourage an orderly marketing of commodities.

If we are to encourage increased production of feed grains and soybeans, to meet world demand and help with the United States balance of payments, it is necessary to set a price floor for commodities to compensate the producer for price fluctuations due to foreign demand and changes in the monetary value. This price floor should also compensate for the price-cost squeeze due to inflation of farm inputs.

I think this is something that hasn't been brought out too much today. What will be the price for producing and processing and especially drying of feed grains.

We, as producers, are concerned with the controversial changes in the 1973 feed grain program both prior to and following the signup deadlines. The USDA changed their minds after producers signed a contract committing themselves to production. This dictatorial approach to a trial-and-error method of establishing the desired production is neither fair nor sound business. What good is a contract if some parties are discriminated against?

II. PRICE CEILINGS

Beef, pork, and lamb prices reached an all time high recently. In basic economic terms this means increased demand and limited sup-

ply. By no means will a price freeze roll back stimulate supply of meat products.

We therefore oppose the President's discriminatory meat price ceilings because:

1. We have meat ceilings at present with no controls on such inputs as protein, grain, labor, or equipment.

2. Price ceilings do not give consideration to adversities such as weather, disease outbreak, boycotts, strikes, and other influences affecting commodity prices.

3. The uncertainty created by the price ceiling does not encourage increased production.

Labor costs account for 46 percent of the 1971 marketing bill for farm goods. If George Meany expects the government and producers to reduce food prices, then labor should be expected to reduce wage rates.

According to the 1972 USDA Handbook of Agriculture, Wholesale prices of Industrial Commodities—nonfarm products have inflated at 20 percent faster rate than farm products—11-year period, 1960–71. We recommend establishment of a balance in the Nation's economy between labor, industry, and farm product prices. We are interdependent upon each other.

AREA III—TRANSPORTATION

The Nation's agriculture commodity producers are faced with a transportation crisis that threatens their ability to furnish a dependable supply for domestic and foreign demand. This current crisis is a combination of several factors. The voluminous movement of farm commodities has exaggerated the weak links in our railroad system.

Elevator managers in all sections of the country have examples of unexplainable mismanagement in handling our Nation's rail cars.

One 25-car unit train returning from the gulf and in route to our local elevator was traced to within 75 miles of its destination, only to find it had been rerouted to Chicago, 250 miles away. No one can explain how or why the unit was detoured.

The backlog of grain created by our inadequate transportation system has placed a financial burden on the producer. We must find a way to congregate grain, expedite grain handling, and be more efficient in delivering the product.

We don't have time for answers to evolve. We must have immediate action. The loss in our balance of trade and the cost to producers will be catastrophic if this is not achieved.

Possibly we should rely on the resourcefulness and ingenuity of the Japanese people to show us how to streamline our rail systems.

IV—RURAL ENVIRONMENT

If mandatory legislation concerning environmental and pollution control is forced on farmers, government assistance should be provided. A program similar in structure to R.E.A.P. could be implemented.

If such mandatory control is placed on a farmer, a minimum assistance of 75 percent should be provided with assured availability of loans on the remaining 25 percent at reasonable interest rates.

On the other hand, if a farmer desires to make a voluntary improvement which would benefit the environment, a minimum assistance of 50 percent should be available and would encourage approved practices.

V—ENERGY

Energy is taken for granted by most Americans. It is usually considered an unlimited resource. We must establish new priorities and usages to protect the needs of the country.

We recommend:

1. Adequate fuel supplies for agriculture production. No other segment of our economy is so dependent on timely production practices.
2. Consolidation of farm product movements to conserve fuel.
3. Discontinuation of emission control requirements, until gas mileage is improved.
4. Limited engine size of all personal vehicles.
5. Increased exploration of other energy sources.

We, as Franklin County farmers, appreciate your concern for the complex problems facing agriculture today. Hopefully, all parties involved with this official hearing will benefit from the testimonies presented. We thank you for the opportunity to express our viewpoints.

Senator CLARK. Thank you very much, and I appreciate it.

I am particularly interested in your talk on the energy crisis, which is obviously very, very crucial to the State of Iowa.

STATEMENT OF CLESS R. KIBBY, DUNLAP, IOWA

Mr. KIBBY. I am Cless Kibby, Dunlap, Iowa, about 50 miles from Missouri.

It is a pleasure to be here.

The first thing I would like to get across to you today is the lack of communications in the news media of America about the farmer. I think it is very important that we do something about the U.S. Chamber of Commerce, instead of sending money to foreign countries, a report to the consumer and the prices about each one of the commodities that the farmer buys and each one that he sells. This chamber has been stealing our money for a long time, and we haven't been getting any results out of it.

It is a simple fact that you have change the food tastes of the American public. This food taste won't work, because of the fact that we are going to demand meat. We have a lot of men who say, honey, you better put meat on the table, I'm the breadwinner in the house.

It is rather hypocritical, the housewife who is worrying about the meat diet and the meat price, but if you would follow her through the store, she would probably have three or four or six bags of pop, \$1.10 a six-pack, and she would buy it and the next day she would have a conversation with the lady across the street or down the road talking about it takes 2 months to get an appointment with the dentist. I think it is important to talk about this money change and the power of money. It seems we have too much power and the thing called inflation. I think we have to ring our door; we have been just

as much guilty as everybody else. If a neighbor gets a new tractor, we want one. If a neighbor gets a new car, we want one, and it can't be done. Ever since we have had this thing as far as the ASC program, they put a support price, \$1.05 on our corn and they want that to be the ceiling.

The thing that irks me is this: Will you please change the base of our crop acres. We started it on the history of the first 3 years before we started to grow grain, in the first 3 years that was supposed to be it. I bought a farm in 1945 with an old rundown fence and so I was going to build it up. I got in 40 acres of corn. I lived with that 9 years. I found 120 acres next to me. It had a grain base of 120 acres. There has not been a farm secretary in our administration ever since that has ever done a thing about it.

Senator CLARK. I think your point is an excellent one. I don't see any reason why that can't be changed.

Mr. KIBBY. Another thing I want to know about is this exchange deal with Russia. How many farmers here would like to raise your hand so we know how many we got from Russia? How many know?

Do you realize we are really fortunate. I don't know what kind of pull you got in Russia, but you must have it.

Senator CLARK. You would favor a percentage of crop land?

Mr. KIBBY. Percentage is the only favorable way of doing it. Here is what happened: There were some smart guys who got it on the inside and they was playing up every acre they had. I tell you to be a good farmer in America you have to be a good husband. If you are going to take care of 110 acres on 160-acre farm, that isn't right. If you have 160-acre farm, you should be able to take that farm and put in, according—you can have 40 percent. To be a good husband, on the average farm and rotating like we ought to be doing. We would have them down to 240 and 260 and we didn't get a lot of super John Deeres and a lot of farm boys coming to see their moms and dads from both the East and West Coast, and you know that. We got the average farmer today, who is 39 years old.

Two more questions, and then I am going to get out of here.

One question is who is going to produce for the country in 12 years from now? They are asking us to come out with 35-40 percent more food this year, and I bet your rent goes up one-half per cent before the end of the year. Do you want to bet?

Senator CLARK. It went up 1 percent yesterday.

Mr. KIBBY. O.K. You people can pay off any time.

Here is another thing I would like to know, I have heard quite a lot about this word, "parity." There is 490 Congressmen in Washington and I suppose there is about four farm industries for parity. What is there? I have been in this thing for a long time. Parity to my information is what the farmer has to buy is equal to what he has to sell, right or wrong? The thing I would like to ask you farmers, is what are you thinking? How can you sit there and be contented talking about 40 percent of parity. Ninety percent for beans. We have to have 100 percent to break even. This thing is bigger than it seems. This is one big vicious wheel. I was thinking, boy, if I could get in this business where the spoke broke out and—but before that spoke gets put back in it is going to fall apart.

I got one more thing. You people have been watching television too long out there and are not taking enough time to spend 15 cents

on a postage stamp and writing to Senator Huddleston. I have one right here. I will have to open it up. It is signed by Dick Clark, and I am telling you if you will write, he will answer.

Senator CLARK. I wonder, while the next witness is coming up, I saw Senator Berl Priebe out in the audience, State Senator Berl Priebe. We have had meetings across the State.

STATEMENT OF PETE CROGHAN, WOODBINE, IOWA

Mr. CROGHAN. The last speaker touched on one thing I want to touch on. I feel the ceiling price should be set on 100 percent of parity. That is really only a fair return for our investment. I want to go on record as being against this 65 percent price. One-hundred percent of parity. If our cost goes up, our price goes up. If our cost goes down, our price goes down. That is where we have been in trouble over the last several years.

I think one thing we should realize and get across to the people in the country is how much of this agricultural appropriation is being used to maintain farm income and to maintain food supply in this country. If they want to operate supply and demand and have a shortage, I think the Agriculture Department will survive longer than the city people can.

Here are some things that we have failed to correct, that 100 percent parity of farm income would correct, without costing a lot of Government money. Just provide a program that would control production and the price would take care of itself. This may sound too simple to a lot of people, but it is really that simple. The supply and demand concept we hear too much about during the meat boycotts and the like is based on production.

Right now meat is a good example of supply and demand. Because of the fall, winter, and spring we have had, the rate of gain was poor, the death loss high, 10 percent compared to a normal rate of 2 to 3 percent. This didn't include the April blizzard. Many feeders had to turn cattle out in the fields in order to get them out of the mud. This gets them out of the mud but the more space they have to move around in the slower the rate of gain. Most of you here today understand all this, but I know there are people in the cities that don't. We don't, and can't, put a steer on an assembly line and automatically have a fat steer weighing a certain weight in 120, 160, or 180 days. Because of the weather and death loss we have a smaller supply than the demand calls for. Our costs of production is higher than our return even at today's prices. If the price wouldn't have been frozen, we could have picked up part of the losses from this winter on the next bunch of cattle we fed. If anyone in this country feels they are producing something at a loss, they cut production or go out of business.

This is what is happening in agriculture today, and has been for several years. As this happens the supply gets shorter, then the price goes up to the consumer. This isn't good for either of us. As family farms are falling by the wayside we have packingplants that are building and leasing feedlots. We have a packingplant in my area that has plans to lease a feedlot in Nebraska when it is finished in June with an option to renew the lease in 5 years. It is being built to feed 10,000 head with plenty of room to expand the articles so

stated in the Omaha World Herald. Are these the kind of people we want to depend on for the food supply in this country? Also, as farm income is suffering injustices the farm children feels there are easier ways of making a living and many of them go to the city and compete with the city children for jobs. This is another problem that 100 percent of parity income would stop. We are spending millions of dollars on city problems. Farm prices ranging from 65 to 80 percent of parity is one of the major reasons for the city problem. If the Government really wants to stop the migration to the cities let them start by leaving farmers have a fair return for their investment. Most of the country children would stay on the land if they could see a future in it.

This leads to an article in Monday's (April 16) Omaha World Herald, "Concentration of Older People." Towns of under 10,000 population account for 12.2 percent of the U.S. population, but 26.8 percent of the people over 65 years of age.

One city clerk was quoted as saying the young people just moved off to the cities to find work. One man said they were planning on retiring in Florida, but they didn't get as much as they figured when they sold out, so they stayed. One town clerk said we really have a boom the first 3 days of each month. This article even, for as sad as it is, didn't make the front page. You had to turn to page 16. You may say what does this have to do with a farm program. Many of these people farmed under a farm program that many times did too little too late. They could also be a consumer 30 days a month instead of 3.

In the same issue there was an article of a 13-year-old boy killed in a tractor accident. There are going to be many boys, farmers, and housewives killed this spring because of the late spring, shortages of help, and shortages of capital. I don't buy this cheap food philosophy. Even at 80 percent of parity the consumers are spending 17 percent of their income for food. At the 80 percent level we are forfeiting 20 percent of our fair return. This 20 percent could be used for putting in a crop or buying things that our friends in the city help make, they in turn could buy more farm products from increased wages. The working class of people in this country are being kept divided by this administration under the disguise of cutting Government spending and whatever other means that they can come up with. I saw in the paper United Aircraft Corp's Pratt & Whitney division has received a \$39.4 million addition to a Navy contract for engines for the F14A fighter plane. This is in addition to the contract. I'm wondering how many other additions they may have received. They must have some sort of brains working for them that are receiving high salaries, that were supposed to know what the engines would cost when they bid on the contract. When farmers and most people get caught in a deal like that the Government tells us it is poor management and we need to be efficient. We do have emergency loans for agriculture in the event of a natural disaster, if farmers were receiving their fair share of the consumer's dollars they wouldn't have to be so dependent on emergency money.

I like to read between the lines on a lot of articles I read in the papers. We have heard so much about the shortage of gas and fuel in this country. The oil companies have a commercial, they may call it something else, about how much more it is going to cost to go deeper

for gas, it will cost us more, but it will be worth it. I'm wondering if they might find a bigger reserve that would allow the price to come down. Maybe it is going to force the price up.

Maybe someone had ought to realize that because of increased overhead costs that the cost of food will and should cost more.

Going back to the fuel shortage I saw in the April 15 issue of the Des Moines Register where crude oil weekly production was 435,000 barrels below a year earlier. I'm afraid this is a man-made shortage so they can increase the price. We started drying corn last fall on 12½ cent gas. In December our supplier ran out. When the going price reached 20 cents a gallon we could get all we wanted, whenever we wanted it. Oh yes, this was during the great price freeze.

The Agriculture Department announced that the ceiling price of corn would be \$1.05 a bushel in 1973, the same as 1972. The administration announced the same week that they thought a 5 to 6 percent rate of inflation would be OK. I feel that we are entitled to the same increase for our products because of the increased costs of inflation.

This is why we have a sick agricultural situation in the country today. We had \$1.50 corn 20 years ago, also \$40 cattle. Now the prices are back up after 20 years and people think they are too high. I will admit the spread between the producer and consumer is too wide, but cheap farm prices won't mean cheap food. The meat price is one of many examples that can be used to point this out. Food prices are going to go higher if we continue to have family farms drop from the scene. The children raised on farms won't stay on the farms if farm income is dragging far below the rest of the economy.

I started out by saying control production and the price would take care of itself. I don't think the farmers want to create a shortage to bring about a fair price. I don't think the consumers want a shortage to be maintained to enable farmers to have a fair price.

This is where we had better start with any farm program. Decide how much is spent maintaining a food supply for this country and the world. So far the farmers have been blamed for all of this, and in most cases have been providing cheap food for everyone. The younger generation is not going to sign up for this kind of life. We can either leave farmers to join in on the prosperity of this country or suffer a food shortage that this country has never known before.

Mr. Butz tells us we have to produce more and take less for it, and we will end up with more income. I'm not interested in gross income but net income. We started out this year thinking we could divert up to 35 percent of our corn base. Next it was cut to 25 percent. Now it is down to 10 percent. If this is the best he can do in forecasting the production we need then I don't have any confidence in him when it comes to net returns for our time and investments.

Maybe Nixon had ought to put Butz in charge of the oil production, fertilizer production, railroads, or anything else that needs improvement. Would he advise any of them to produce more for less to raise income. Would labor be willing to work more hours for less money to raise their pay checks. If they are, then farmers might be willing to do the same.

Another issue that should be corrected is the boards that is suppose to govern the stock market and board of trade. When the grain dealers

police themselves I doubt that there is very much policing being done. The price of grain to farmers and the price the exporters receive I think bears this out. I'm also wondering who is getting the profit if 40-cent American beef is bringing \$17 a pound in Japan.

I feel if many of the things I have mentioned so far would be corrected we would have farmers sharing in the rewards of this country, and also have a food supply at lower prices than if we leave farming get into the hands of a few big corporations. I'm not saying we will have cheap food. You can't have that in a country where everything else has increased in price. Farm prices are where they were 20 years ago. You lived high on the hog for 20 years now you have to pay the fiddler. If the people want cheap food the producer would have to be paid a direct payment to make up the difference.

Many countries are doing this, but we seem to think we are paying the farmers for not working. This is what I meant when I said we have to decide whether the money is being spent to raise farm income, or if it is being spent to insure an abundance of food. Everyone knows you can't produce an abundance of commodities and get a just and reasonable price. The same is true with food. Don't think farmers can stay in business doing it. We are going to wake up someday and find out big business has taken over the food supply in this country.

I will close with one more remark about an article in Monday's World Herald (April 16). Nixon is planning on going to Europe this year. He has mentioned this is the year for Europe now that the war is over. I hate to disagree with him, but I think it should be the year for America. We have been neglecting problems in this country because of our involvement in Indo-China. We were told we couldn't have butter and bullets. I haven't heard anything about the butter since we pulled out of the war. Instead we are spending more on defense than when we were at war. I don't think the people are going to accept this kind of a thing very long. When we are forced to go on a strictly peacetime economy we need all segments of our economy to be in a healthy condition. Agriculture is the most important of all as nearly 57 percent of the people in this country are dependent one way or another on it. Also, what value can you put on the food we need?

STATEMENT OF DELBERT ROGERS, BEDFORD, IOWA

Mr. ROGERS. Senator Clark and staff. Just a little food for thought. The consumer and the farmer; is there a difference? Aren't we all consumers, even if we do nothing but occupy space and take up oxygen?

The President says, let fuel prices go up, and this will take the place of rationing, and save fuel. Why won't this work for everything. This Nation cannot slow down. We must move ahead and increase our gross national product. It doesn't make so much difference if things are high, if there is money available to buy. No matter how low prices are, if you can't get the money to buy, there is no advantage.

We could make the world a wonderful place to live, if we could spend the money used for devastation in a constructive way, but the plan must be well built.

I like to compare our farm problem to the governor on a tractor; if the governor doesn't function properly, all is lost. This is why we must have a governing farm program with controls.

In closing, a lady tourist crossing our fair State said, "Why don't the farmers clean up their farms?"

If our consumer goods had this cost added to the sale price, we should be able to landscape our road sides and have a chain link fence around the farm, like an industrial plant site.

Thank you, Senator, for listening.

Senator CLARK. Thank you.

STATEMENT OF W. W. SWAIM, UNIONVILLE, IOWA

Mr. SWAIM. I am W. W. Swaim, farmer from Davis County, Iowa, and I want to thank you for this opportunity.

My business—has been, besides farming—is research, and what is happening in America. For 30 years I studied the problem; what has happened in the last 20 years is frightening. The farmers are producing more than they did 50 years ago, and when the net profits come in they have no more left than 50 years ago. During this same time labor has increased 230 percent; fringe benefits, 730 percent.

I am not complaining about labor, but I do want to point out to you and everybody else in this room that it pays to organize. Let's take a look at the young people, to the first meals we ate at dad's and mom's tables when we were 21 years old.

In talking about rural development, don't ever forget that rural development starts with price times production for everybody in America. And furthermore, bringing industry is not going to solve the problem. Chicago and New York would not have any problem, would they?

Thank you.

Senator CLARK. Thank you.

STATEMENT OF HAROLD FODDY, WOODWARD, IOWA

Mr. FODDY. My name is Harold Foddy from Boone County, Senator Clark.

My wife and I own and operate 708 acres of mostly corn and beans. I am a graduate engineer from the University of Colorado, have a graduate degree from the University of Michigan in business administration.

The points that I would like to present for your consideration today, the first one is one of production controls. Having been in industry for 20 years, I appreciate the problem of production control. We have seen our feed grain progress adjusted three times long after I decided what I had to do last fall. This cost me a great deal of money. I stored corn. The Secretary said, "No, I need beans." I went along with him; then he comes along and cancelled things and said, "By golly, I want corn." This is class B, which also gives me a class B citizenship as far as I am concerned.

The second thing that I don't understand in having a business degree from one of the top colleges is the commodity market. I know I got suckered out of two bucks on my beans and I really think it

is high time we set this up to at least change crops or know what is going to happen. I hedged mine with the local elevator.

Now, the seller can't get any boxcars and I can't get them from him because I sold them to him in the first place. This leads to my third point, and that is one of transportation. Having been in engineering, and my current demand is an engineering group in Des Moines, I have a little feeling of what it takes to move straight over ground. I know what it costs to run them in the way to compress cars which optimally are 90 feet long against 100 psi air takes an awful lot of force. The railroads are the only thing that has gone beyond the school of engineering which knows this.

One thing that bothers me is the modern freight car—it is somewhere in the neighborhood of 300,000 pound gross weight. They are supported on 8 steel wheels, each wheel can only spread its weight over two railroad ties. This means we are placing 15 to 20 tons on two railroad cars. I think it came out on TV they were hub deep in the mud. I am afraid we have missed the boat on this country-old railroad. This is currently costing me 1,300 bushel of it. The interest cost is \$3.11 a month, and after July with the loan callable on my corn it will approximately double.

Now, these items are what are really costing me money, and they will show up in my food budget.

Senator CLARK. I know we have a lot of people waiting and we would like to hear as many people as possible before four o'clock.

You mentioned the commodity exchange, and it hasn't been mentioned except very briefly. A great deal of study has to be undertaken there and we have asked the General Accounting Office, the watchdog office of the U.S. Congress, to investigate the commodity exchange authority and they have agreed to do that. It will be a very thorough study of 4 to 6 months, but there is significant reason to believe that commodity exchanges are largely uncontrolled and the time has come to legislate more meaningful legislation.

Thank you very much.

Mr. FODDY. Thank you.

STATEMENT OF ART SCHWEERS, LENOX, IOWA

Mr. SCHWEERS. I am Art Schweers.

We have a deal down there, the 9th day of April of this year. We purchased a bunch of heifers on the 13th of March, and when this weather broke out on us, the heifers (I had them in an area north of the barn behind a four-pen hog house) tore the boards off of this building and all tried to get in there. We ended up losing 51 heifers.

Now, then, I have had these on a year's note and my banker tells me this type of note is collectible when you lose your collateral. I don't know yet what I can do with this financial disaster. But I have checked with FHA and they told me our friend, Mr. Nixon, cut off the disaster loans and there isn't anything available on this type of disaster, now.

I would urge you to study this, not just on my part, but losses to the cattle area are real tough this time, when we are producing cattle and grain that is less than the cost of production, a good bit

of the time, and then, come along and try and take a loss like this, it is very difficult.

Senator CLARK. You are absolutely right in saying the President ended the program in late December by simply saying we are no longer spending the money appropriated. The Congress responded by passing a new law. Both the House and Senate have passed that and it is awaiting signature from the President. We would certainly hope he would sign that bill. We have not heard in the last 2 or 3 days or so, but assuming it is signed, you should be eligible along with everybody else in the country for 5 percent money, immediately.

Mr. SCHWEERS. If we could get our price up and have a living, it wouldn't be so severe to overcome it. We have had good prices last year, but what will we have—in the future?

Senator CLARK. Even if you have had your prices, we have always had an emergency loan disaster program.

Mr. SCHWEERS. That is basically what I wanted to talk about.

Thank you.

Senator CLARK. Thank you.

[The following material was subsequently received for the record:]

LENOX, IOWA, May 16, 1973.

DEAR SENATOR TALMADGE: At the Senate Hearing in Ames on Thursday, April 19, 1973, I quit talking before I told all of my story about the disastrous loss that I suffered on April 9, 1973.

By my story I tried to prove that as an individual farmer I had a loss of disastrous proportions even though all of the farmers of Adams County, Iowa, did not have a disaster. We farmers are conditioned to loss; so we don't holler unless it is critical.

Really, 5% money isn't much help, and one year isn't long enough time to work out a loss. Farm prices are too uncertain to absorb a large loss in a short time.

The extra copy about our livestock loss is more detailed and more accurate than the testimony that I gave at the hearing in Ames. Feel free to use either; hoping to achieve more financial help in the case of an individual disaster.

Thank you for your interest in the farmers of the USA.

Sincerely,

ARTHUR H. SCHWEERS.

[The enclosure follows:]

I am Art Schweers of Adams County, Iowa. Address: Lenox, Iowa. On March 13, 1973, I bought 121 holstein heifers weighing 500# (five hundred pounds) each. They were a beautiful set of heifers. I only lost one before the storm on April 9, 1973. It was a very severe snow storm with very high winds.

I had the heifers in a lot north of the barn with a four-pen (12 x 14ft) hog house for a wind break. We fed the heifers in the morning. They ate and then lined up behind the wind break to obtain protection from the wind. We checked the heifers at 10:00 AM and everything was fine. At one o'clock we checked them again. In this interim (three hours) the heifers had torn the boards off of the door and all tried to get into this little building. We worked until 8:00 PM to get them comfortable. 49 calves died from smothering, one died that night, and one more has died since as a result of injury in the April 9 storm. The total loss was \$15,000 in actual value.

I borrowed \$34,000 against these heifers on a one-year note from the First National Bank in Lenox. Now, my banker tells me that he can't loan me operating money because I lost my collateral. I checked with FHA to see about a disaster loan. They told me our friend, Mr. Nixon, cut off the disaster loan program. We have been farming this same farm for thirty-one years. Now, one disaster can put us on poverty row.

Now, I am told by FHA in Adams County, Iowa that not enough people in Adams County, Iowa suffered heavy losses in the storm to declare Adams County a disaster area . . . but I am a disaster.

STATEMENT OF DALE BAWDEN, ROCKWELL CITY, IOWA

Mr. BAWDEN. I farm 560 acres of land.

A program—sure, we have to have some type of program, but let's throw what we have got away. It was built in 1934 for an entirely different purpose than we have today. For the last 10 years it has been used to create cheap food for the consumer.

Let's build a new one, a better one, a bigger one.

I think the main thing, it should be built around, is the cost of production. Today is the most I have heard about the cost of production.

With this new program maybe it is time we took a few of these powers away from the Secretary of Agriculture that we give him, and place them back in the House and Senate where I think they belong. He has been appointed Secretary by the President. As I understand it, he has also been appointed to take care of or look after the consumer, and no one man can be the head of two houses at the same time.

Senator CLARK. Thank you.

STATEMENT OF HARVEY RICKERT, BELLEVUE, IOWA

Mr. HARVEY RICKERT. My name is Harvey Rickert, Bellevue. I am appearing in behalf of the farm plan which was drawn up by the leaders of all the farm organizations in Jackson County. In 1969 when Secretary of Agriculture Hardin asked for grass roots thinking in developing a new farm program, we took him at his word. This is the program we came up with, using the consensus method:—

1. Farmer elected ASCS committeemen made up of farmers shall establish a fair base for each farm.

2. The Secretary of Agriculture shall determine the production needed for the coming crop year, and the percentage of acreage needed to secure this production, using a supply balancing procedure programmed to assure farmers 100 percent of parity, 1910-14, or what is known as price parity.

3. Farmers shall vote on planting this acreage and a majority vote shall legislate this program into action.

4. Commodity Credit Corporation loans will then be made on the basis of 100 percent of parity.

5. In periods when it is desired to encourage farm exports to secure favorable trade balances, a subsidy shall be paid producers representing any difference between below parity export prices and 100 percent of parity.

The program is run by farmers themselves using the democratic processes and operating like voting stockholders would operate a successful business. It is not a mandatory program imposed by a bureaucracy. All decisionmaking remains in farmer hands.

The Secretary of Agriculture representing the administration in power and acting for the people determines the production needed. From then on, it is in the hands of farmers themselves. If they vote for planting this percentage of their acreage, CCC loans will be made on the basis of 100 percent of parity. This keeps the Secretary of Agriculture equitable in his determination of production needed.

If he is accurate, the program will cost nothing in payment. But if he asks for a production in excess of market need, he will acquire storage stocks. Any imbalance may be corrected the succeeding year. His power to determine the production protects the interests of the consumers.

The farmer is assured he will receive 100 percent of parity in the market place. He is assured that a strategic reserve will not break the market. He is assured that production for export will not break the market. Here, and here only, a subsidy is called for. This serves to keep the government from having a vested interest in low farm prices.

Farmers, now only 5 percent of the population, have subsidized both consumers and exports by taking below parity prices for both domestic and foreign production. Any such subsidy should be borne by the entire economy.

The series of ag-leader meetings in Jackson County, Iowa in 1969 involved the three general farm organizations in the county, Farm Bureau, Farmers Union, and NFO; commodity groups representing livestock feeders, pork producers, and dairy, and local Department of Agriculture representatives. The invitations were issued thru the county extension. They met at intervals of two weeks or more, until field work started. The Department of Agriculture representatives took no part in the debate, but were available for technical questions. The representation given before the Ames hearings represented the consensus part of the discussions. There was a one division vote taken by means of secret ballot. The Jackson County, Iowa plan called for farmers having no program at all in any year that farmers voted the plan down. Some thought that there should be a voluntary alternate. Others thought this would leave us where we are now—with below parity prices. The vote was 23 to 13 for having no program for any year in which farmers voted a program down. The tobacco vote was cited when the Roosevelt farm programs were enacted. Tobacco farmers voted their first supply management program down, prices fell that year, and they voted overwhelmingly for programs succeeding years.

[The following letter was subsequently received for the record:]

May 15, 1973.

SEN. HERMAN E. TALMADGE,
Committee of Agriculture and Forestry, Russell Office Building, U.S. Senate,
Washington, D.C.

DEAR SENATOR TALMADGE: I want to thank your committee for holding these grass roots hearings.

One thing became very noticeable. The organization leaders, use to working in an area of compromise, were talking in terms of a percentage of parity.

Individuals were speaking in terms of 100% of parity.

The ag-leaders in Jackson County Iowa in 1969 were also speaking in terms of 100% of parity. We had it in the last Roosevelt years and all the Truman years. Eleven years.

Our goal should be 100% of parity.

If our goal is stated in terms of a percentage of parity, and if we must compromise even below that, how will we ever achieve parity.

Here the farmers are ahead of their organizational leaders.

I presented the Jackson County Iowa plan before the Iowa Democratic presidential convention last year. The platform committee adopted it. It was decided to have it presented as a minority plank in order to have the idea

fully debated before the convention, our object being to bring forward the idea. However, the convention ran thru the night and it came up at 5 a.m. the next morning, with only a handful of delegates remaining, so the committee just asked its adoption. It was adopted without debate. It couldn't be helped. The delegates just became worn out and went to bed, or headed home. However, it was accepted by the platform committee, and they were willing to make it a majority plank, except for the wish of its friends, to have it fully debated, by the delegates to the convention.

Jim Mowat, R2, Bellevue, Iowa, who drew up the working paper for the 1969 Jackson County ag-leader discussions, with the help of county extension, worked the plan thru the Republican processes. Under the tight rules in operation at their state convention, he could not present it to their delegates. But he did win recognition up to their district platform level that in farm exports farmers were taking a beating. Jim was president of Jackson NFO in 1969, & he is also a long time Farm Bureau member. I was Secretary of FU.

The Jackson plan is simple, practical, & workable. It keeps everyone honest. Farmers set bases, check compliance. Dept. of Agri. role is technical, except Sec. sets production, which protects consumers. But must make loans at 100% of parity, which keeps him honest. The Jackson Ag-leaders wanted 100% of parity. They did not want any more. They did not want any less.

Respectfully,

HARVEY RICKERT.

**STATEMENT OF DALE H. RICKERT, COORDINATOR, VETERANS
FARM COOPERATIVE PROGRAM, KUKWOOD COMMUNITY COL-
LEGE, CEDAR RAPIDS, IOWA**

Mr. DALE RICKERT. I just have a few statements I would like to make here.

It would be easy for me to get up and gripe about the double cross of the administration on their changing the feed grain program after the signup, the manipulation of the markets by the large grain companies, and the lack of production of the hedger in the commodity futures market.

Incidentally, in that line, commodities futures, we ought to have the Surgeon General say playing the commodity security market may be detrimental to your financial health.

Senator CLARK. That is right. I would like to see an administration do something like that.

Mr. DALE RICKERT. I would like to see enacted legislation that would limit the amount of capital gains that can be claimed annually on livestock sales to \$5,000.

At the present time, the large farm, whether an individual or a corporation, can use this tax break to get even larger.

For example, a large farmer or corporation can and indeed does sell in excess of \$100,000 worth of breeding stock each year. Under capital gains, he only has to report this \$100,000 at \$50,000 income. If he in turn had \$55,000 in feed and other expenses, he will show a \$5,000 loss on this enterprise even though in actuality he has had a \$45,000 profit.

The small farmer because of his limited capital cannot compete against this. So like the song, "the rich get rich and the poor get poorer."

Thank you.

Senator CLARK. Thank you.

STATEMENT OF ELMER CARLSON, AUDUBON, IOWA

Mr. CARLSON. Thank you, Senator Clark, for coming back to Iowa and bringing the good Senator from Kentucky along with you and the farm leaders and the press here today. I am certainly glad you are showing this interest and that you are on the Senate Agricultural Committee.

What is our main problem? Well, 90 boxcars pouring out and taking about $7\frac{1}{2}$ years to get them shipped. We haven't had any in the last 30 days. Maybe I ought to just concentrate on one program, rather than everything. You have got that much pretty well today.

So the key problem of the several people involved is first, the housewife. What do they want? They want assurance we farmers are trying to stabilize our costs in food. The program makes sense.

Next, what do we farmers want? Better control of our traffic and keep profits.

Number three, what do our world of nations and friends overseas want? I think they would like to get farmers to export more.

What will the Budget Director, Shultz, and the administration buy? They are running the big end of the show with the help of Congress. They would like to have assurances better than the delivery system we have now so they can fill their commitments overseas and on the most efficient basis possible.

So I think to further the farmers' need, what we need is to ask Congress to give us an opportunity to own and control the feed grain transport system mainly for corn. I would like to have it thought about. That is, it would be corn to Minnesota, Bloomington, Ill., Southville, Ky., Tennessee, to either the gulf coast or Carolina coast, somewhere in the seaports. In the Southeast States, Alabama, Georgia, Carolina, and there where there is poultry.

The proposals sent to me for study—approximately 10 miles per hour will take 4 or 5 days, preferred to be refrigerated at 32 degrees at starting point and dried the corn, and it still turned out No. 2 product, the product being 40 percent corn and 60 percent a mixture. I think that combination would deliver 3 to 5 million bushels per day, would be well planned. It could be the farmer would for a transportation act help amplify the cost and the farmers have done right well and the Congress knows it, the REA program. So now I think we farmers would rather than have the country—out of country pipelines and one oilfield that might be worth considering the approximate wealth of \$1 million to serve the entire farm belt for the biggest wheat grain area in the world. I can see it should be transportable at about one-half the present rate. We hope that you folks will give it consideration and study by a committee and appreciate your plans coming out and hearing us farmers here today.

I don't like to see you put all your votes in one basket because we have already mailed out \$250 million. They tell me Rock Island is already on rocky ground.

Senator CLARK. Thank you very much Elmer Carlson of Audubon. He is the former hand corn picking champion of the United States, Elmer Carlson.

Thank you.

[The following material was subsequently submitted for the record:]

CARLSON CHAMPION HYBIRD CO.
AUDUBON, IOWA.

HON. DICK CLARK,
Senate Agriculture Committee,
Washington, D.C.

DEAR DICK: Here is the proposal in brief form to present to Senate committee hearing—you will realize its briefness for the size of the project. But pipeline will work on grains and possibly soybeans when redried—suggested by John Stigemon, co-chairman of I believe Sioux County.

I've had a pipeline foreman go over figures and costs—Material Freight Right-away pumping station, (Drying Facility & Dockside Storage & Port Facility 250 million) total costs would be from 900 million to 1,300 million, this is a lot of money, but the proposal for a Prudhoe Bay Railroad equipped was 4 to 5 billion and a pipeline through that county would be expensive too.

I hope you will send me a report on it as I've talked to a lot of farmers—and they agree we need something and perhaps this is it.

I put dry corn in water on porch in January and dried it on plate at room temperature. It came out No. 2 corn in 1-2-3-4 weeks. At average temperature from 20 to 50 percent in February and March. If the water at time of putting into slurry was refrigerated in summer to 32°-40° it would certainly insure satisfactory condition but ground temperature usually don't get over 55 to 60 degrees in summer so should not be a problem.

To date, I've received 4 out of 92 corn orders to ship my grain, since January. I think this proposal of farmer ownership of their transport is just as important as REA and PCA. With the pipe feeding into the grain deficit S.E. it would be some disadvantage to our feeders but would help assure support of the S.E. States Congressmen where a lot of the political strength is located.

I hope you and our Senator Huddleston and the committee will see fit to have a pilot research done. I understand that there is a pipeline laboratory at Tulsa for research. I believe it is William Brothers Co. there.

Thanks again for taking interest in our transport problems.

ELMER H. CARLSON.

[Omaha World-Herald, Friday, April 20, 1973]

SENATE HEARING IN IOWA

'CORN PIPELINE' IS PROPOSED FOR MIDWEST

Ames, Ia. (UPI)—A former national corn-picking champion proposed Thursday that the nation's farmers share the costs of a "corn pipeline" to resolve the grain transportation crisis.

Elmer Carlson of Audubon told a special Senate Agriculture Committee field hearing here that the nation's transportation system is totally inadequate to handle the grain shipments.

Carlson said a "corn pipeline" could be built through the Corn Belt from Mankato, Minn., through Iowa, Illinois, Indiana and Kentucky, for barge shipments to Gulf ports.

He said the pipeline could transport corn at one-half the present rail rates.

GRAIN DEAL CRITICIZED

Carlson said the proposed pipeline could be paid for through an assessment on individual farmers in the five states and he urged Sens. Dick Clark D-Ia., and Walter Huddleston, D-Ky., to carry the concept back to Washington when the committee begins drafting a new farm bill.

'CORN PIPELINE' PROPOSAL FOR CORNBELT

A former corn-husking champion proposed a corn pipeline reaching from Mankato, Minnesota, to best facility for 55' deep seaport development on the Gulf or East Coast.

Our persistent transportation crisis begs a solution. Elmer G. Carlson of Audubon, Iowa, told a special Senate committee April 19 in Ames, Iowa, headed by Senators Dick Clark of Iowa and Walter Huddleston of Kentucky. He said the problem will worsen as more crops are required in almost fence-

row to fence-row plantings throughout the cornbelt. Increased needs for fertilizer, machinery, fuel, etc., besides the extra crops being produced this season will add to existing freight problems.

A corn pipeline (water slurry) would help break the grain bottleneck for all time. Carlson predicts it is capable of fast, efficient service and recommended it should be farmer-owned in a manner similar to REA and PCA. These proven farmer-owned and farmer-managed programs have helped to make the American farmer the lowest cost food producer of the world, even though we have the world's highest labor, machinery and freight costs. He said, "A corn pipeline of adequate size to move five million bushels per day would move grain for less than one-half the current rail and barge rates."

Wet and dry corn could be comingled for movement through a plastic or steel pipeline of six to ten feet in diameter with a flow speed of 10-20 miles per hour. (It could be cracked, ground or whole grain whichever the slurry would handle most efficiently. If grinding corn proves a better way of transport then it would be dried to 8% and shipped in 10-20 ton plastic coated blocks of ground corncake for export.) After shipment through the pipeline, the corn would be dried at a very low cost (about 2¢ per bushel) at dock-site for export. (Supplies of natural gas are located at the Gulf area, making drying more economical there than in the Midwest).

The grain pipe would adequately supply poultry and livestock producers in the Southeastern United States where low labor costs are coupled with the best possibilities for the most economical food production. Corn has been costing the Southeast area about \$2.00 per bushel while it is \$1.25 per bushel in Western Iowa. What a difference this would make for the consumers, also in helping to expand our grain markets. The improvement of our dollar balance concerns everyone and the Chief of the Bureau of the Budget admits this is the most favored way to improve the U.S. balance of payments. A transportation tax could be assessed each shipper using the pipeline to help amortize the installation of facilities, to be governed by the proportion of saving it affords area shippers.

Carlson, who introduced anhydrous ammonia to the cornbelt in the '40's and helped introduce liquid urea protein in the early '50's, said farmers are now more aggressive to accept new concepts.

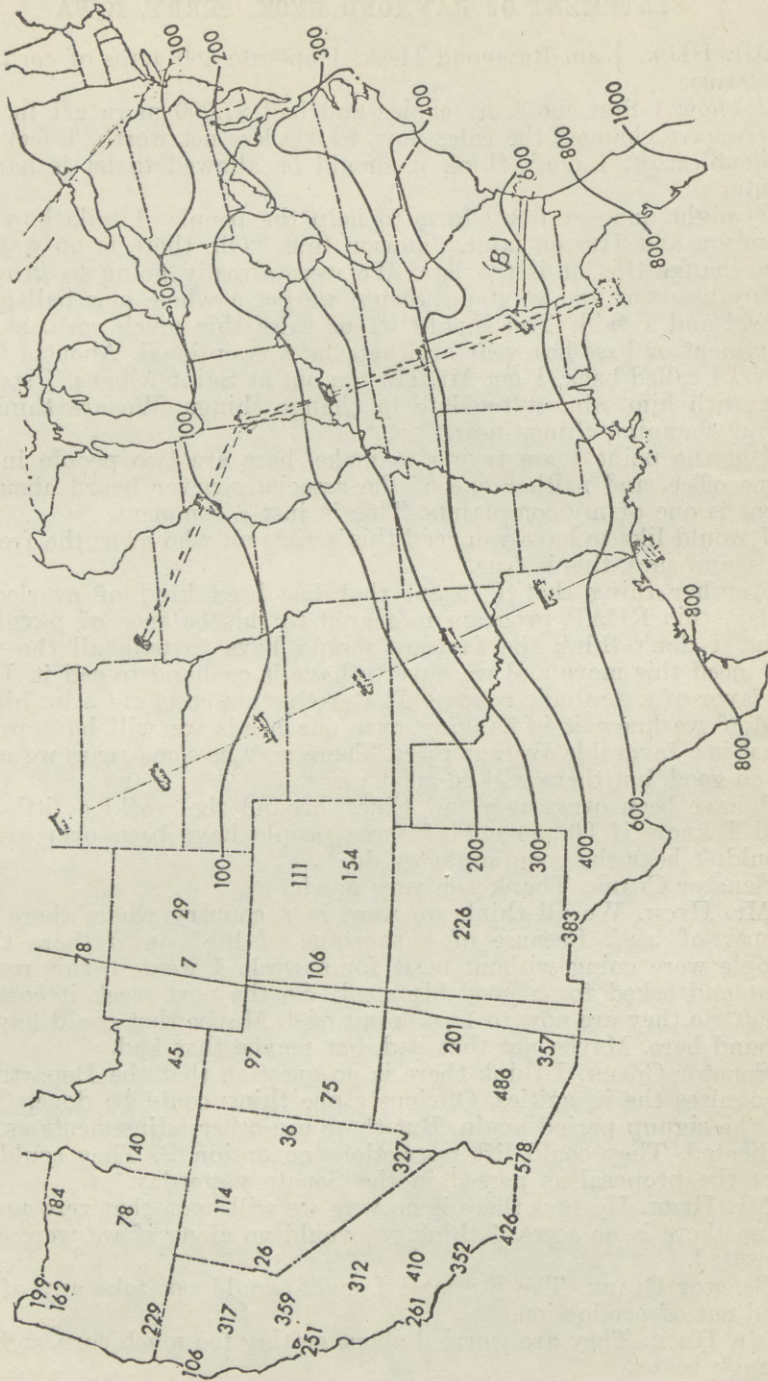
Carlson recommended to the Senate Agriculture Committee that the request a pilot test by several pipeline testing laboratories to more accurately measure cost factors and efficiency. The government is subsidizing railroads and yet they say they must merge to keep going. Trucks are taking more rail business so railroads keep escalating rates. Barge rates have nearly tripled in nine months. This is detrimental to farm income and the earning of much needed dollar balances for the U.S. Government. The corn pipe would deliver rapidly a quality product to our world buyers. Everything we can do to deliver a top product, on time, efficiently, at lower freight charges, helps to sell the top end of our production and that makes our prices better. Pipeline moving of a product is the modern way.

Two further inter-related aspects of the pipeline and ones of increasing importance 1) it would lessen the use of fuel and, 2) cause much less pollution. There would be 1000' waterhead pressure to the Gulf. This is free energy. Carlson estimates the pumping energy cost to offset friction would be several times less than required by railroads. Therefore, the pollution would be much less and being at stationary points, would be easier to control.

The Russian Giveaway last summer of about \$300 million dollars of grain value, the juicy deal to the Grain Moguls, the Pennsylvania Railroad bail-out of over \$200 million and the losses our farmers have taken since last July would have built the corn pipeline completely.

The squeeze is now on the small grain elevator operator, just as it is also on the independent oil companies and station operators. The farmer needs the independent elevator and they need him. They can most efficiently accumulate and truck or short-rail grain to the pipeline and have an assured market outlet and not be beholden to the grain cartel.

The map shows a proposed route of a cornbelt pipeline that would serve a twelve state area and a wheat, milo, lignite (coal) pipeline serving the nine plains states and also reaching the heartland of Canada's wheat area, for later consideration.



STATEMENT OF RAYMOND HECK, PERRY, IOWA

Mr. HECK. I am Raymond Heck. I operate 880 acres of corn and soybeans.

I know I first chose my choice and had \$7,000 more net income. They have changed the rules now, \$2,000 less net worth. I feel it is a doublecross. I don't think it should be allowed to let it happen again.

I might quote a few efforts to help the people. I talked to Mr. Jamison and Huston later. Jamison first. "Oh, there is no way we can change this, it is too late. We were already going to grow as many beans as you wanted, because we got a whole new ball game now," and I said, You should let us raise this much corn, as our allotment or base last year or whatever was optional. About a week later, I called back. I got Mr. Huston out at Saint Albans. I started out with him, almost too late to change things. We are thinking about changing things now.

But the point I am trying to make, here are two people in the same office, and neither one of the associates never heard about it. That is one of my complaints. This is just a comment.

I would like to have you read this article on who owns the freight cars, and sure, this is true.

Another thing that I meant that has been kind of overlooked today, this REAP program is geared to this balance of payments debt. I don't think the farmers should have to take all the risk. We need this move and we have to have it on hand to sell it. I am in favor of a strategic reserve. The production costs are a lot higher and if we know it is hanging over our heads we will have to use what is a favorable average price. There may be some years we won't do so good, but there will be good years.

I have been overseas a few times, around the world a little bit, and I know if 90 percent of these people have been overseas we wouldn't hear the complaints we do.

Senator CLARK. Thank you very much.

Mr. HECK. We all think we were in a country where there was plenty of beef. Because of a shortage of beef down there those people were going without meat for a week. I went in this restaurant and asked for a good big steak. So the next week it cost me \$7.50. So they are now to 1 week out of 4. Maybe that could happen around here. Maybe not that bad, but maybe that bad.

Senator CLARK. I think there is no question that the Department recognizes the inequities. Obviously one thing could be done. Open up the sign-up period again. But there are other adjustments as you indicated. They could lift restrictions on option B. They could accept the proposal as passed in the Senate yesterday.

Mr. HECK. He says there is no way we will open that zero up because there is no acres. I think we would go along if we were compensated.

Senator CLARK. The proposal I made would not take any of the land out of production.

Mr. HECK. They are worried about getting too much corn and not enough beans.

Senator CLARK. Thank you very much. I appreciate your comments.

STATEMENT OF GEORGE LEONARD, ELKADER, IOWA

Mr. LEONARD. Senator Clark, I wish to express our appreciation to you for being here.

I am George Leonard. I farm 685 acres, renovational land of 1,150. I imagine that fell under the program earlier which would classify me as a rather large farmer.

They say that an investment of \$700,000—that would be considerably more than \$700,000.

Now, I have a hired man, Moore, whom I take out of my personal living of \$500 a month. I pay him regardless of whether I am making a profit or a loss.

Some things that have not been brought up. If production credit and banks don't loan us the money they want a freeze on industry, but the freeze that goes to these production credit or banks that they borrow, if you are going to freeze one, freeze both. I don't like to borrow any more money than I have to.

You asked what can be figured on corn and beans. In March you can go to any coop beef warehouse in town, and you get the price in warehousing, you can figure this cost in April and March. In February there is the cost of fertilizer and seed corn if I want to know what the production is for that year. I am sure no housewife is going to boycott because we have to pay 45 cents by the end of the year for fuel as we do now.

I would like to see the Department of Agriculture's budget out of everything, get out of the lunch program, another department where it would not reflect back to us the economy of the United States.

Me and one hired hand run this now. When we get back, they may join me. The Government's policy has been for cheap food, and everybody wants cheap food. But we can't go down to George Meany and say they want cheap labor. We don't want any controls on exports and industry. Of course, consumers want cheap meat because they have two snowmobiles, a dune buggy, and an outdoor swimming pool. These are all less than 2 years ago.

My wife would like to see me often. I would like to farm less. But every time, if we get 30 more days of rain, you won't have to worry about overproduction.

One comment. Bean future contracts, and if you wanted to get out of it, well, you cannot get out of it until it gets below your contract. I wanted to provide a contract, please pay a penalty, and commission, and let the price go up and sell it.

Senator CLARK. Thank you.

STATEMENT OF REX TAYLOR, ALGONA, IOWA

Mr. TAYLOR. First, I think that you have had a real good meeting here today. You have a lot of information to take back to Washington with you.

There are several important things. One of them is that we do need a farm program of a type where there is a support price level that will keep farmers alive and receive a reasonable profit, when prices drop below 50 percent of parity. We need to expand the

facility loan program in order that farmers build more on the farm storage, not only to help control their own prices for the products they raise, but to give relief to the elevators and railroads. Kossuth County last year raised over 26 million bushels of corn and are one of the leading counties in the United States. I do not think we should, as a group, count on corn exports to keep the price of corn up at present levels. I do not think Russia will buy one bushel more of corn than she has to. Sometimes I wonder how stupid we are in this country. I'd like you to visit personally with the Secretary of Defense, Secretary Richardson. I hope you can take a trip to visit Norad in Colorado Springs, Colo., and see the other side of the picture. See what Russia is doing with their largest defense program in history.

How and where are the farmers going to get the money to redeem all the corn that comes due May 31? There is not enough money in all the banks in Iowa to lend 90 cents a bushel on all the corn that will be due May 31. Loans must be extended and corn resealed and marketed in a more orderly fashion.

Where is our strategic stockpile of grain, in the event of national disaster or a bad crop year?

Summarization—Thirty years ago when I graduated from I. S. College they told us if we forgot 50 percent of what they taught us, we had a chance of succeeding. If you only use 50 percent of what you heard here today, Senator Clark, you have the material for a successful farm program. Thank you.

Senator CLARK. Thank you.

STATEMENT OF MARVIN SCHLITZER, DUBUQUE, IOWA

Mr. SCHLITZER. Senator Clark, I am Marvin Schlitzer.

Mainly, I am a dairy farmer, really a minority. As for being a minority as we are, I suppose it is only to be a bit apprehensive to the election time as to what legislation we will have.

I want to compliment you in representing us farmers in the State of Iowa.

I think that the population of Iowa, 8 out of 10 persons depend on farming for their livelihood. I think your emphasis is placed in the right place.

There are only two parts that I want to discuss. It is a part I am very proud of, the 85 percent. The dairy field is a risky business for the young person to go into. The average dairyman is 55 years old. The outlook is very relative as to the type of young person we are going to get into the dairy business, and right now there are no younger people coming into the dairy business. What, about 95 percent of investment and we have received less than 40 percent of the consumer's dollar spent for dairy products. So I am really concerned about the dairy business.

I think the weather has played a part and world trade, certainly. This is another thing, certainly. I talked to another man during lunch. I talked to a young man at lunch, but he is so very apprehensive that he is going to seek his livelihood in other areas.

There is one other point, and that is about how much of the conservation work will be done without consistency throughout the

country. Certainly not enough to make a great deal of difference. I believe I have never seen erosion quite so extensive as the last year and a half. I think it is important that we do have funds available to us.

That is about all I have to say.

Senator CLARK. Thank you very much.

I am the cosponsor of 85 percent parity on that particular reason, for the obvious reason that we are going in the right direction on milk production.

A voice. Anyway, the farmers are not going to be annihilated by all these things happening in Washington. Now they are threatening gasoline shortages. Land between here and my home that has not been farmed yet. If these fellows—I don't know what will happen.

Another thing, they couldn't take the corn to the elevators and they won't let them out of the contracts, and vice versa, and the people are just getting plain tried of it.

I suggest rather than having the farm programs changing constantly, let's have one remain static, and all you have to do is keep it 25 percent straight across the board, raise the price to \$3.50 a bushel, at least one and a half, and let them plant, and if the USDA thinks they have a need, they can raise it even higher if they think they need it. Then stop calling in all this 1972 corn. Now they are going to call in what is under seal. Will they be able to seal this all back before the end of May?

Livestock has weights up and down. Let's put a limit on this, say \$1 a week, then this business of a dollar a day—yesterday it was \$1.50 more. There ought to be something that looks like some kind of control. If we have to store some of it we need facility loans and at a cheap rate.

My own town happens to be one of the five places in the State, main line railroads in the State. They need a facility loan. Let's get one for this kind of people with properties that want this sort of thing.

Then in regard to Federal property, I notice this farm is going to get farmed.

I think these things should be looked into and maybe we can do something about this sort of thing.

That is about all I have to say.

I am very anxious to get a chance to meet Bob Whitefielder. I have talked to him on the phone.

Senator CLARK. Thank you very much.

STATEMENT OF BERNARD E. BUHR, SUMNER, IOWA

Mr. BUHR. My name is Bernard E. Buhr. I am a dairy farmer from Fayette County from the town of Sumner.

I am a board member on the North Central Region Board of Associated Milk Producers, Inc., which is an organization of some 42,000 dairy farmers in 21 midwestern and southwestern States.

AMPI is made up of small dairy farmers who have banded together under the cooperative laws adopted by Congress to improve marketing conditions, over which as individuals they have absolutely no control in the sale of the output of their family operated farms.

During this year, we have gone to board meetings, we have received information each month that numbers of dairy farmers are selling out. When we say numbers, just in the north central region, which covers the States of Iowa, Minnesota, Western Wisconsin, South Dakota, and Nebraska, the sell-outs have been numbering on the average of 103 per month.

What are the reasons?

1. Average age of the dairy farmer is around 55 years.

Another reason the young dairy men do not survive under present prices is the younger dairymen do not have the experience. It takes a lot of experience to know what good cattle will produce and to know what must be done so they do not lose the operation.

The average farm of around 50 cows, his vet bill will be \$500 to \$1,500 per year.

Our vet bill in 1971—was right around \$2,200 and approximately the same in 1972, and I am sure it will be much higher in 1973, we milk 55 cows.

Unless there is a higher incentive in dairy farming then the many young farmers will get out.

These older men are competing with factory workers to keep their operation going. There is no one to finance the young farmer, the reason being that financing is hard to come by for young farmers, long hours, 7 days a week, twice a day, about 12 hours a day, 365 days a year, and the outlook is not good for dairying with the present administration policies.

Within the last year, soybean meal has gone up from around \$106 per ton to \$220 per ton—milk cows must have this. Soybean meal is up to \$250 per ton now.

Fertilizer costs are up approximately \$10 per ton over a year ago. Seed oats are almost double from a year ago.

And then tack on to the above expenses the continuing rise in machinery cost of labor and don't forget that costs to the farmers have also increased on every score—that is, our cost for food, clothing, medical, and dental, and right on down the line to take care of our families has gone up at the same rate as everyone else, but the prices received by us for milk and other products produced on our farms have not increased at the same pace.

Senator CLARK. Thank you very much.

Is this our last witness?

STATEMENT OF JOHN WIESE, RHODES, IOWA

Mr. WIESE. I am John Wiese from Marshall County.

I haven't heard any compliments to President Nixon, so I want to get in here. I don't know of anyone in the country today that is making Democrats faster than President Nixon. There are just two things that I want to drop a couple of hot potatoes before you folks.

We have this energy crisis. It is economically and in every way feasible that we add 10 percent of alcohol to the gasoline. Now, that is item number one. If we do that to the country as a whole, we are going to have this fuel shortage business.

Gentlemen, you might well look to the future and grab the bull by the horns. We are going to have to nationalize these folks in the

railroads today, period. They are out here trying to maintain our equipment with a couple of bailing wires and a pair of pliers.

Senator CLARK. Thank you.

I want to close in expressing an appreciation for all the farm organizations, the commodity groups, and the individual farmers who spoke here this afternoon. The testimony will be reviewed and studied by the committee staff and will be available. The hearing record will remain open for 10 days more, should anyone want to submit a statement for the record later.

I want to particularly express appreciation to the college officials, to Dr. Parks who came over during the noon hour, and to Dean Kolmer for the use of these facilities and the cooperation we have had from his staff.

We scheduled this hearing at this time here in Iowa to afford Iowa farmers an opportunity to be heard on what kind of future farm program they feel our Nation should have, and I believe the presentations here today were not only excellent, but they also tended to suggest several conclusions. Needless to say, it is impossible to summarize all of them and give proper attention to each point made. But let me try to make some of the most salient points made over and over again today.

With some possible improving amendments, Congress should extend the 1970 Agricultural Act. Every effort should be made to prevent imposition of any price ceiling controls on raw agricultural products, whether direct or indirect. We heard that several times today.

While farmers like and want to take care of marketing opportunities, whether domestic or foreign, farmers should not be expected to produce for these markets at or below the cost of production. Farmers want and deserve a reasonable return on their investment and labors, an objective obtained by most every other sector of the American economy. We heard that, I think justifiably, over and over today.

Next, every effort should be made in the future, not only to maintain farm price levels, but to maintain stability with respect to farm prices. It only hurts both the farmer and the consumer and it helps only the commodity trade speculator, again, as we have heard over and over today.

It has been heard from every farm group and every individual to restore the REAP program and REA program and the disaster program. Congress will have to look out for all of the interests of agriculture with respect to upcoming international trade talks. That may not be so easily done in view of the Flanigan report, if that becomes policy.

More must be done in the future to more effectively tell the American's story to the consumer.

We ought to have some description of the way that money is spent on the consumer programs at the Department of Agriculture.

We heard a great deal about the transportation problem. If we are going to continue to expand production, all of us have to give more attention to the railroads, better utilization of railway cars, better use of both. That has to be a No. 1 priority.

Now, before adjourning, I would like to touch upon some of the problems that we in the Congress will be likely to face in getting new legislation this year.

I think we may have a problem. One of the questions yet undecided is whether or not the President of the United States is going to give full and strong support to any farm program.

We may get little or no support from many urban and suburban members of Congress, both Democrat and Republican.

There is going to be heated debate over whether the total farm payments should be limited, either at a \$55,000 limit or lower. There is perhaps the biggest debate over the level of the support prices, whether or not we will be able to allow for the increases in cost of production since the act was passed.

We heard a good deal of testimony here today, the consensus that foreign prices at any rate ought to be around \$1.50 a bushel. It is very clear that all agree that we need a program.

In short, Congress certainly has their work cut out for them. We need your help. While I do expect the Congress will pass legislation, the ultimate fate of the legislation sent to the House this year is impossible to predict. If the farmers want farm programs continued, then they will have to exert every effort in the political field for Republicans and Democrats alike.

I can speak for Senators Huddleston and Hughes and myself in saying we will contribute strong support. We will do everything possible to try to keep the program intact. We will need your help and your continued input in the battle if we are to be successful.

This hearing stands adjourned.

Thank you very much for coming.

[Whereupon, at 4:30 p.m., the hearing was adjourned, subject to call of the Chair.]

[Additional statements filed for the record are as follows:]

HAMBURG, IOWA.

Sen. RICHARD CLARK,
Federal Bldg.,
Council Bluffs, Iowa.

DEAR SIR: I have received a Pamphlet from you concerning the Farmers thoughts in regard, to the Price Support Law. I like you think we should keep it or one like it. So many things unforeseen could happen.

You ask for my opinion in regard to this, That is it. I hope that you have a good crowd at Ames on those hearings.

It is nice to know that we have someone interested in the Farmer.

Sincerely,

JOHN PAUL REES.

CLARION, IOWA.

DEAR SENATOR CLARK: Agriculture is the basic industry of the world. Also in the U.S. as important to the people as the air they breathe, or the water they drink. U.S. agriculture is efficient, highly competitive, also diversified. Finance and management is also very important. And U.S. government co-operation should be one that encourages efficient production and preserves, and also improves our natural resources by proper use.

Agriculture needs to sell its products at a fair price for in the market place and also improves our marketing system, and transportation. In foreign trade we need favorable government cooperation to develop our markets, also in selling our products in order to do so they must be available at all times. Organized strikes by unions in transportation should not be permitted, or organized boycotts on perishable products, our railroad system must be improved now.

If there is a need to take land out of production it should be based on cropland acres. Agricultural products should always be sold at a fair price.

A government loan program should also be available so as to provide a floor for agricultural products, but not a storage plan so that we have continual surpluses.

H. A. HIEMSTRA.

WOODBURN, IOWA.

DEAR SENATOR CLARK: I would favor a grain reserve.

Also a price support of approximately \$1.60 per bushel on corn.

A grain facility loan at low interest is a must.

The set aside program should be used as a method of supply control to maintain prices rather than off-setting the balance of payment deficit.

Basically, I favor an extension of the present Feed Grain Program with modification.

OVAL C. COFFMAN.

CLUTIER, IOWA, April 22, 1973.

HONORABLE DICK CLARK
U.S. Senator

DEAR SENATOR: I was at the Senate Agriculture conference in Ames on April 19. I didn't speak because there were plenty of speakers, and as many farmers that many ideas, each one wants a program to fit his needs, farmers are like kings on their little kingdoms as long as he has some money.

The 1934 farm program was a great help. It was meant for the family farm. I think \$5,000 should be limit, if \$5,000 don't help for not doing anything, something else is wrong; if \$5,000 don't help make a living its very sad. The main thing is to keep people on farms and don't force them into the city. That's where most of the pollution is, from crowded areas, and also what are people going to do in the city. How will they make a living, somebody will have to feed them.

Where are farmers who get \$500 or \$1000. They can't always afford to go in the program, if under \$500 would be doubled to make \$1000, and next \$1000 be increased by 50% or \$1500 would make him \$2500; more small farmers would stay and compete with the big farmer. The small farmer is not to blame for over-producing, but the has to help pay the big farmer through taxes so the big farmer could get bigger and buy the little farmer out, and still the big farmer wants more, saying he will divert some acres. That's nonsense, if plenty of small farmers join they will divert about the same acres. The main thing is to keep them on farms. My feeling is that we are taking money from one pocket and putting it into the other by subsidizing everybody and everything. What is not paying its way should be out of business.

Sincerely,

CHARLES SVOBODA.

STATEMENT OF ALBERT MILLER, OGDEN, IOWA

My name is Albert Miller, corn, soybean, and livestock farmer from Ogden, Iowa. My two brothers and I farm 1100 acres and feed about 1000 cattle for market per year.

I would like to file my brief statement with this committee, which will include two elementary facts to which I am sure none will disagree.

1. Food, next to air and water, is the most necessary essential to life itself. If there is too little, great suffering results, and if there is none we all die.

2. The economics of food is that if there is an insufficient amount, even in the case of a small short-fall, the price soars; and likewise if there is an excess the price plummets. Many instances show that 5% overrun to satisfy needs—25% drop in price results.

If, then, these two premises are valid, i.e., that to the general welfare of the population enough food is vital, and that more than enough is a distinct hazard to the economic survival of the supplier, who should, in fairness, bear the cost of insuring enough?

It would seem that no other conclusion is possible than that—to have enough food, public policy ought to be to have more than enough.

However, recognizing that more than enough is economically hazardous to the supplier while being essential to the general population, it would seem

only fair that every citizens' best interest would be served by a program of some sort of a reserve held in such a way as not to cause depressed prices for suppliers.

The cost of such a reserve should be borne by everyone.

I would mention only one more point. There is, for very good reason, much concern about the balance of payments in international commerce. A bushel of soybeans at \$4.00 or corn at \$1.50 makes a much bigger contribution to correcting trade deficits than \$2.50 for beans and \$1.00 for corn, etc

It would seem not in the best public interest to encourage low prices for these products.

Thank you for your consideration.

P.S. I would only emphasize the need to recognize that in order to have enough food it is necessary to have too much most of the time. And because of the economic effect that this has on the producers it should be the obligation of all consumers to assume the cost.

MAURICE, IOWA, April 19, 1973.

DEAR SENATOR CLARK: I am William H. Sneller, a dairy farmer from Sioux Center, Iowa, located in Sioux County, Iowa.

I am a board member on the North Central Regional Board of Associated Milk Producers, Inc., an organization of 42,000 dairy farmers from 21 states.

Presently, I am milking 65 cows. Today the average dairy farmer is 55 years of age. To replace this dairy farmer takes a great deal of capital. Financing is hard to come by for young farmers and the hours are long, seven days a week. So the outlook is not good for dairying with the present administration policy.

The increased costs of the dairy farmer has risen sharply in the past year. Recently the support price has been set at 75% of parity (or \$529 a hd. for manufacturing milk). We are asking that this be changed to not less than 85% of parity to assure an adequate supply of domestic milk production. Also, import quotas should be used to prevent damage to the price support program.

We also urge the administration to fully carry out the intent of the Congress in administering the special milk and milk products programs in the school lunch programs, also in the armed forces, in government relief, and anti-poverty programs.

From the dairy farmers of America.

Thank you.

WILLIAM H SNELLER.

ST. ANSGAR, IOWA.

Mr. Chairman and Members of the Senate Committee on Agriculture:

Many of us are concerned about the way our farm program has been destroyed during the past years. Many of us remember the days when we had no farm program. I lived to see three of my brothers forced to leave the land they had been working because of the planned depression and because of no farm program at all. I lived to see our dad and mother go to their graves before they should have because of worry and because of trying to save the rest of us. Their hearts were broken, their health was broken, and the pride they needed to keep going was gone.

Mother told us that depressions always follow wars. She and dad both went to their graves without realizing that the same type of people who plan wars, plan depressions. They reap a harvest from both, while the most of us suffer from both. When a nation can prosper building for destruction there is no reason in the world why that same nation can't prosper doing constructive building.

We need a good farm program to protect us from these exploiters.

Farmers are spenders, and if we can get our fair share of income, the whole country will be better off.

ANNIS J. THORSON.

MINBURN, IOWA, April 23, 1973.

DEAR SENATOR CLARK: I appreciate your recent trip to Ames, and enjoyed very much the testimony of the other farmers and the reactions and questions of you and Senator Huddleston. I know you are both on our side, and my only worry is that the more urban oriented Senators don't share your viewpoints.

I would like to stress as the others did April 19, that we do indeed need a continued farm program and can not withstand the financial burden of a price rollback on livestock.

I have supported you since you first started, and I voted for you. I am glad you are supporting the farmers as we need all the help we can get. Give them *HELL* in Washington, Dick, I'm all for you.

Thanks again for coming to Ames to hear our side.

Sincerely,

GLENN S. ROWE.

RUDD, IOWA, April 23, 1973.

DICK CLARK

Washington, D.C.

DEAR DICK: I attended the meeting at Ames on Thursday and thought it was a very worthwhile meeting. The sentiments expressed were very well stated.

I farm about 800 acres with my son, who just recently returned from active duty (Army) in Germany. I feel the change in the farm program after the game started was very unfair. Also, I think the corn sealing program should be continued, especially since the box-car shortage and shipping is so critical.

I don't think the farmers have the same president-man that they helped elect last fall.

I think their main objection is to have cheap food. I really believe they should make Secretary Butz *eat* hay and corn.

Yours truly,

MELVIN A. APEL.

DRAKESVILLE, IOWA.

DEAR DICK: First, I want to thank you for the opportunity of coming to the Senate hearing meeting in Ames on Wednesday.

Wayne Birchmier, Gary Klicker, and myself, all young farmers, attended from Davis County. It does one good, particularly a young farm family to have someone showing interest in agriculture, and is muchly appreciated. I hope these other fellows will write too.

On the way to Ames we discussed the farm program, and came up with these ideas.

Like continuation of the 1970 Farm Act.

A program for 3 to five years.

Somewhat small increases in corn and bean loan rates to help cover increases in production costs.

example:

corn—\$1.25 to \$1.50

beans—\$2.75 to \$3.25

Increases of farm storage loans to construct on farms. Here I believe is one of our biggest levers in contracting favorable markets here and abroad. This also allows one to adjust yearly income from one to another.

Staying with proposed set program at sign up time.

We work hard, as do many other young farm families in our community. We need to keep these young men on the farms and in order to do this increased income and management ability must be there.

We farm 460 acres rented ground and own 143 acres. Expansion on steady ground is planned. We have a complete livestock program. 36 cow herd, 200 sheep flock, and raise 700 to 800 hogs yearly.

My wife and I are very active in Farm Bureau work.

Thank you for your continued support. Send information that might concern me.

Sincerely,

JIM MATHENY AND FAMILY.

ROCK VALLEY, IOWA.

SEN. DICK CLARK

Senate Agriculture Committee

I attended the hearing in Ames, Iowa April 19th but did not get a chance to speak or have anything written up.

My idea of a good farm program would be to have a support price of at least \$1.50 per bu. on corn and the Gov. set up a program for maintaining a strategic supply of corn in reserve, but kept on the farm, and the government

pay the farmer to store it and that the farmer does not have to keep the same corn as long as he keeps the right amount of corn and good quality because previously when the elevator needed corn, they said it was going out of condition so they would buy it cheap from the government and depress the price.

Also, I believe base should be changed to acres of farmland and not on previous acres of corn raised.

HAROLD HEVER.

WEBSTER CITY, IOWA, April 19, 1973.

DEAR SENATOR CLARK: As a farmer engaged in the production of corn, soybeans and hogs, I'm concerned about the outlook of farming with the threat of price controls being put on agriculture.

At the present time corn is \$1.38 for June delivery if you can actually deliver any in June because of the railroad car shortage. This price is not high at any stretch of the imagination. Soybeans are \$6.33 for June delivery if you hadn't sold them somewhere between \$3.50 and \$4.00 as most farmers did quite awhile ago. Hogs are about \$35, which sounds good except when you look at the cost of feed and equipment and realize it cost close to \$30 to get them to market. The outlook says hogs will go down this summer and fall which means they could become a liability at the end of the year as they were in all of 1971.

Coupled with this, equipment costs keep rising at a steady pace along with a possible fuel shortage and price increases. Propane gas went up 2¢ per gallon locally within the last month.

Realistically, farmers are big consumers of oils, steel, rubber as well as many specific farm products and price and wage hikes have way out-distanced any increases in prices farmers have seen.

HENRY A. BRAIN.

LE MARS, IOWA, April 9, 1973.

SEN. DICK CLARK: Received your invitation to attend a listening conference on farm legislation for a workable farm program.

I will be there if I can get a group to attend.

In case I don't make it, my views on a better and workable Farm Program, basically is, "Production Control" to the needs of our country, and export demand, at close to, or at, 90% of parity for feed grains.

The government support should be at least \$1.35 to \$1.40 at the farm, for corn, and other feed grains, in proportion.

Right now feed grain prices are dirt cheap, compared to livestock prices or anything you can name.

Don't forget, feed grains are the nucleus of your whole farm economy, and should have a better price, than they have now, for those farmers who's entire income is derived from feed grain sales, like myself, a retired farmer, who rents his farm on a crop share basis.

If I can make it to this conference I will have a prepared statement with me in case I get a chance to air my views and it won't take more than 3 minutes to read it.

Thank you, Senator for the invitation and hoping to mee you there

Sincerely,

CHARLES KELLER.

ACKLEY, IOWA.

SEN. DICK CLARK: Because I will be unable to attend your meeting in Ames Thursday, I would like to express my feelings on the Farm program this year.

The gov't is being very unfair to those farmers who signed up for Option B. With all the wet and cold weather it will be a late spring and therefore it is not too late to have another 5 day signup and there would be better feeling among all farmers.

Why should we sit here and watch our neighbor collect a couple thousand dollars more on same amount of land with less work? I don't begrudge the farmer the money, but it just isn't right: we should have the same privilege.

We urge you to again write or talk to Secy. Butz.

Yours truly

JOHN TJEPKES.

To: Senate Agriculture Committee.

From: Arthur Gerlach, St. Ansgar, Iowa.

I want to lend my support for extension of the 1970 farm act. I do believe we should close the loop holes for excessive payments to individual farm operators. Stressing excessive payment limitations that tend to benefit the family farm as we know it in Iowa.

We need supply management per each commodity. Surely we recall the excessive production that was piled up during the Ezza Benson \$1.00 per bu. corn program.

Basic is the principle that cheap feed grain always bring cheap livestock prices.

The principle of a strategic reserve of feed grains or the old principle of the "Ever Normal Granary" still is a must to provide adequate food at stable prices for the American U. S. diet.

A realistic loan on soybeans at \$3.00 would have created a reserve of beans that would now be available to alleviate the crisis that now exists.

This protein crisis need not have occurred if we had planned a reserve. The protein cost spiral will cut profits of red meat producers and dairymen for too long.

Export demand for our feed grains and soybeans is a big plus, but we should demand a price that gives us farmers a profit. Corn at the present Loan will not do that. As citizens I am sure we are happy that our agriculture products are the one commodity that is available for use to help in the balance of payments of foreign exchange, but why should we as farmers be asked to take a cost of production of price or world market price.

I believe the present wide open policy of full production is being forced on the farmer to lower food costs to U.S. and to make lower prices for export with little thought for the long run effect on our farm prices.

All dairy import quotas have been lifted, increased costs to dairymen "feed supplies" protein should make 85% parity supports a must. We hear rumors of milk marketing orders having served their purposes and can be phased out. They must be continued.

Thanking you,

ARTHUR GERLACH.

FLOYD COUNTY DEMOCRATIC CENTRAL COMMITTEE,
Charles City, Iowa, April 12, 1973.

DEAR SENATOR: Thank you for your invitation to attend your conference at Ames, Iowa at which I may not be able to be present.

You might be interested in the enclosed letter which I wrote to Senator Miller in 1970 in regard to needed farm legislation.

Today with our "subsidized" wheat, etc. sales and the devaluation of the dollar intelligent and progressive farm legislation is more needed than ever before, not only for the farmer but also for the consumer.

Good luck in your efforts.

Sincerely,

PAUL ERB,
Chairman, Floyd Co. Dem. C. C.

[Enclosure:]

June 15, 1970.

SEN. JACK MILLER,
Washington, D.C.

DEAR SENATOR: I am a concerned farmer. In this instance about the economic and social fate of our country.

The policies of the Republican leadership since its assumption of responsibility have caused a depression in the industrial sector.

The Agricultural sector seems to be next in line for a similar fate according to reliable information from Washington.

Dear Senator: Do you honestly believe the production of our land—the basis of food—can be or should be priced on the principle of supply and demand? Is not a surplus always a must? And besides 1½ billion bushels of wheat are in surplus in Canada. Europe has more butter and soy oil than then can use. Every country, even Israel, has a farm plan protecting its producers.

We ask for land reform in Vietnam. Ask the South American States to break up their estates and you and your Farm Bureau bill provide for payment to take people off their farms.

Why not use these payments to make it possible for them to stay!

I am quoting from a booklet about co-ops distributed by the Russians at an International Cooperative Conference of Vienna in 1966:

"Small scale farming gives birth to capitalist elements by its very nature."

Is approximately 2% of the federal budget too much of a cost to assure:

- 1) a good foundation for our democratic institution,
- 2) a more stable economy,
- 3) Plenty of food at a price without comparison in any other country.

I would be glad to give you the real grassroot thinking of the Farm Bureau membership which has benefited by and participated in large numbers in the farm programs. Farm programs could always be better and to this end your efforts should be directed.

Sincerely,

P. ERR.

MR. GEORGE LEONARD,
Elkader, Iowa.

DEAR GEORGE: As per your request, I am most happy to list just a few points of concern, regarding the farm economy, from my point of view.

1. Protect the interests of farmers from exploitation by cheap food advocates.

2. Preserve a system which will make it economically possible to maintain a grain reserve to be used in cases of emergencies and not to be used to force the price of grain down in the market place.

A. Reasonable loan price.

B. Farm storage or other.

This is vital to the welfare of our nation to constantly maintain an adequate feed and food reserve.

Look what took place in Russia, with their drought and short food supply!

Look what took place in the middle 30's! Dust and drought could cut our national food supply to a point of disaster, and unless we have a reserve (out of the hands of the large grain speculators and traders hands) our nation could be faced with having to purchase feeds and food from Russia. I am sure we would not be able to purchase our needs from them and be given a price concession by the Russian Government.

I feel that the dumping of the stored corn on the market was wrong and I do not favor the sale of all of the grain storage facilities. Keep them for rental if necessary, but have them available to handle a reserve.

Do whatever is necessary to maintain a strong farm economy, which will in turn help to keep a general strong economy and a high and enthusiastic morale in the people throughout the country and nation. All wealth must first come from nature through the soil. A strong farm economy makes a strong nation. Let us do everything possible to maintain a strong Agriculture and the other problems will take care of themselves.

Sincerely,

KENNETH BALDWIN,
President and Treasurer,
Elkader Credit Production Association.

POLICY STATEMENT ON AGRICULTURE, APPROVED BY CONFERENCE OF QUAKER FARMERS, ROCK SPRINGS RANCH, KANSAS, NOVEMBER 1972, FOR CONSIDERATION OF THE FRIENDS COMMITTEE ON NATIONAL LEGISLATION.

[SUBMITTED BY IRVING SMITH, WHAT, CHEER, IOWA]

American working farmers and farm employees receive lower returns for their labor and investment than any other group in the United States. The present marketing systems and government programs do not provide a fair return for farm labor, management, and capital. Along with other factors, this situation is causing the number of family-type farms to decrease rapidly. The availability of family farming as a life style and vocational choice may not be feasible for future generations. The continued existence of the family-type farm is compatible with the consumers' interest in a low cost and dependable food supply.

For purposes of this statement family-type farms are those where management, risk, and most of the labor comes from one or a few families working

the land themselves. This does not preclude the partnership or family corporate type of business structure.

To improve this situation we encourage and support legislation which will:

1. Initiate a system of national commodity marketing boards that would have the responsibility of collective bargaining and market seeking for the entire agriculture sector. Such boards would be elected directly by the producers.

During the interim period before establishment of the marketing boards system more complete dissemination of available market information is needed.

2. Stimulate the creation of an international organization to survey production and coordinate distribution of food and fibers on a worldwide basis in accordance with population needs and conservation of natural resources.

3. Eliminate farm tax advantages to those who make their living primarily from non-farm activities.

4. Bring farmers and farm workers under a reasonable guaranteed income program administered through a negative income tax.

5. Provide adequate, federally funded crop insurance.

6. Provide federal and state funding through progressive income taxes to improve education and reduce property and sales taxes.

7. Insure research in the land-grant complex:

directed toward intermediate technology in agriculture suitable for part-time domestic farmers as well as small farmers in developing countries;
toward improving the quality of rural life,
evaluating on-going rural development programs.

directed toward better utilization of non-renewable resources in food and fiber production

8. Insure migrant farm workers the right to:

strike and organize boycotts when they have not been able to secure contracts through collective bargaining,

same social benefits available to workers in other occupations,
competitive wage scales, adequate housing, safe transportation facilities,
equal educational opportunities for their children, adequate sanitary medical, and welfare services.

9. Insure the early prosecution of those employers who hire workers that have entered the United States illegally. The burden of proof concerning legality must rest with the employers.

Farm operators, many of whom provide favorable conditions for their workers, face difficult situations also. Efforts to improve conditions of farm labor must not lose sight of the growers' problems. Continuing efforts of local, state, and federal agencies are necessary. Churches, civic groups, and community leaders can help.

LUANA, IOWA, April 22, 1973.

From: William J. Eno, Clayton County, Farmer.

To: Committee on Agriculture and Forestry, United States Senate.

I attended your subcommittee hearing in Ames last Thursday, not because I had something I needed to say, but because this was the best way I could express my appreciation for your efforts in coming to Iowa. In his summation Senator Clark said he would like to have some facts and figures on the effect of the cancellation of REAP. His request prompted this contribution to your proceedings. The table on page 2 gives the figures as I was able to obtain them for Clayton County. It shows that the farmers are planning a 70% reduction in some of these practices in a year when interest should run high because good prices should make extra money available.

President Nixon stated when he cancelled REAP that he was doing so because farm prices had been good and farmers should be able to stand the entire cost of conservation. REAP was designed to place emphasis on programs which benefited the general public as well as the farmer. If the public is to share in the benefits why should they not expect to share the cost?

When the President can decide whether or not he wishes to enforce a law he is in effect creating a law. It is this unfavorable legislation by the Executive Branch that caused farmers to cry out against President Nixon and Secretary Butz. I would suggest that one of your greatest problems is to prevent this in the future.

WILLIAM J. ENO.

[Figures from SCD Annual Reports for 4 years average. Estimates from a representative of the Clayton County Soil Conservation District. Example of what loss of REAP will mean in the Clayton SCD for applying seven key erosion control practices]

Practice	4 year average with REAP funds available: (fiscal years 1969, 1970, 1971, 1972)	SCD estimates for calendar year 1973 without REAP	Total applied origin of the SCD in 1942 to June 30, 1972	30 year average 1942 to 1972
Terraces (cropland).....linear feet..	98,130	10,000	3,046,632	101,555
Diversion terraces (non-cropland) do.....	10,660	1,500	425,893	14,196
Erosion control dams.....do.....	62	10 }	1,098	37
Multipurpose ponds.....do.....	12	5 }		
	74			
Sod waterways (gully erosion control by re-shaping and seeding)....acre..	86	22	2,314	77
Contour strip cropping.....do.....	756	1,000	19,575	652
Contour farming.....do.....	1,747	1,800	47,959	1,599

NOTE.—This SCD representative estimates interest in conservation work remains as high as ever as shown when you compare the past 4 year averages with the 30 year average of 1942 to 1972 on these important soil and water conserving practices.

Also note that the SCD estimates the same, or a small increase in two practices in 1973. Both of these practices require little outlay of capital to implement their use. On other major practices, such as cropland terraces, it is expected only 10% of past accomplishments will be applied. The benefits from all of these practices have benefits to the farmer, but the benefits to the public can even be shown more dramatically by the reduction in downstream pollution from sediment, (and sediment bearing chemicals) and flooding. Public benefits easily justify expenditure of public funds.

April 13, 1973.

SENATOR DICK CLARK,
U.S. Senate,
Washington, D.C.

DEAR DICK: Was real happy to receive your invitation to the Farm Listening Conference in Ames, Iowa, and I sure would like to attend this, but I'm afraid I will be unable to make it.

I definitely am of the opinion that we will forever hereafter have to have some form of a farm program, however, I don't think any of us can be too proud of any of the farm programs we've had in the past for simple reason that people who are not farmers have purchased farms, joined the farm program, and the taxpayers pay for their farm.

My idea of a farm program is we should never have left the controls we had in the Roosevelt days and I very strongly believe in a quota system and I will try explain in just a few words. This quota for each farm whether its beef, pork, milk, wheat, or cotton should go with each farm, and if a farmer wants to raise more he would either have to buy or rent his neighbors quota the same as if he wants to buy or rent more land. Any over production over an individuals quota at the minimum cost of production should be purchased by the government and used for charity purposes.

Sincerely,

LLOYD SCHROEDER.

WINTHROP, IOWA, April 19, 1973.

HON. SENATOR RICHARD CLARK,
Senator from Iowa,
Washington, D.C.

DEAR SENATOR CLARK: We have just received our first communication, your "U.S. Senator Dick Clark Reports for April 1973.

First, we would like to establish ourselves as not 'johnny-come-lately's' as we attended a Chili supper last October at St. John's hall in Independence, Iowa, where your former boss Congressman Culver spoke in your behalf and the woman sitting next to my wife introduced herself as your parents from Lamont, Iowa. Also, since our bathroom facilities were on the 'fritz' this last winter we were forced to rent living quarters from a Mr. Charles Brettbach, Quasqueton, Iowa, who we believe to be your precinct Captain from Liberty

Township, Buchanan County, Iowa. We all think he is a Grand old man having raised six (6) boys and all Professionals and three (3) of them Doctors.

Now let me say that you are the first to apprise me that the K that I signed w/ the Federal Government on February 5, 1973, w/ the ASC is not being lived up to. Even my Farm Manager, (Doane's Agricultural Service, Waterloo, Resident Manager) has not apprised me of this and since your communication just came today it is obvious that I cannot attend your meeting that started this morning in Ames.

I would like to say that w/out the farm program many of us will be moved off the farms and onto relief rolls for my wife and I were looking forward to that \$2,500.00 to pay our Custom Operators and to pay our seed bills. Also, since we cannot make a conventional mortgage and we did not get our crops out in 1972, how are we to make out?

Can I say that a couple of years ago Governor Ray stated that there should be low interest rates for young farmers. My wife and I immediately went to Des Moines, the next day to his good offices to plead for low interest rates for older farmers but alas our voice was not heard and we know now that his offices are not for the farmer over fifty (50) who has just started farming and cannot go into the conventional sources to get a low-interest-long-term loan.

If you would care to reprint any of the above w/ your Ames symposium please go ahead as you have this letter as my permission.

Also, the Reap program looks as though it is only for the large farmer and especially the ones who stayed on the farm to beat the Service.

Sincerely yours,

NORMAN M. AND GENEVIEVE K. DEAN ADAMS.

GILBERTVILLE, IOWA, April 16, 1973

SENATOR DICK CLARK
Washington, D.C.

DEAR SENATOR: Thank you for your invitation to the meeting in Ames Thursday, but since I will be unable to attend I would like to give you my thoughts. I personally think our biggest problem is the Rail transportation problem. We operate a country elevator and at the present time we are approximately 80 grain cars behind in getting our contracts filled. When farmers offer us grain we have to project our buying to July or later which certainly isn't the way to do business. The grain companies have been accepting our late deliveries because the market is in their favor, but if we had sales made at a high price and the market went down they would undoubtedly cancel out and we would really be in trouble.

I think it is imperative that the railroads are put on a better operating basis, getting more rolling stock etc. And I think it up to the government to see that they are able to get the equipment.

We do appreciate all the effort you have been making to get things done. Keep up the good work.

Sincerely,

J. J. FRANTA.

ALAMO, N. DAK., April 12, 1973.

Senator DICK CLARK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CLARK: I want to thank you for the invitation to attend the Farm Listening Conference in Ames, Iowa. However due to distances involved and nature of my farm operation I will be unable to attend, but hope that views expressed in this letter can be made available to Senate Agriculture committee.

I feel that it would be extremely difficult for family farmers to continue operating without a farm program. An extension of the 1970 farm act could serve as this program. Secretary of Agriculture Butz recommendation that income supplement payments be phased out is unfair. Wheat certificate payments are a means of getting parity for wheat that is used domestically. If these certificates are removed then subsidies should be removed from all other sections of the economy. Labor should take less pay on goods manufactured for use domestically and for domestic services. Bankers should cut their interest rates on money loaned. Manufacturers should sell their products for less than cost.

Housewives outnumber farmers by approximately 15 to 1 and farmers are greatly outnumbered by the rest of the population so when food prices increased the consumer started to complain and news media played these complaints up way more than warranted. These same consumers think nothing of paying 18% interest on color T.V., cars, boats and other luxury items.

Farmer complaints are seldom heard. In 1948 I received \$3.25 a bushel for wheat and \$2.00 per bushel for barley. Today wheat is \$1.90 and barley \$1.10 and a farmer is unable to sell at all because of transportation problems.

My taxes on 160 acres of land have increased 400%. Prices for machinery have increased 300%. When a farmer purchases repairs it seems that they must be gold plated at the prices charged.

It seems to me that farmers have subsidized the rest of the nation long enough with a cheap and abundant food supply. I don't believe that the nation can afford to continue this policy of neglecting to pay agriculture a fair price and a farm program is one way to correct this, so I urge support of an extension of 1970 farm act for a minimum of 5 years.

Sincerely,

PAUL AABERG.

MASON CITY, IOWA, April 12, 1973.

HON. DICK CLARK,
U.S. Senate,
Washington, DC. 20510

DEAR SENATOR CLARK: Thank you very much for your April 2 letter inviting me to attend a Farm Listening Conference in Ames, Iowa, on Thursday, April 19, at the C. Y. Stephens Auditorium.

It doesn't look now as if I will be able to attend, but if I can attend I will be there and certainly appreciate your invitation.

In the event I cannot attend, I would appreciate your adding the following comment to the official records of that meeting to be passed on to other groups in Washington.

"My particular concern involves the legislation or many times lack of it as regards horses and ponies in not only farm program activities, perhaps even more important in urban, suburban, small town, and rural recreational and character building activities.

The horse is one of the finest tools we have in America to build character and provide a sport and work and discipline to our youth. It is also fast becoming a tremendous business and contribute greatly to the economy of many areas of our great nation.

Further, if kept properly it contributes much more to ecology programs and the boundaries and limitations for sound ecology programs affecting America and many other devices often used by America's Youth.

My concern, then, is, that any regulations or legislation that involves horses or ponies be guided by people knowledgeable within the horse industry.

A thirty-nine man National Horse Advisory Committee is available through Secretary Butz of the USDA to advise government on any phase of the horse business. I urge each and every person connected with government regulation or with legislation to become familiar with this advisory council and to seek their advice any time and every time they seek any type of regulation or legislation that might affect the horse in any manner.

I believe this makes just as much sense as consulting a knowledgeable attorney when in need of his advice or seeing a doctor when in need of his advice or seeing a knowledgeable person in any business when matters even slightly unfamiliar must be decided."

Thank you again and hopefully I will be able to attend, but if not I will appreciate your seeing that the quoted portion of this letter becomes an official part of the proceedings of the conference. If there are any questions or need for me to do anything further, please let me know.

Yours very truly,

GEORGE B. LALONDE,
Executive Secretary,
Pony of the Americas Club, Inc.

STATEMENT OF MIKE THEDE, ASSISTANT PROFESSOR OF GEOLOGY, IOWA CENTRAL
COMMUNITY COLLEGE, FORT DODGE, IOWA

It is believed that before any discussion of farm problems and their solutions can be investigated and discussed two basic questions must be entertained:

1. What is the philosophy (or direction) by which the United States wishes to take and pursue in its farm policy, and

2. To acquire what end—is **PRODUCTIVITY** the ultimate and only real goal.

These two questions will lay the ground work for any discuss as to the formulation of a modern progressive farm program. As you are aware, rural America is in a dynamic state of transition which is causing an unsfable condition from year to year in the present farm program. In fact, this transition or change has been so rapid in the latter years that our decision makers have not been able to keep up with it and thus have had to make decisions based upon the past, and not the future.

One of the basic changes that is occurring in rural America, and has been occurring since the late 1920's, is the migration of the rural population to the urban environment. While this in itself may seem academic and not a disastrous situation, I would propose that *in the long run* that this change will lead to the ultimate demise of the rural population to govern itself and could possibly lead to an uncompromisable position between agriculture and government in which the nation as a whole would lose.

For with this migration from rural to urban, fewer and fewer people are controlling more and more of the land, and with the existing farmers working on them a volume situation in which the federal government has its greatest influence, these people are "locked" in by the government with programs that determine their existence. The point here is, does the federal government wish to pursue a policy of working only with the "survivors" in agriculture or do they wish to promote a policy to curtail this migration of population from the farm to the city and work with a policy that would call for the survival of the small farmer. It is felt that there must be some type of policy developed on a national level that will allow the marginal farmer to survive in years of failure and will encourage the people in America to go back to the farms.

Through taxes, supports, markets factors and natural hazards, the farm population is being dwindled away through financial discouragement each year to the point that it could possibly be conceived (if present trends continue) that in the future, less than 50,000 farm families will be left in Iowa.

This depopulation of the farm community does not necessarily mean that a decrease in productivity will follow. The opposite has been true. Production can be and has been maintained and increased through the use of agricultural science and technology. But it does mean that the influence and social character of the farmer and the farm community will be and has been greatly altered which in turn will alter the same in urban segment.

The influences or what we might call "power" of the farmer in making or being part of the decision making process in America is declining and will continue to decline in proportion to the numbers that are abandoning the farm each year. Politicians and others in national and state decision making positions are more apt to listen and be influenced by the greatest numbers and in this case it would be the urban population. In other words, farm policy could inevitably, if not already, be made by the urban population whom constitutes the majority of people, votes and monies. Is this the desire of the Government in relation to farm policy formulation?

The other point, of course, is the social aspect. With a rural population migrating to the cities, whether by choice or necessity, there is a dehumanization factor placed upon these people in migration and the people already considered urban dwellers.

The farmer maintains an identity for which he is proud, and once he is transplanted to an urban environment this identity ceases and tremendous psychic pressures are placed upon the individual by the fact that he has nothing to fall back on for security as the farmstead was prior. Coupled with this psychic pressure is the fact that once a rural family becomes urbanized they find it tremendously difficult for their generation or their future generations to return to the rural life.

There are many other social and economic pressures as well as political realities upon all segments of society because of this farm to city migration

of which farm prices and the controlling of farm prices is but one. Time does not allow me to analyze all of these but the point is that the farm program to date and over the past four or five administrations (and possibly longer) has catered to the "survivor concept in agriculture" in its policy making. Few government officials or administrators have pursued a policy that would encourage the rebirth of small farming—an Agricultural Renaissance is due in order to protect the future of farming and a healthy economy and society in the United States.

By no means does this suggest that I advocate abandonment of the total farm policy that is now being employed nor does it mean the abandonment of present farmers and their interests, but I do encourage the adoption of a farm program that would be comprehensive enough to also encourage and provide incentive for a "back to the farm" movement in the United States. This philosophy or direction would not only eliminate many social ills which plague us at present but would also encourage a more balanced economy and power structure along with the revival of a viable part of America.

Farming has been, is, and will continue to be the "backbone" of the greatness of this nation-state by acting as an economic base from which all else originates. We must develop it and preserve it through our youth and our ambitions and not discourage it by limiting or discouraging its growth.

RUNNELLS, IOWA, April 17, 1973.

DEAR CHAIRMAN CLARK: Following for the record are comments and suggestions for improved Federal Farm Policy:

1. FARM PROGRAM EXTENSION

First priority should be given to enacting a permanent farm program or an extension of existing programs. This is vitally needed to avoid a return of the resource wasting, poverty producing era of the twenties and early thirties when last we farmed without some type of federal farm program.

2. LAST MINUTE CHANGES WASTE PUBLIC FUNDS

Although some degree of flexibility is necessary in program administration, recent Nixon Administration alterations in set-aside requirements have exceeded the bounds of common sense and do not treat all farmers fairly. About three-fourths of Iowa's farmers elected to have as many set-aside acres as were permitted for 1973. A typical Iowa farmer with a 100 bushel corn yield index would have received payments equaling \$58.33 per set-aside acre at the originally announced 30% set-aside rate. With the first change, this farmer signed up for 25% set-aside at \$64.00 per set-aside acre. After the sign-up the set-aside requirement was dropped to 10% and this farmer now will receive \$160.00 per set-aside acre.

An increase of nearly three-fold in per acre set-aside payments sounds like the Secretary has not abandoned his "spending like a drunken sailor" philosophy even though the election is over. This increase appears to exceed the 5.5% Phase III guidelines and looks as if the White House would have us "Do as I say and not as I do."

Although the majority of we Iowa farmers are participating in this bonanza, this type of mis-directed spending gives farmers a bad image. It hurts chances of enacting effective farm programs and wastes public funds that could have been directed to needed conservation and environmental improvement work.

3. MANDATORY R.E.A.P. FUNDING

Needed long term agricultural conservation, upstream flood control and environmental improvement work makes it imperative that the U.S. Secretary of Agriculture be required by law to make R.E.A.P. money available. Those funds provided by Congress are necessary to help finance conservation work done by farmers to benefit all of society.

4. INCREASED GRAIN LOAN RATES

Substantial increases in CCC loan rates for basic commodities are necessary to provide equity for farmers as they respond to the Administration's call for greatly increased production. We proved in 1967 that we can change from scarcity to surplus with one year's crops. Increased loan rates would let all the people share in the risk that the farmers are taking at Butz' request.

5. HONEST CROP CONDITION REPORTS

Integrity must be returned to those USDA Agencies charged with reporting domestic and world-wide crop conditions. The USDA's 1972 withholding of information about reduced foreign crops provided windfall profits to a few grain cartels and speculators at the expense of farmers and consumers. Full, honest and timely reporting of actual conditions would prevent the exploitation of the many for the benefit of the few with inside information.

6. REMOVE THE GRAIN TRADE FROM USDA ADMINISTRATION

The 1972 flight of USDA executives to plush positions in the grain industry is now capped by the Cook Grain Company announcement of a five-fold increase in profits for the 1972 year. Cook Grain is the Alma Mater of ASCS Administrator Carroll Brunthaver. It is past time for a return of USDA Administration to those who farm the land and eat the food rather than by those who farm the farmer.

7. STRATEGIC RESERVE

Likely increased production in 1973 provides an opportunity to establish and stock a national strategic reserve of food and feed grains. Consumer protection from scarcity and farmer protection from price wrecking surplusses will be assured by an adequate and insulated reserve supply.

Respectfully submitted,

JAMES L. MURPHY.

STATEMENT OF EARL NEPPL, ESTHERVILLE, IOWA

I am Earl Neppl from Estherville, Iowa. My wife and I operate a grain and dairy farm in Emmet county; dairying being our main source of income. We milk 55 cows and sell our milk to Associated Milk Producers Incorporated at Sibley, Iowa (a part of the Nebraska, Western Iowa Federal Milk Marketing Order).

I am a member of the North Central Region Board of A.M.P.I., an organization of approximately 42,000 dairy farmers that have bonded together under cooperative laws adopted by Congress to improve marketing conditions. We as individuals have little control over sales of milk produced from our dairy herds.

During the past year in our North Central Region, which covers the states of Iowa, Minnesota, Western Wisconsin, South Dakota, Nebraska, and part of Missouri, we have had an average of 103 dairy herd sell-outs per month. In Emmet county alone since early 1972 until the present time we have gone from 1000 cows to 800 cows—something like a 20% drop in cow numbers in 15 months. This is a bit disturbing as we look ahead 4 or 5 years and ask ourselves, "Where is the milk going to come from to feed our people the fine dairy products that they have been consuming and more or less have taken for granted?"

The average age of the dairy farmer is about 55 years old. As some of these people retire from dairying very few younger farmers consider going into dairying for several reasons. Dairying is a high labor occupation, with most days requiring 12-14 hours per day. It's a seven day a week job (the dairy cow does not take a day off). This does not appeal to the younger generation.

It is almost impossible for a young man to start dairying on a large scale because of the high investment of labor required as compared to other phases of agriculture he might choose to go into.

Feed costs have increased in the past year with soybean meal more than doubling in cost (the dairy cow requires lots of bean meal).

Our fertilizer, seed, machinery, and labor costs also have risen but we feel that milk prices have risen at a slower pace. It looks to me like if we are to continue to supply this nation with adequate supplies of milk and milk products, we will need to get the milk price up to a level where we can keep some of these people producing in this country and hold the imports of dairy products to a minimum.

We in A.M.P.I. feel that import quotas should be used to prevent damage to the price support program. They should not be used for the purpose of holding farm milk prices at the minimum level of price supports permitted by law. We also vigorously oppose any efforts to remove the 75% of parity

minimum support level for milk and that the current support level be not less than 85% of parity to assure adequate supplies of domestic milk production.

We should not get into a position where the American consumer would have to rely on sub-standard and unreliable sources for milk and milk products (mainly imports).

CARLISLE, IOWA, April 24, 1973.

SENATOR DICK CLARK,
U.S. Senate,
Washington, D.C. 20510

DEAR SENATOR DICK: I take this opportunity to commend your efforts in the matter of the Senate Agriculture Committee Field Hearing on April 19, 1973. You and Senator Huddleston exhibited considerable patience and understanding during somewhat repetitive and occasional boring testimony.

Time did not permit my testimony and I take this opportunity to submit the following ideas:

1. I suggest that an "overemphasis" of consumer attitudes, in regard to farm economy, is just as dangerous as indifference by the agricultural community to the consumer needs of food and fiber. Historically, the consumer purchases on the best terms possible and he, the consumer, is not concerned if the seller or producer makes a profit. If the manufacturer or retailer goes broke because of inadequate profit margin, there will remain many identical or substitute products in the marketing complex.

Education of the consumer is a "lost cause" because he frankly doesn't give a darn until a crisis develops.

Congress must take a responsible position in establishing sound policies for agriculture both in the short and long term, regardless of singular interests and complaints.

2. A national program for establishing strategic reserves of basic commodities (feed grains, cereal grains, fibers and metals) should begin at once and desirable inventories acquired in a manner that stabilizes the entire economy.

A. Storage locations can be determined by cost analysis—at point of production or central storage.

B. The inventory accumulated should be regarded as a national asset—not a burden—treated in the same manner as the gold stored in Manhattan, Fort Knox or money in the bank. (I don't recall in my lifetime any criticism of the cost of protecting or storing the gold in Fort Knox and it really isn't very useful on a day to day basis.)

C. The above inventory should be under the control of specific Congressional Committees—not Departments of Government and in no manner be used as political or economic bludgeons.

D. Maximum grain inventory, in past years, at most totaled only 35% of annual use. Few, if any, businesses could operate on such limited inventory.

E. Facilities for conversion of surplus and overaged grain into alcohol for energy purposes should be encouraged by Congress. Emphasis should be placed on development of combustion engines that will operate on high alcohol mixtures.

F. National grain reserves should be released for specific purposes only:

1. Crop failures or reduced yields in the United States with releases to maintain stable food supplies.

2. Foreign famine and disaster relief.

3. To balance foreign sales to a maximum of 10% of purchases. *a.* All foreign purchases must be anticipated by the purchasers in advance of the crop year so that acreage adjustments can be made in advance—let these foreign governments carry the inventory in their country at their expense.

3. Enclosure from the publication "Poultry and Eggs Weekly" of Jan. 5, 1963 indicating agriculture statistics of 1961.

4. Well-meaning Congressmen must refrain from implementing any tax or investment laws that treat Agriculture in a different manner than any other segment of the economy.

Agriculture must not be isolated from the rest of the business community—the rules of the game must remain the same.

The same capital gains laws, or so called "tax loopholes", must apply to farm investments or someday soon, we will find a shortage of capital to maintain an adequate food supply. The land in the hands of an investor or corporation will not produce differently than for an individual farmer.

What would happen if discriminating laws were passed that farmers could not invest in the stock market or real estate on an equal basis to city investors? A free flow of capital is required to make a free economy work.

Please continue your interest in the problems of Agriculture and the effect of legislation on the well-being of our nation.

Regards,

MAX TENHAGEN.

HOW MUCH DO FARMERS GET?

[Reprint from Poultry and Egg Weekly, Jan. 5, 1963]

Are we spending too much money for agriculture? References to the "agricultural situation" and the "mounting costs of government" in agriculture would infer that too much money is being spent for agriculture.

A Kansas State University agricultural economist, Dr. Ray Gieseman, points out that were it not for the tremendous increases in agricultural output in recent years, much federal spending in today's agriculture would not take place.

"The two biggest items in federal expenditures for agriculture go for adjusting farm production and handling surpluses. Perhaps three-fourths of a budget in excess of \$5 billion goes for these purposes," Gieseman said.

An examination of the federal budget for 1961 indicates government expenditures for all purposes were \$81,515 million. This amounts to about \$445 for every person in the United States in 1961.

In contrast, the total agricultural budget was \$5,173 million, or roughly \$28 per person.

"The justification for federal expenditures in agriculture is found in the increased interdependence between agriculture and the rest of the economy. This point is often lost in the shuffle when urban people refer to the growing costs of supporting farm people.

"A good portion of the money spent for agriculture never makes its way back to the farmer. Rather, it is spent for the industries who handle surplus farm products. Or it is spent for improving public utilities in agriculture, which increases the demand for industrial products, not agricultural products."

According to USDA estimates, there were 3,811,000 farms in 1961 and farm population was estimated at 14.8 million. This group of people, the K-State economist pointed out, represents about 8 per cent of our population. It could not possibly have pushed through Congress a budget of some \$5 billion unless there were vital interests in such programs on the part of non-farm people.

Just how much do farmers receive directly from the government?

Gieseman gives this answer: "Statistics for 1961 show government payments to agriculture to be \$1,484 million. This figure represented 4 per cent of total receipts from sale of crops and livestock from farms. Based on numbers of farms, this volume of payments represented \$389 per farm.

"Had the entire agricultural budget been paid to farmers, assistance would have been \$1,357 per farm. Put in terms of cost to consumers, each person contributed \$8.11 for payments to farmers. The \$8.11 could be pretty good insurance for maintaining a food budget which costs the average consumer less than \$400 per year."

Gieseman added that no other country's population eats so well for so small a percentage of their income. Public funds to agriculture help maintain this balance.

MOULTON, IOWA, April 23, 1973.

SENATOR DICK CLARK,
Washington, D.C.

DEAR SENATOR CLARK: I want to thank you for inviting me to the hearing of your committee at Ames on April 19. I am sorry I was unable to attend. I did hear parts of the meeting on the radio.

The only way to know what kind of program the farmers want is to ask them. The meeting at Ames was the best way for farmers to express themselves.

I have a few suggestions to give, some or all of them may have been aired at the meeting. I didn't hear all of it so you can have my thoughts for all they are worth to your committee.

For one thing I feel that the loan rate for corn and soybeans should be raised. How can anyone justify \$1.05 for corn at 1973 production cost? If we would have a carryover problem then we should have an acreage reduction based on actual carryover. A producer would have to idle a percent of his cropland to be eligible to obtain a loan on his crop.

Farmers don't need a check from Washington all they need is a decent price for the crops they raise. Corn at \$1.50 and soybeans at \$2.80 would allow for a margin over cost of production. Farmers will not continue to produce for less than cost of production. When the farmers prosper, the whole nation will benefit.

I do have some misgivings as to how to determine the needed production. The Secretary of Agriculture will represent the administration in power. Since the consumers have the farmers so outnumbered in votes the party in power will be more concerned with cheap food than reasonable farm prices.

The farmers need the storage loans because the more grain in farmer hands the better it will be for both farmer and consumer. That way the large grain companys will have to pay to get the grain. They will not be able to force farmers to sell low at harvest then run up the commodity market like they did this last winter.

Farmers need a central base from which to price grain but I am not sure that the Board of Trade is the best place for the price to be set.

We in agriculture need a reliable transportation system that not only can move our products to the Gulf but also to the West Coast. I know that the railroads have problems I know nothing about. But to me it seems that indifference by both employees and management is the biggest problem. If the railroads can ship fruit from the West Coast to Chicago why can't they ship grain from Chicago to the West Coast? Much of the problem is lack of want to. They, like the farmer, may wonder if this will happen every year or is it a once in a lifetime phenomena?

The agriculture exports we send abroad must have lower restrictions. The United States has played Mr. Nice too long. The U.S. has put Europe and Japan where they are today. The least they could do is help us now.

American dollars has paid for their security for the past several years while they have expanded their economy at our expense.

Instead of Congress trying to make the farmer the scapegoat for inflation they should look at their own spending. Inflation will not be controled until there is a balanced Federal Budget.

Most farmers are more concerned with good prices than two or three hundred dollars for conservation funds. I don't feel that REA co-ops need special treatment when the rest of us have to go to the bank for our loans. A program of Federal backed loans would be best. If it is good enough for Penn Central and Lockheed it is good enough for the REA.

I do think that the disaster loans should be continued at a reasonable interest level. A program like this benefits the whole community as well as the individual farmer. In the same light I think that the public should help with pollution controls as these projects most often is more beneficial to those living many miles from the farm where the waste begins.

The last point I have is that the tax laws should not cause farmers to compete unfairly with outside capital. There should be a limit on the amount of income that farm losses could offset. Also capital gains should not allow wealthy people defer payment of tax while they compete with farmers with livestock. To receive capital gains one would have to own and manage the livestock for a profit. Let's keep investment credit on production expansion in agriculture so we can produce a plentiful food supply at a reasonable cost to the consumer and a reasonable profit for the farmer.

Your interested constituent,

LEONARD M. HARRIS.

ALTON, IOWA, April 23, 1973.

SENATOR DICK CLARK,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: While I didn't get to meet you personally in Ames last Thursday it was indeed a pleasure to see you. I enjoyed very much hearing the representatives of the various farm groups especially Earhart Phingsten's report which as usual was very informative. I also feel the NFO request for a 40% increase in support rates is a bare minimum. My personal feelings go considerable further.

First I would point out that all wealth comes from the soil, the sea or the air. These natural resources are divided into two groups 30% of which are the minerals, the other 70% are farm products. The farm is the only non-depletable source of wealth. It is this repeating wealth that is the energizer of society. However there is a hitch, the producers of that raw material or wealth must receive a price that reflects a parity with other segments of our economy. For years now we have failed to balance the economy and the resulting shortage of purchasing power has been replaced with credit. The end result of this is an unpayable debt and a staggering interest payment and all because of underpayment to agriculture. It is the Federal Reserve system, controlled by international bankers that are responsible for the expanded credit and then the inflation that is today threatening our economy. Allowing private money creators to issue and withdraw credit at their discretion is the crime of the century. The first step in correcting this great evil is for farmers to get cost of production plus, to start using purchasing power created by the earned income of farmers.

Looking at the alarming rate of inflation and the probability of it destroying our country can we risk less than 90% support of basic farm commodities. Perhaps we should make it illegal to purchase farm production for less than 90% of parity. In view of the fact that we are exhausting our crude oil supply we should certainly be converting farm crops into alcohol to blend with gas for our cars and tractors. Importing anything that we have or can have right here at home is foolhardy. By producing it ourselves we save the purchasing price as well as gaining the employment to produce it plus gaining the multiplying effect of the trade turn.

What I am advocating may be a far cry from what most others at Ames were asking but then when you consider that we in the United States have been taught to think only of ourselves and look only for the short range view little realizing that only on a live and let live policy can we last for long. We are truly our brothers keeper but it is far better to make it possible for him to help himself than to help him directly. It doesn't make sense to have cheap food but high tax, high interest and high everything because of the manipulations of the money powers to enslave the masses. I realize that it is very difficult to write a good farm bill when vast majority do not understand the importance of the role of agriculture. However the stakes are extremely high. Never was the need of the seven times trade turn of the farm dollar more essential to maintaining our free country. If the sacrifices of the wars we have been in not to go for naught, we must not fail now.

It would be a great relief to Congress if farmers would use the bargaining rights available through the Capper Volstead act. Perhaps it would help those farmers who are working to unite farmers for that purpose if the Ag Committees of Congress were to issue a report that no new bargaining bill was needed as the Capper Volstead has already given that right. The Sisk bill would only detract from these rights.

Thanking you for coming to Iowa for the listening.

I remain,

JOE FRIEDMANN.

MAQUOKETA, IOWA, April 27, 1973.

SEN. DICK CLARK,
Senate Office Building,
Washington, D.C.

DEAR SENATOR CLARK: My sincere appreciation and congratulations to you for your recent open-meeting at Iowa State University concerning proposals for the new (?) Farm Program.

Some of my reactions to the meeting in Ames are as follows:

1. Another time, would it not be wise to try and stay on the subject instead of allowing the stream of those on an ego-binge, politicking, and gibberish speaking?—It appeared to me that you demonstrated admirable patience in the face of this, but to those who wanted to get at the root of the problem it was exasperating.

2. It appears to me that the transportation crisis is being completely oversimplified, because of an overwhelming lack of understanding of the dramatic changes which have (and are) taken place. Just because more corn and soy beans are being produced and sold in current manners should not necessarily mean that there should be cars immediately available. The volume of crops

being sold as well as the location of markets, the yields being achieved are all a vital part of the problem. That there is a 'mess' no one would deny, but does anyone really *know* that there are cars even on wheels to do the job?

3. The establishment of a national cost of production for any crop would surely reap scorn and ultimate disaster for some if for no other reason than there is no such figure available and surely there should not be. Costs of production will vary as much from one farm to another as there would be from one state to another.

4. The current farm program most assuredly has some serious flaws. Of first significance to me personally is the ridiculous limit of \$50,000 per farm. You must surely know that this figure is not one bit concerned with the small (?) independent operator we were paying homage to last week. I personally think that the "Family Farm" rhetoric is becoming more than a little too sentimentally treated. Defining this phrase might well be a place to begin—if we are going to spend so much time with it. Giving careful attention to *what we have*, studying and carefully defining *what we want*, and proceeding with all haste in that direction would be my fervent prayer—not scuttling everything which our experience has brought us for expedient's sake. Your studious attention to human needs and meticulous attention to detail may impose a hardship on some people, but you realize the impossibilities of 'pleasing everyone'.

5. My heritage has been from the soil. I maintain that our one great resource remains as a force to alleviate some human suffering. It cannot continually remain in the hands of the poor managers, the selfish 'give-me-more' people who continue to avoid looking beyond the end of their nose for a short-range profit. I would hope that when guidelines are established that some sort of recognition to the way soil is used will direct the architects of any new farm program. There is no social logic in subsidizing people who abuse the land for their personal fortunes. There is no economic logic either, for that matter which a little imagination will recognize—on down the road twenty years.

6. If the goals which preceded the format of the present farm program were the true goals of the writers, it appears that there is serious doubt that they can look with much satisfaction on the results. My hope would be that before much writing is done that goals be defined—explicitly and realistically. As I once observed in a speech to some FFA boys, "You can't go any place unless you know where you are going, anymore than you can return from a place where you haven't been".

6. Do your best to return some faith of your people to having some trust in our government. Operate in the open, as you did last week, more. Counsel with those who are capable and whose wisdom is unquestioned. People who are respected, and who have not gained their station in life by sap-sucking, or back-slapping.

7. Recently I joined the staff at Kirkwood Community College. I will probably maintain my home in Maquoketa where I purchased a 'farm' (90 acres) where I truly hope to demonstrate some of the things I taught in high school classrooms for 23 years, and what I am saying to you now. My sincerest personal regards, and warmest wishes for a fulfillment of some of the dreams you so eloquently expressed on the campaign trail. Congratulations, too, for your overwhelming election!

Yours truly,

WILLIAM W. STEWART

HOUSE OF REPRESENTATIVES,
Des Moines, Iowa, April 19, 1973.

SEN. DICK CLARK,
Federal Building,
Cedar Rapids, Iowa.

DEAR SENATOR CLARK: A sincere thank you for inviting me to the Senate Agriculture Committee hearing in Ames. Inasmuch as I am unable to attend, I would like to express some ideas on the subject.

There seems to be a strong movement to sell U.S. farm products abroad, at any price level, with little regard to the needs of the producer. I am not against world trade, but I cannot approve of sales of farm products at so-called world market or dumping prices because we farmers cannot buy at world prices. Almost all of our inputs are at world prices plus a tariff. I believe that until a farmer can buy inputs at world prices without tariffs,

he will eventually go bankrupt because that price does not reflect the domestic costs. The other alternative to this would be to have a two price system, selling at a domestic price for that portion of product sold within the United States, and a catch-as-catch-can price for the exported portion.

Inflation is a serious problem. I do not like the concept of price and wage freezes; but perhaps that is one of the few alternatives presently available to us. It should be all inclusive—government spending for defense, and the like. I feel there are two basic areas we need to work at to control inflation: reduce excessive and non-productive defense spending (thereby releasing these resources for private industry), and to increase productivity of the private sector by the profit motive, i.e., legislation to encourage productivity and creativity of a broader section of the working force through tax reform and by profit sharing methods by the corporations.

Sincerely,

ROLLIN HOWELL.

HARLAN, IOWA, April 21, 1973.

SEN. DICK CLARK,
Senate Office Building,
Washington, D.C.

DEAR SENATOR CLARK: Thank you very much for arranging to have the agriculture committee hearing at Ames. I attended and found my day well spent.

The following are my concerns in order of priority:

1. Something must be done to solve the railroad car shortage.
2. Farmers must have assurance of an adequate fuel supply.
3. We must have a strategic reserve, but it should be in the hands of farmers.
4. Sales of grain to foreign countries must be made on an open and "above board" basis.

I believe the railroads should be allowed to make sufficient money to enable them to purchase enough cars to adequately handle grain shipments. The first priority for investment of profits should be that of providing adequate rolling stock.

Perhaps the Small Business Administration could be interested in loaning money to people who wish to purchase railroad cars. It might be possible for local elevators to buy cars and use them both for grain shipments and fertilizer shipments.

Above all, we need consistency from Federal Government programs. Without consistency it is difficult to plan.

I appreciate the position you have taken toward the establishment of a national energy policy. This is badly needed.

Sincerely yours,

SPENCE VANDERLINDEN,
General Manager,
Farm Service Cooperative.

MAQUOKETA, IOWA, April 20, 1973.

HON. DICK CLARK,
Senate Office Building,
Washington, D.C.

DEAR MR. CLARK: I attended the hearing in Ames yesterday and had not prepared any comments or testimony. After listening to comments through most of the afternoon, several thoughts have occurred to me which I would like to relay to you.

I was disturbed that many of those testifying still carry the torch for 100% parity price supports and seem willing to rely on government for supporting farm income. In our capacity here at the bank we have an opportunity to observe the financial problems of most of the farmers in our Eastern Iowa area. It is our firm belief that the bean market, for example, prospered after price supports were lowered and had they been raised we would undoubtedly find the price support would also have served as a ceiling. My point is that our farm customers are better off at this moment than they have been in many years, and that this has been accomplished at nominal cost to

the government. I believe a return to the old argument about the level of price support is passe and that to believe that farmers can rely on government to provide a high level of income is to deny the political realities. I simply don't understand those who testified that things were really tough and that something had to be done immediately to alleviate the present situation. I have little sympathy for the man who desires to work seven months each year planting and harvesting a crop and rest all winter. There are very few businesses where seven months of work will provide a satisfactory annual income. Apparently, many are still not convinced the government is not a market.

I want to commend you for holding the hearings. I think it served a good purpose and represents the best in our governmental process.

You might be interested to know that our bank, along with First Central State Bank in DeWitt, provided a bus which transported over 50 farmers and agri-businessmen to the hearings. The opportunity to be heard is most appreciated.

Yours very truly,

EDWARD L. TUBBS,
President, Maquoketa State Bank.

LINCOLN, NEBR., April 27, 1973.

HON. DICK CLARK,
*U.S. Senate,
New Senate Building,
Washington, D.C.*

DEAR SENATOR CLARK: I am writing in response to your invitation to submit further testimony with regard to the Senate Agricultural Committee hearings held in Ames, Iowa, Thursday, April 19, 1973.

First Mid America Inc. and its predecessors have served the investing public in the Middle West for 60 years. We have acted as investment bankers in your state for such companies as Iowa Beef Processors and Hawkeye Bancorp to mention two.

We are members of all principal stock and commodity exchanges. We do business with speculators and hedgers. The statements that were made in Ames, that commodity futures markets should be controlled because when they "play" them they lose money, is only one side of the story, namely, the speculators' story.

The hedger who uses futures markets as a "business tool" needs "free markets" in which to function so that he can insure profits when they are available by making "substitute" purchases or sales in commodity futures markets. He can also protect himself from major financial disaster by hedging these markets to limit the amount of loss that he may have.

Commodity futures markets are all things to all people who "work" or "play" with them. They are price insurance for the "hedger." They are a source of gain or loss for the speculator who willingly risks his capital by taking the "other side" of the hedger's position. The markets are over 100 years old and fulfill a very essential economic function in our society.

I submit that before legislating regulations on commodity futures markets, your committee assure that it has a complete understanding of this vital force in our economy.

If I can be of further service to you, please call me. Our commodity people would be very happy to meet with you for further discussion of this subject.

Sincerely,

DALE C. TINSTMAN,
President, First Mid America, Inc.

AMES, IOWA, April 25, 1973.

HON. DICK CLARK,
*U.S. Senate,
Washington, D.C.*

DEAR SIR: I am writing to give you my ideas for a "new" Farm Program. I was unable to attend your meeting at Ames recently, so must use this method to get my ideas across.

I farmed 160 acres for 15 years, but finally gave it up as there was not enough income on that amount of land. We own 80 acres, rented out, which we are still paying for, so I still have an interest in farming. Also, my wife works for A.S.C.S.

My "Program" is to do away with paying for "Diverted" or "Set Aside" acres. Instead, make an "Incentive Payment", such as is used for wool.

Using my 80 acres as an example, here is what I mean. My corn base is 53 acres (which is high), my "yield" is say 105 (which is low). Say 90 percent of parity is \$1.75 per bushel, and the "average current market price" from December 1st through July 1st is \$1.35 per bushel.

If I agreed to plant under my base (53 acres) the Government would pay me \$2,226.00, figured as follows:

53 acres $\times$ 105 (yield) $\times$ \$.40 (\$1.75-\$1.35).

This payment would be made regardless of how much the corn was actually sold for, or even if feed to livestock.

These figures could be regulated to needs and budget.

If a farmer wished to plant over his corn base, then he would not be eligible for payment, and would get only the market price. If he overproduced and helped depress the price, then he would suffer.

I know that part of this idea is used in the current program; but I still think my use of it is workable.

True, figures would not be available to figure price on until the following July. However, once the program was established, you would be on a year to date schedule.

Also, if need be, "force" farmers to raise oats and hay. Both, especially hay, are a good price now. Rotation is a good practice, and would not hurt total income too much, if corn payments were kept reasonably high.

Another program I would like to see corrected is "On Farm Storage". I can see wanting to save Government money by doing away with "Reseal". However, why force a farmer to redeem or deliver after 1 year. At present, come July 1st, you must "redeem or deliver" regardless of current price. If you think corn or beans will go up later and want to hold them, you must come up with the loan plus interest.

My idea is to allow "Reseal" without storage payments. I feel that it is still my grain and I should be responsible for it; but, if the Government has loaned me money on it, they should allow me the privilege to redeem the grain at a time the price is to my advantage. True there must be some limits, but I don't think there will be a big carry over accumulation.

I assume these ideas have been considered by others, but, think they are deserving of some more thought. If I have been of any help, I am pleased.

Thank you for your time and consideration.

Sincerely,

ROGER E. PENCOCK.

STATEMENT OF LOWELL NORLAND, STATE REPRESENTATIVE FROM THE 12TH DISTRICT
TO THE IOWA STATE LEGISLATURE, DES MOINES, IOWA

I am Lowell Norland, North Iowa farmer, and State Representative from the Twelfth District to the Iowa State Legislature.

I am happy to have the opportunity to appear before this hearing by the U.S. Senate Agricultural Committee to express my views and also to commend the Committee for your foresight in holding such a convenient hearing.

Rather than spend a lot of time on the issue of the unfair handling of the feed grain program sign-up which I'm sure you've heard enough of here today, I would rather use this time here today to present an appeal to change what I think is the *probable cause* of this "sign-up confusion."

It appears to me that we should establish a *national food reserve*. This would consist of storable unperishable products. Until we commit ourselves to, and realize the advantages of, a food reserve program in this country, we will always have a problem in attempting to balance our food production with our food consumption.

The lack of food reserve at this time, together with the very unpredictable food needs of the world, makes an impossible task for the Secretary of Agriculture to devise a workable supply-management program. No President, or Secretary of Agriculture wants to be responsible for creating a shortage in

the food supplies of the world today. Therefore, the tendency will *always* be to achieve a program of *plentiful supply* rather than a finely tuned supply-management program.

If our goal for the farmers in the United States is to help feed the world population, then certainly the farmers should have a *just reward*, and be able to produce in a planned way, so that they can maintain the productiveness of the land and the welfare of their families.

The people of the United States are saying that the time has come for us to maintain abundant supplies of quality food. It is my opinion that this country would have a very hard time *sustaining itself*, through its own food shortage, and this forward looking nation that has taken a leadership position in the world should now commit itself to establishing an *adequate food reserve* to *cushion* any widespread *famine*, and to *facilitate* a workable *world-wide farm economy*, and help insure adequate food supplies for the people of the world.

The creation of a well stocked, regulated *food reserve*, is the necessary first step that needs to be taken *now*.

ZEARING, IOWA, April 21, 1973.

HON. DICK CLARK,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR CLARK: In regard to the Congressional Hearing at Ames, Iowa on April 19, 1973: Please recognize the fact that the average age of American farmers and ranchers is increasing at the same time that their number is decreasing. This would indicate to me that either the working conditions or the financial compensation or both are less attractive than other industries.

The American economy has been exploiting agriculture for the past two decades in the same way that it has exploited our natural gas and petroleum sources with results that are not hard to recognize.

I plead with you gentlemen, do not pursue the fallacy that the land and the human resource that tills the soil is inexhaustable.

Your actions in this session will determine whether a subsequent session will have to react to an agricultural crisis that will make the energy crisis look infinitesimal.

Biblical history proves the wisdom of a strategic grain reserve with the example of the Pharaoh's grain reserve during the seven year famine.

Words and actions of men in high places can and do definitely influence the confidence with which food producers operate. Care must be taken to insure that these words and actions are in the best interests of the food producers.

If any area deserves criticism in the food industry, it is the area of delivery and merchandising which is outrageously inefficient. It is ridiculous to move carcasses to metropolitan supermarkets to be trimmed and broken where the offal becomes a burdensome waste instead of a valuable by-product.

Price supports should be increased so as to make agriculture a viable industry. Guard against subsidizing the so called "corporate" farm which varies in size from one area to another.

You might want to consider putting agriculture under the Defense Dept. budget where cost overruns and upward budget revisions are easy to come by.

Thank you for your consideration.

Sincerely,

RAYMOND OBRECHT.

STATEMENT OF ROBERT L. SKINNER, EXECUTIVE VICE PRESIDENT, IOWA GRAIN AND FEED ASSOCIATION, DES MOINES, IOWA

I am Robert L. Skinner, Executive Vice President of the Iowa Grain and Feed Association, 201 Shops Building, Des Moines, Iowa. The Iowa Grain and Feed Association is composed of 1,000 agricultural business firms within Iowa including country elevators, feed dealers and manufacturers, fertilizer

and agricultural chemical dealers, terminal grain elevators, merchandisers and processors. Of our membership, approximately 550 are country grain elevators, nearly all of which, hold Uniform Grain Storage Agreements with Commodity Credit Corporation and Binsite Handling Agreements with the Iowa Agricultural Stabilization and Conservation Service.

Because our members are not involved first hand with federal farm programs, we felt we should not testify at this conference. However, after listening to all the testimony, much of which had to do with transportation of grain, we feel compelled to submit the following statement and respectfully request it be included in the proceedings of this conference.

We feel all persons responsible for developing and administering future federal farm programs should pay more attention to the effect these programs have on the transportation system than they have done in the past.

Here is a status report on the grain transportation situation in Iowa at this time.

Much has been written during the last several months about Iowa's 1972 bumper crop of corn and soybeans and the problems encountered in harvesting and marketing this crop. This was not only the largest crop ever produced in Iowa but was also the most difficult to harvest and market.

Harvest was delayed last fall because of an unusually wet fall and a very early snow storm. In fact, there are some fields of corn and soybeans in certain parts of the state which have not been harvested to this date.

Additional problems were encountered when the Mississippi River froze a month earlier than usual halting all barge shipments of grain. In early December a fuel shortage developed making it impossible for many farmers and country elevators to dry their corn enough to assure safe shipping or storage.

In addition to these problems caused primarily by weather much has been written about the huge quantities of grain being exported to Russia, the severe box car shortage, poor utilization of railroad equipment, rail line abandonments, insufficient operating capital, delivery problems and last but certainly not least contract problems.

The final chapter of this dilemma has not been and will not be written for several months to come.

Only after all export commitments have been met, all grain shipped, penalties paid, and all contracts, both oral and written, honored will the Iowa elevators and the Iowa grain producers be able to access the year that was.

Little has been written about losses sustained to date and anticipated in the future due to the inability to ship grain. To determine the magnitude of these losses and other shipping problems, the Iowa Grain and Feed Association, with the help of the Iowa Development Commission, has been studying the grain handling and shipping problems of its members. A total of 200 country elevators responded to a recent survey. As of March 15, unshipped corn and soybeans resulting from delinquent contracts among these 200 elevators exceeded 8,000,000 bushels. Contracted shipments to be met between March 16 and April 30 exceeded 12,000,000 bushels. To fulfill these contracts it would require nearly 9,000 box cars and 3,700 trucks. This need of nearly 9,000 box cars can be compared with a total of approximately 3,500 cars received by these elevators from December 1 to February 15.

Actual reported losses, due to late shipment penalties, etc., for 85 of these 200 elevators averaged \$15,915, whereas estimated losses due to curtailment of normal marketing activity accounted for an additional average loss of \$13,161. Combined losses, actual and estimated, ranged from \$1,500 to over \$250,000 with 25% of the elevators incurring losses of more than \$30,000 per elevator.

Shipping delays have necessarily increased elevator borrowing, with interest costs increasing by as much as 1500%. Elevators borrowing no money last year report borrowing several hundred thousand dollars this year. As a consequence of the upsurge in borrowing approximately 40% of the elevators studied indicated they had reached their maximum borrowing capacity. Unless shipping can be provided soon, a number of elevators will be forced out of business.

The grain shipment problem affects not only elevators but farm operators as well.

The Iowa Grain and Feed Association and the Iowa Development Com-

mission plan to continue to survey elevators each month to determine further developments in grain shipments, so that alternative actions for alleviating the grain shipment problem may be recommended.

It must be pointed out that this survey includes only 200 elevators. There are approximately 1200 elevators in Iowa. If these 200 are representative of the other 1000 and we believe they are, then if you would multiply the above figures by 6 you would get the picture for the entire state of Iowa.

In the meantime we believe there are several things which could and should be done to help solve some of these shipping problems.

1. We must maintain a strong country elevator system. We must have a competitive market available to every producer every day of the year. All contracts, both oral and written, must be honored by all parties.

2. Many of the advantages now accorded the unit trains should be given to the 3, 5 and 10 car shippers because only about 35 to 50 of the 1200 elevators can now ship unit trains. Many of the rails are too light, many of the bridges are too weak and many of the towns do not have room for the necessary siding to load a unit train.

3. Many of our present tariff rates are for export grain to the Gulf. We need new competitive domestic rates and export rates to the west coast to accommodate the new super ships in the deep water harbors.

4. We need a change in our transit billing system.

5. We need a new total transportation system that would coordinate the shipping by truck, rail, barge and ship.

6. We need to alleviate the glut on the market at harvest time. This can best be done by feeding more livestock in Iowa and by a reasonable expansion of farm storage compatible with existing and expanding commercial storage.

7. We need more and better cooperation and coordination between and among the U.S.D.A., Exporting Grain companies and the railroads in all future export sales to Russia, China and other foreign countries.

8. We need to improve our transportation system. In 1960 all U.S. Railroads owned 560,000 40-foot box cars. In 1973 this number has decreased to 212,000. In 1960 all U.S. railroads owned 45,000 covered hopper cars. In 1973 this number has increased to 145,000, which is far short of filling the tonnage decrease in 40 foot box cars. In 1960 the privately owned covered hopper fleet totaled 800 cars and in 1973 it has increased to just over 40,000 cars.

9. We must keep the Mississippi River open so we can have barge shipping the year around.

10. Last but not least, we must reduce the restrictions on weight and length of trucks so as to make it profitable for them to haul grain and other agricultural products.

STATEMENT OF IOWA STATE CONSERVATION COMMISSION, DES MOINES, IOWA

The Iowa State Conservation Commission has among its duties prescribed by state law the responsibility to "protect, propagate, increase and preserve the fish, game, fur-bearing animals and protected birds of the state." Therefore, we are constantly seeking ways to improve conditions for all forms of wildlife. In a state as heavily agricultural as Iowa, this means we must devote considerable effort to working with farmers on private land. It is on these acres that the majority of our wildlife lives, and their welfare thus depends upon the management practiced on that land.

As farming methods have become increasingly intensive in recent years, it has become more difficult, and in some cases impossible, to maintain satisfactory wildlife populations as desired by the people of the state. Immediate economic realities that must be faced by farmers naturally take precedence over the more intangible and long term aspects under which wildlife, and even soil and water conservation, needs tend to be classified. However, in our many studies and deliberations aimed at seeking courses of action that would maximize wildlife values, without interfering with necessary farming operations, one striking fact soon becomes evident. The Federal Farm Programs have the

potential, as demonstrated in many instances, of exerting a profound influence upon our wild creatures. This can be either a positive or a negative influence. Obviously, we are interested in stressing the positive aspects.

Fred Priewert, Director, and Dr. Gene Klonglan, Wildlife Research Supervisor, met in late July, 1972 with two U.S.D.A. staff members—Dr. T. C. Byerly and William J. Sallee—to discuss thoughts on how future farm programs could be modified to enhance their contribution to our wildlife resources. They dwelled particularly on the present Set-Aside Acres program, the most important one from the wildlife aspect, and how it could be improved from our standpoint. As we see it, the wildlife benefits to the public—and this means non-hunters as well as hunters—are much less than they could be. A prime example of this is illustrated in the attached report on how pheasants are affected by federal farm programs in Iowa. The basic ideas and principles set forth therein apply to all "farm wildlife."

We wish to direct our comments and suggestions primarily toward the development of the new farm program that must be devised for 1974 and later years during the current session of Congress. The new program should certainly include the best aspects of the many types of past farm programs, and should take into account those features that can be of benefit to the general public as well as the farmers themselves. Our basis recommendations are included on the last page of the attached report on pheasants, with the reasoning behind each being included in the body of that paper. Essentially these involve:

1. Retirement of at least 50 percent of diverted acres for a minimum of 3 years, preferably 5.
2. Requiring a perennial undisturbed cover type on the acres retired for 3-5 years.
3. A cover crop also to be required on annually retired acres, with specifications for time and rate of seeding to insure cover adequate for soil, water and wildlife conservation purposes.
4. Discourage, rather than encourage, total removal of cover on retired acres by mowing, grazing or plowing except under restricted conditions as necessary.
5. Maintain an incentive program for landowners who will permit controlled public use of their fields.

However, we too often see our soil—the base every farmer works on—being poorly managed. The Soil Conservation Service names soil erosion as the dominant problem on the nation's cropland and states that nearly 2/3 of our crop acres need conservation treatment. Yet the ASCS has failed to support a strong program of soil conservation on diverted, or Set-Aside, acres. They tell us that the necessary machinery is in the current law to take care of this, but observations of what actually takes place on the land shows this is essentially being ignored. How many producers have had their set-aside payments reduced because they failed to maintain a conserving use which prevents soil erosion on these acres? Such penalties, which are provided in the law, are unheard of; yet we see many examples of poor soil management as we check these acres around the Midwest. It seems inconsistent that the SCS says one thing and the ASCS tolerates—even seems to encourage—the opposite.

Nobody knows better than those of us here in Iowa that the farmer is in the minority in this country, and becoming more so with each passing year. We are also well aware of the feeling of many urban people that farm programs are nothing but a big handout for doing nothing. It seems imperative that those of us directly concerned with the land must recognize we can no longer afford to think of farm programs as having a single purpose objective—i.e., economic. We must heed the fact that land is a basic resource that no one has the right to mishandle—whether he holds a deed to it or not. Those non-farm taxpayers who contribute toward the funds needed to support our farm programs obviously have an interest in those programs. We must make them see that this interest does not end at the supermarket check-out counter. If they could see there are aesthetic benefits in a beautiful coun-

tryside that includes attractive and useful farm program fields, and if they knew that under certain conditions they could even obtain some direct enjoyment from these acres, their attitude might switch from the generally negative tone now encountered to a positive one.

The pilot access program for hunting, fishing, hiking and trapping in 10 states, including Iowa, showed favorable potential in this direction—i.e., benefits for both the farmer (through incentive payments) and the general public (through controlled use of land their tax dollars are invested in). From the conversations with Mr. Sallee, we understand there has been some negative correspondence on this pilot program, primarily from the standpoint that it stresses the opportunity for wildlife to be killed by hunters. We hope that these emotional opinions received from those who do not understand the scientific, biological principle behind harvesting a crop of certain game species will not be given undue weight in deciding on the future of public access program options. It should be emphasized that there are many uses other than hunting.

We know that we will be accused by some people of having selfish motives—that all we want to do is produce more game for hunters to kill. This is not true. We certainly do believe there is nothing wrong with harvesting the allowable portion of the annually produced surplus of these species that have the desired sporting, and other, qualities that have traditionally attracted men to their pursuit. However, our legislative mandate, quoted at the beginning, is not restricted to only those species taken by sportsmen (actually there are far more species of “non-sporting” wildlife). Too many of the preservationist and anti-hunting groups do not grasp the reality that if we are successful in achieving our habitat improvement objectives (as we are trying to do by asking for improvements in the farm program), we will be helping all forms of wildlife. They simply do not understand how things work out on the land; perhaps our increasingly urbanized influence accounts for this. The many changes we desire will help meadowlarks and bobolinks as much as pheasants and quail. Too many people are talking “ecology” and “environment” when they do not understand the true meanings of the words. Unfortunately, this also includes a good number of farmers and other agriculture-oriented people who, because they work closely with the land, should be in a better position to understand the complexities of the total picture. Thus we still have to prove to many of them that it is how they handle their acres that determines the fate of the wildlife thereon.

In closing, we want to further point out that we do recognize there are many forces that will be brought to bear on the formulation of the new farm bill. And we also recognize that the wildlife aspects must be secondary to the basic program objectives. However, we have been assured by various USDA officials over the years that it is intended in the administration of farm programs that maximum consideration be given at all times to wildlife benefits. We are saying that the prime opportunity to really do this is during the formulation of the new farm legislation for 1974 and beyond. We feel that a great deal can be done for wildlife, as well as soil and water conservation, without interfering at all with the farmer's overall operation. And considerably more can be accomplished with a few changes that would have little effect on the farmers, or that could be encouraged with rather minor adjustments in payment rates or small special payments, the latter perhaps being tied to public use considerations.

We believe our staff does have a thorough understanding of, and a strong interest in, the farmer's situation here in Iowa, and that this is reflected in our suggestions. It so happens that the Chief of our Fish and Wildlife Division, our Wildlife Research Supervisor, our Wildlife Management Supervisor and the man in charge of Federal Aid wildlife programs all presently live on farms, and the head of our Wildlife Section was also raised on and maintains an interest in farming. These are the five senior staff members of the Conservation Commission in the wildlife field. Between them they cover practically all aspects of crop and livestock farming, and some of them have taken part in farm programs both past and present. Thus we feel the expertise of these men on both the wildlife and agricultural sides of the picture gives us a good base from which to make recommendations on farm program matters. We hope you will look favorably upon those we have stressed in this communication.

IOWA PHEASANTS AFFECTED BY FEDERAL FARM PROGRAMS¹

Dr. Eugene D. Klonglan, Wildlife Research Supervisor, Iowa State Conservation Commission

SOME PERTINENT BACKGROUND FACTS

The ringneck pheasant is Iowa's No. 1 game species. Nearly 1/3 million hunters harvest 1.5-2.0 million birds each year. This involves some 2 million hunting trips and around 8 million hours of outdoor recreation—not counting time involved in preparation and anticipation of going afield. Iowa has been the No. 1 pheasant state in the country in most recent years.

Economic benefits to the state from pheasant hunting have been measured at a minimum of \$22.5 million per year. This does not include many indirect and intangible benefits generated by the presence of pheasants on the landscape, these being difficult if not impossible to accurately measure.

Pheasants in Iowa are a product of agricultural operations. Farming practices determine the amount of wildlife habitat that will be present on a given farm, and the numbers of any wildlife species—pheasants included—are dependent on the amount and type of habitat present.

The two most critical needs of pheasants in Iowa are safe nesting cover and protective winter cover. Small grains, legumes, and grassy cover are favored for nesting. Patches of brush and small trees, farm windbreaks, marshes with willows and cattails, and other tall dense vegetation are preferred for winter cover.

Through the mid-1950's, half of Iowa's pheasants each year were produced in small grain fields—almost entirely oats harvested for grain. Twenty years ago there were 6 million acres of oats raised in Iowa and they produced around 2 million pheasants annually. Today we have less than 1.5 million acres of oats planted for grain, producing fewer than 1 million pheasants. Hay acreage has declined by 1/3 and pasture by 1/4 over the same period—a combined loss of nearly 4 million acres of these somewhat less suitable but still important nesting cover types. Corn acreage has remained relatively stable at 10-12 million acres, but soybean acreage has jumped from 1.5 million acres 20 years ago to over 6 million acres today (note that this is an exact reversal of the oats figures!).

Thus acreages of row crops, of little or no value for pheasant nesting, have increased almost 50 percent in Iowa in the past two decades. This trend has been particularly evident in the intensively farmed areas of northern Iowa, an average of 50%—even more in localized areas—is directly proportional to and the drastic decline in pheasant population in that part of the state (by an average of 50%—even more in localized areas) is directly proportional to this change in land use. Many other species of wildlife have also declined in number for the same reason. This includes non-game species as well as game.

FEDERAL FARM PROGRAMS IN THE PICTURE

Since the mid-1960's, an average of 3 to 4 million acres of cropland has been taken out of production in Iowa under the various types of federal farm programs in effect. Most of these have been planted to some type of vegetative cover—usually oats, legumes or grasses of the same type favored by pheasants for nesting. In theory, it would thus appear that sufficient birds should be produced on these acres to make up much of the loss incurred by the shift from oats for grain to row crops. In practice, the marked decline in pheasant populations is mute testimony to the failure of this to occur.

Closer examination of these diverted, or set-aside, acres shows that in too many cases they are of relatively poor quality for attracting nesting pheasant hens. In addition, and of even more significance, they are almost invariably disturbed—usually by clipping—while the pheasant nesting cycle is still in

¹ Though pheasants are used in this discussion, this can be considered as but one example of a species that is directly affected by these farm programs. Other game species, such as rabbits or quail, are also greatly influenced. Little recognized is the fact that a far greater number of nongame species of wildlife are directly affected—including many common songbirds and small mammals. All people, not just hunters, have an interest in this matter.

progress. Both of these are closely related to the fact that the present program emphasizes annual retirement of different fields each year as opposed to long-term retirement of the same fields.

The contribution that retirement of the same acres for more than a single year can make to pheasant production was dramatically shown during the "Soil Bank" days of the late 50's and early 60's. Iowa's best pheasant populations in the past 30 years in the more heavily farmed areas occurred during the period of 1958 through 1964, when there was a large acreage of "Conservation Reserve" fields under long term contracts. After the initial establishment of cover, most of these fields were not disturbed significantly thereafter. They were also excellent hunting areas. Many other species of wildlife also abounded on these acres.

Studies have shown that retirement for a period of 3 to 5 years will give maximum benefits to pheasants; it is not necessary to go as far as the 10 years permitted under the old Soil Bank program. Farmers would also find it easier to make long range plans if they did not have to constantly deal with shifting acreage goals, payment rates, operational rules, etc., that leave many of them rather confused as to just what they can or cannot do.

Investigations have also shown that undisturbed legumes or legume-grass combinations on retired acres are at least five times as valuable as oats planted for harvest for producing pheasants. Thus 1 million acres retired on the longer term basis would make up for the loss of 4.5 million acres (no doubt soon to reach 5 million) of oats over the past two decades. Another million acres would easily replace the 4 million acres of hay (harvested and pasture that have been lost over the same span of years).

If we use the round figure of 4 million acres as the goal to be removed from crop production in Iowa (based on the upper end of the average for recent years), it is evident we can make significant accomplishments in improving pheasant populations, as well as those of other wildlife species—both game and non-game, by devoting just 50% of this to a long range land retirement program. The remaining 50% could be handled on an annual basis to give the farmer and the government the flexibility needed to make adjustments deemed necessary to meet program objectives. The key point is that 2 million acres of properly managed long term retirement acres could offset the 8.5 million acre decrease in oats, hay and pasture acreage. (Should only 3 million acres need to be removed from crop production, 2/3 of this should then be retired more than 1 year).

Pheasant production on the remaining annual half of the acreage could be greatly enhanced by a few minor adjustments in current requirements that would have essentially no effect on the farmer's operations, or that could be handled by a slight adjustment in payment rates. Not only must an annual cover crop be required (soil erosion control alone calls for this), but its quality must be attractive to nesting pheasant hens early in the season. This requires planting by certain dates and at seeding rates that will provide the necessary plant density. In addition, and of paramount importance, mowing of the acres practically in their entirety in the name of weed control, to prevent violations (i.e., oat harvest), or just to meet the wishes of a particular county committee, must be curtailed. Control of noxious weeds is already required by state law, and there is thus no reason to require, insist, or encourage farmers to clip all of their diverted acres. If there is some impelling reason to require cover removal on certain acres, such should be delayed as much as possible—preferably until the end of July by which time most pheasant nests have hatched.

A current study now in its fifth year in northern Iowa shows that 235 pheasant chicks have been produced per 100 acres in predominantly legume-grass fields retired more than one year. On this basis (and this area is somewhat below the state average pheasant population) we could produce 4.7 million pheasants on 2 million acres retired on the long term basis. The same study showed only 26 chicks were produced per 100 acres of newly seeded and routinely clipped annually retired acres (i.e., long term retired acres 9 times better!). By implementing specifications for time and rate of seeding and minimizing disturbance by clipping, pheasant chick production rates on these annual acres could easily be tripled. Producing 75 chicks per 100 acres would add another 1.5 million birds to the state's pheasant population. This would total 6.2 million pheasants on these acres taken out of production!

Iowa's statewide pheasant fall population in recent years has averaged around 5-6 million birds. Allowing for the fact that some of these are already produced on farm program acres, we can still see that Iowa's pheasant population can be accomplished with practically no interference with the farmer's normal operations.

This would also mean the potential economic value of pheasants would be greatly increased, possibly to the point where farmers and rural communities could begin to reap significant benefits therefrom. Some type of guaranteed, yet controlled, access (such as the pilot program now being tried) would be popular with hunters—many of whom now only see themselves as taxpayers subsidizing the farmers to "grow nothing" and reaping no benefit themselves. The public relations aspects resulting in urban hunters gaining a better appreciation of the value of farm programs would be significant in itself.

Also, we should not lose sight of the fact that in Iowa around a third of our hunters are farmers and their families and many more are from small rural communities and strongly agriculture oriented. Thus the farmer himself, plus his friends, would be one of the main benefactors of any improvement that can be made in pheasant or other wildlife populations.

The previous points deal basically with possible manipulation of farm programs to improve pheasant production, i.e., nesting, cover, since this now is the most critical limiting factor on pheasants in Iowa. We do not, however, want to ignore winter cover so necessary to protect the birds from severe winter storms. Twenty years ago, when the intensive farming methods in vogue today were just beginning, winter cover was the No. 1 limiting factor on ringneck populations, particularly in northern Iowa. If we are successful in achieving our pheasant production goals, it could again assume this rank.

The best potential for improving winter cover via federal farm programs has proved over the years to lie in certain of the ACP, later REAP, programs. This basically is still true, but it will be impossible to make significant achievements with the cost sharing abolished. This should be restored at a higher level, perhaps 80%, in view of the fact that benefits go not only to the individual farmer, but to the public as well (this same reasoning applies to the modifications required in the feed grain program).

There is also potential for producing winter cover, and food, on a more short term basis on retired acres through the restriction of grazing, at least on the long term retired acres. Grazing effectively destroys any value for wildlife in winter—a critical time in their struggle for survival. Another potential for winter cover on these acres is the use of plants that stand up well under heavy snows—some of the sorghum, sudex, even corn—as shown in wildlife food plots. Much can be done in this area.

SUMMARIZED PRIMARY RECOMMENDATIONS²

1. The farm feed grain program (set-aside acres as now termed) should be based on a longer period, preferably 5 years, with a return in emphasis to retirement on a long term basis.

2. At least 50 percent of the retired acres should be in a 3 to 5 year retirement cycle; the remaining 50 percent could be handled on an annual basis. This assumes a level of retirement similar to that of recent years. Should this be decreased significantly, as in 1973, a higher proportion should be in long term requirements.

3. A perennial cover type should be required on the long term acres; a cover crop should also be required on annual acres, with specified limits for time and rate of seeding to be certain the cover is adequate for soil and water conservation purposes and to maximize wildlife benefits.

4. Disturbance of cover on retired acres must be limited. Grazing should not be allowed on the long term acres. Weed control on annual, or long term, acres should be accomplished by spot mowing or spraying. Wholesale mowing of entire fields should be actively discouraged by county ASCS offices, instead of the reverse as is now generally true. Where clipping is required, such should be restricted to dates after the peak of pheasant hatching is past.

5. An incentive program should be maintained for landowners who will open their land to controlled public use.

² There are many additional facts and recommendations that would deal with very specific aspects involving the detailed mechanics of carrying out a program of this scope. Such have been omitted here in interest of brevity, but can, and should, be discussed at such time as actual formulation of future programs is begun.

BUCKEYE, IOWA, April 18, 1973.

HON. DICK CLARK,
U.S. Senate Office Building,
Washington, D.C.

DEAR FRIEND DICK: The enclosed statement is being presented in print because it includes figures, which we believe tires a listening audience. The figures presented are authentic and can be checked with the Hardin County ASCS Office at Iowa Falls, Iowa for county accuracy and with the Buckeye Co-op Elevator, Buckeye, Iowa for local correctness.

May they help in a small way to get the USDA and Mr. Butz to face facts about agriculture and their present policies, as well as the farmer and his dilemma today.

Sincerely with Highest Regards

OTIS J. LIITTSCHWAGER.

[The statement follows:]

STATEMENT PRESENTED AT FARM LISTENING CONFERENCE AT C. Y. STEPHENS AUDITORIUM, IOWA STATE UNIVERSITY, AMES, IOWA, THURSDAY, APRIL 19, 1973

In an effort to present some apparent discrepancies in statements by high officials of the USDA, the following is offered: Hardin County, Iowa is North Central—some 65 or 70 miles North of Des Moines. It is a diversified area, neither *heavy livestock* or completely *cash grain*, perhaps best described as a *typical Iowa County*.

On January 26, 1973, the resealed 1969, 1970 and 1971 corn in farm storage alone was (4,949,000) Four Million Nine Hundred Forty-nine thousand bushels. These loans mature May 31, 1973 and storage stops. In addition there are (2,126,000) Two Million One hundred twenty-six thousand bushels of 1972 corn sealed on farms in the county. These loans mature July 31, 1973. Presently *No Reseal* or *Continued Storage* on the farm is offered on any of what must be considered a surplus of corn in the county.

Now, in addition, Hardin County carries (675,000) Six Hundred Seventy Five Thousand bushels of 1971 Warehouse Certificate, farmer owned corn, plus (134,000) One Hundred Thirty Four Thousand bushels of 1972 Certificate corn. This is the amount of corn that farmers have placed under loan to finance their operation in the county. This figure does not include Warehouse Certificates issued to farmers that have not been borrowed against.

On March 26, 1973, Commodity Credit Corporation offered for sale, and in fact did sell (697,000) Six Hundred Ninety-seven Thousand bushels of corn in government-owned steel bins throughout the county for an average price of \$1.34 per bushel on a delivered *grade* basis. This corn is to be delivered when local elevators can get cars to handle same. No storage was asked or will be paid by purchaser. Now, if a local farmer or warehouseman rents a CCC owned bin, the rental charge is one cent per bushel per month times the rated capacity of the bin and no grade responsibility whatsoever to CCC.

A high percentage of this was purchased by the large grain handling Commission firms—in fact Continental Grain Company acquired two-thirds of the total amount sold.

The "no-storage" feature of these sales would not be so disturbing if cars were readily available to complete the transactions; however, this is not the case. The Buckeye Co-op Elevator, Buckeye, Iowa, has not had a grain car since March 29, 1973. Yesterday April 18—eight grain cars were received. Two will hold grain—six will not. They have some three-quarters of a million bushels of available storage all full and are unable to take delivery on corn purchased for February and March delivery even if this is April 19, 1973. They have some (400,000) Four Hundred Thousand bushels of corn contracted for Summer delivery in addition to that carried in storage at present.

What cheap protection, indeed, for the big grain handlers—no storage, no grade responsibility, even if it is not delivered until who knows when?

Let it be said that Buckeye Co-op Elevator is only a typical Iowa grain buying point. Their problems are no greater, better, or worse than the average warehouseman is forced with today.

Totaling the above stated facts along with the transportation bottle-neck, this recall is only for one average North Central Iowa County. Now, plus the fact that Sixty-one Million acres nationally were set aside last year (1972), all is released for production except 10% which only applies to the farmers who chose the class "A" option. Class "B" option farmers need set aside nothing.

Should Mother Nature be bountiful in 1973—and she usually is—can anyone deny that the farmer is skating on the very thin ice of economic disaster now being planned by the powers that be in Washington, D.C.

In the face of the above facts, we agree that farmers like to produce, in fact want to produce—yes they want to help the balance of payments with exports.

Mr. Butz flatly states that he wants to eliminate all price floors and supports. What happens when the farmer is driven to foreclosure and bankruptcy because of his own overproduction? We can only judge the future by what we've learned from the past. Mr. Butz certainly remembers that in the early "thirties" the cheaper wheat and feed grains sold on the Chicago market, the longer the "Soup and Breadlines" became in every industrial city. Mr. Hoover's many pledges that "Prosperity is just around the Corner" was hollow indeed compared to Franklin D. Roosevelt's quote, "We are a great Nation and a great People, the only thing we have to fear is fear itself".

The fear of the farmer today is his own Department of Agriculture and its administrators in Washington, D.C.

The "Flanigan Report" basing its rosy predictions for the farmer on greatly increased exports fails completely to provide any protection to the farmer. What it really recommends is that the economic well-being of the farmer is an expendable item that can be sacrificed on the altar of the nations balance-of-payments objectives.

The attached clippings from the Des Moines Register reflects some of the cautious remarks by the power that be in Washington.

HOPES TO SEE THE LAST OF 'CHEAP FOOD'

(By Don Muhm)

[The Register's Farm Editor]

Washington, D.C.—"I hope we won't have cheap prices ever again for food," a high-ranking Nixon administration farm official in charge of farm programs and exports said here Monday.

"We won't be going back to the 60-cent-an-hour minimum wage in this country or the \$1,000 Chevrolet car," added the official, Carroll G. Brunthaver, U.S. assistant secretary of agriculture.

"So why should we go back to cheap food?"

Brunthaver's views on food prices were expressed in comments made at the annual meeting of the Newspaper Farm Editors of America.

"Let's recognize that the U.S. farmer has had excessive capacity to produce and that we've had 60 million acres out of production (under farm programs)," Brunthaver added.

"This capacity has resulted in lower prices for the past 20 years for farmers. Without this, the price of food would have escalated upward like everything else and we would have had more inflation and a much higher cost of living."

"CLOSE TO CAPACITY"

Brunthaver said the nation's farm production plant this year will be running "close to capacity" with only 15 million acres normally planted to corn, other feed grains, wheat and cotton taken out of production, compared to 61 million acres idled under federal farm programs last year.

crop production this year in response to increased demand at home and overseas. The change in the farm program, he explained, is to encourage far greater crop production this year in response to increased demand at home and overseas.

Brunthaver and other USDA officials who spoke Monday are extremely optimistic about the need for greater farm production.

"The opportunity is here to gear up American agriculture," Brunthaver said. "Former Secretary of Agriculture Clifford Hardin was extremely concerned about what a 5-billion-bushel corn crop would do to prices. He felt such a crop would drive the price of corn into the basement."

"Here two years later we have utilized 5 billion bushels of corn domestically and could very well utilize 6 billion bushels during this year."

U.S. farmers in both 1971 and 1972 produced about 5.5 billion bushels of corn—record-sized crops.

"We (the USDA) are constantly amazed at the demand for our agricultural products," Brunthaver said.

Brunthaver is one of the Nixon administration officials who redesigned this year's farm programs to encourage greater output.

He said that wheat acreage will be increased 10 million acres this year, while corn and soybean acreage will grow by 7 million to 7.5 million acres, compared to 1972 plantings.

GROWTH PERIOD

J. Phil Campbell, U.S. under-secretary of agriculture, presented this outlook for U.S. farmers:

"We're in a growth period for agriculture unlike any in history," Campbell said. "Ten years ago farmers were turned loose to help feed the world and it was a wrong move. But this time it's different.

"We've turned our farmers loose to feed people who've got almost more dollars than we do and we're filling a demand in strong markets in many countries."

Campbell added, though, that there is a possibility of farmers responding with too much production.

"We could get into trouble (through overproduction of crops this year)," he said. "But I don't think it will be serious trouble."

In 1966, Johnson administration officials became enthused at export growths and domestic demand for farm products. This was followed by federal farm program changes which resulted in higher production and low prices to farmers.

"Our stocks are low now," Campbell said. "At the end of this marketing year we will have less than a 60-day supply of feed grains on hand."

William R. Pearce, a trade negotiations specialist for President Nixon, said, "Agriculture will be very close to the top in the administration's priority list" this year during a pair of international negotiations.

He noted impending talks with the European Economic Community and Japan as representing "enormous" potential for farmers and exporters.

"SUPER RECORD"

Pearce is a former vice-president of Cargill, Inc., of Minneapolis, Minn., and is now a deputy special representative for the office of trade negotiations for the President.

"We're exporting \$11 billion worth of farm products this year—a super record," Pearce said. "Our success in sustaining growing export markets will depend on policies enacted this year."

President Nixon has proposed five trade bills, which Pearce said will replace trade legislation "enacted 25 years ago when the U.S. was on top of the world market."

"These are far different times, and we need new trade authorities available through the President's proposed legislation," Pearce said.

SEES EEC EXPANSION CUTTING INTO U.S. FARM EXPORTS

(By Don Muhm)

[The Register's Farm Editor]

Enlargement of the European Economic Community (EEC) by the addition of the United Kingdom, Ireland and Denmark can cause "serious injury" to U.S. farm exports, according to the U.S. Feed Grains Council.

The Council testified last week before the Trade Information Committee of the Office of the President's Special Representative for Trade Negotiations.

The Council, which represents a cross-section of grain interests, from growers to exporters, was asked for its views because of the upcoming trade talks scheduled internationally this fall.

It is in these talks that international trade agreements will be reached.

Feed grain exports from the U.S. have been growing almost everywhere about the world except in Europe and the EEC where the Community's Common Agricultural Policy is in effect.

In 1966, there were \$537 million worth of U.S. feed grain exports to Europe. Last year the total was only \$365 million.

Adding three more nations to the EEC (which originally consisted of Germany, France, Italy, Luxembourg, Belgium and the The Netherlands) adversely affects U.S. agriculture in several ways, according to the Council.

Here are effects it predicts:

- The barriers on U.S. grains imports to the three nations joining the EEC would increase substantially.

- The same import barriers would be thrown up against other grain exporting nations, in addition to the U.S., thus causing intensified competition for remaining markets.

- Commodity prices within the three new EEC member-countries would be raised and there would be little or no restraints on production. This would encourage uneconomic grain production.

- The new price-production relationship in the three countries would retard growth in grain consumption and encourage substitution of other products in livestock and poultry rations.

- The EEC has a subsidy program to denature wheat for feed use, and to move its surpluses into export as well.

The feed grains group feels that such barriers should not exist, and that U.S. trade negotiators should work toward some sort of compensation for the obstacles.

Darwin E. Stolte, president of the U.S. Feed Grains Council, Washington, D.C., notes that the EEC's trade-mark is "high guaranteed price supports to its producers."

"With the six-member EEC enlarged to nine nations now, we can expect the United Kingdom, Ireland and Denmark to shift to these policies," he said in Des Moines at the recent meeting of the National Corn Growers Association.

In general, Stolte was optimistic about U.S. grain exports.

"There are several recent developments which indicate we can continue to enjoy bigger markets that have seen U.S. farm exports grow from \$4.4 billion to \$11 billion in just a few years," Stolte remarked.

Some of the things causing this new optimism, as listed by Stolte, are:

Improved relationships with Mainland China and the Soviet Union during the past year, with both nations now shopping on the U.S. grain, wheat and soybean markets.

The end of the war in Vietnam has "helped our (the U.S.) posture in trade relations with several countries.

The recent devaluation of the U.S. dollar puts the price of American farm commodities into a more competitive position.

There is increased consumer demand for higher-quality foods throughout the world, which opens wider the door for grain and soybean exports which are closely associated with better protein foods.

The Nixon Administration appears more cognizant of the importance of agriculture as it prepares to enter into international trade negotiations in September. Farm exports are recognized as a saving feature in the difficult trade balance of payments position which faces the U.S.

Domestic pressures for food, reflected in the recent meat boycott efforts, have given the importance of U.S. agriculture and farmers much attention. While some of the news reports have not been favorable to farmers, the point is being made about the importance of agriculture and food.

U.S. Assistant Secretary of Agriculture Carroll G. Brunthaver noted the importance of the upcoming trade talks when he appeared in Des Moines last week at the National Farm Institute.

"During the Kennedy Round of negotiations in GATT (General Agreement on Trade and Tariffs), no one took agriculture too seriously," Brunthaver charged.

"They more or less regarded agriculture as a subsidized problem child in the American economy.

"This attitude is pretty well cleared up now as people begin to see the importance of agriculture in world trade. This fact is at the very top of U.S. government in viewing these negotiations.

"Our nation's leaders feel that not only must agriculture be included in these trade talks, but that it should be the No 1 item to be concerned about."

Brunthaver spoke critically of the EEC because its tariff policies veto such U.S. efforts as devaluating the American dollar.

"Through the EEC grain restrictions on imports, our grain is not one cent more competitive in Europe than it was before the devaluation of our dollar," he said.

"If Europe insists on playing this kind of a trade game, then we (the U.S.) will have to come up with other means of solving this problem."

[Des Moines Register, Apr. 12, 1973]

Chicago, Ill. (AP)—The Agriculture Department's statement estimating that Russia will require less grain from outside sources this coming season had a bearish effect on commodity futures prices on the board of trade Wednesday.

Within minutes after the opening, soybeans were down 11 cents a bushel, wheat $3\frac{1}{2}$ cents; corn around $1\frac{1}{2}$ cents and oats about 1 cent.

GRAIN TRADE

	Previous session	Year ago
Grain futures purchases:		
Wheat.....	21,895,000	5,985,000
Corn.....	51,095,000	23,555,000
Oats.....	850,000	1,290,000
Soybeans.....	63,540,000	132,280,000
Total.....	137,380,000	163,110,000

NOTE.—Open interest in wheat futures the previous session totaled 111,355,000 bushels; corn 440,035; oats 6,805,000; soybeans 308,710.00; total 866,965,000.

The Agriculture Department's statement said that Russia's imports probably would be halved, from 28 million tons last season to 14 million tons this season. This could result in lower sales to Russia by the United States.

Another factor in the selling was improved weather in the Midwest and South. Higher temperatures were reported in areas where heavy snows had recently fallen, and water was receding from some flooded farm land.

STATEMENT OF GEORGE ANNAN, CHAIRMAN, STATE SOIL CONSERVATION COMMITTEE, DEPARTMENT OF SOIL CONSERVATION, CLARINDA, IOWA

I am pleased to have this opportunity to present a statement on behalf of the State Soil Conservation Committee and the Iowa Department of Soil Conservation, regarding an equitable and workable farm program. I commend you for presenting this opportunity to Iowans who are interested in agriculture to make their wishes known regarding the direction the farm program should take. I am going to confine my remarks to those items that have an influence on the soil conservation program in the State of Iowa. There are many other items I would like to cover but obviously time is limited and I am sure many other participants will adequately discuss these topics.

I would first like to give my views on the termination of the Rural Environmental Assistance Program (REAP). We in Iowa viewed the termination of this program with a great deal of concern. As you know, it was in effect for view that the public should share financially in the cost of the installation of more than 35 years and during those years there was a consistent point of view that the public should share financially in the cost of the installation of soil conservation and erosion control practices. The basis for this philosophy was due to the fact that our basic natural resource, the soil, should be conserved for future generations. This reasoning when the program was begun was sound and it still is. The REAP program had its faults, as do other programs, and this we do not deny. There were undoubtedly some abuses of the program, but this is not a valid reason for its termination. When a doctor treats a patient, he does not kill the patient to cure the disease, and this should not have been the case with the REAP program. The reason given by the administration for the termination of this program was to hold the 1973 federal budget outlay to \$250 billion and keep the outstanding public debt within the statutory limit of \$465 billion through June 30, 1973. Other reasons given for terminating the program were that it was no longer needed,

relatively ineffective, costly in terms of net results and of relatively low priority. An additional reason included the idea that it was unnecessary as a federal activity because its objectives could be well served by private or state/local action. The administration also pointed out that the program had long ago achieved its basic objectives. One of these objectives when the program was initiated in the 1930's was to supplement farmers' income and provide incentives to them to install soil and water conservation practices. It is also suggested that because of the high net farm income of 1972, which reached nearly \$19 billion, that farmers could and should pay all of the costs of soil conservation practices.

The members of the State Soil Conservation Committee agree with many of the above assumptions. However, one assumption with which we do not agree is that cost share payments for soil conservation practices should be termed as income supplements. We do agree that the program did accomplish the purpose of showing the need for conservation practices. Anyone who has a knowledge of farming operations knows that soil conservation and erosion control practices are expensive to install. These are capital investments which will be returned over a long period of time. However, the rate of return on the investment is slow to occur when compared to others in agriculture. The other investments include fertilizer, the use of chemicals, etc., which show an immediate return.

There has been a great hue and cry from all parts of society that something needs to be done to improve the quality of the environment. This is a subject that is really non-debatable. How to achieve this objective in the shortest period of time is debatable. It has been said many times by scientists, politicians and others that agriculture is one of the chief culprits in polluting our environment. Sediment, which is the product of the misuse of land, is alleged to be our worst pollutant by volume in the United States today, exceeding industrial pollutants, sewage, etc. If this is the case, then it seems highly illogical that the federal government should terminate one of the programs which was designed to assist agriculture with its pollution problems. It also doesn't seem very consistent to provide cost-sharing assistance to cities and towns to rebuild waste treatment facilities and deny federal assistance to rural America for the installation of measures that will abate pollution problems.

We cannot argue the fact that some practices which were cost-shared under the REAP program were production practices. We feel that any practice which is production oriented, such as drainage, irrigation, etc., should not receive cost-sharing assistance. But those practices such as terraces, erosion control structures, tree plantings, etc., should be given cost-sharing assistance because they have an effect on the environment and will give protection to downstream interests with sediment delivery to lakes, streams and harbors being reduced and kept at a minimum.

The State of Iowa embarked on a program in 1971 which gets to the problem of sediment control. It is commonly known as the Iowa Conservancy District Law and has been termed as "landmark" soil conservation legislation. It has aroused much interest throughout the United States and takes a considerable amount of time to discuss, therefore, I will limit my remarks on the subject. However, I would like to point out that it provides a vehicle whereby sediment can be declared a nuisance and abated as such after due process. It also provides that a farmer who is allowing his lands to erode excessively and has had a complaint filed against him must be given assurance that 75% of the cost of installing permanent soil conservation practices will be provided before he can be forced to install these practices.

Iowa Governor Robert D. Ray has recognized the need for state cost-sharing assistance and included a \$2 million recommendation for each year of the 1975-75 biennium for soil conservation cost-sharing assistance. This will go a long way in helping to achieve the objectives of sediment control, but it will not go far enough. Help from the federal government is badly needed. We urge that if it is not possible to reinstate the REAP program that the Congress of the United States give strong consideration to enacting legislation which will provide public cost-sharing assistance for those soil conservation practices that adequately control erosion from agricultural and horticultural lands. The Great Plains type program seems to be one of the best approaches to this problem. There are also provisions in the Rural Development Act to provide this type of assistance if Congress will fund it.

Before leaving this subject of cost-sharing assistance, I do not want to leave you with the impression that because of the loss of REAP funds all soil conservation work will come to a complete standstill. This is certainly not the case. Farmowners and operators will continue to install soil conservation measures, but the level of installation will undoubtedly be reduced dramatically. Farmers recognize the need for soil conservation practices but as pointed out previously, some practices are costly to install and a cost-sharing program which will provide financial assistance and incentives is badly needed. Also it should be pointed out once again that the general public has a vested interest in how the land is taken care of; and, therefore, should share in these financial responsibilities. Finally, there is much talk today about foreign trade and the use of agricultural products in foreign trade. It has even been said that agricultural products will have an important bearing on trading with oil-rich countries to help alleviate our fuel shortages. This reasoning seems sound and this is a further justification for public cost sharing to help conserve our most basic natural resource—soil.

Another topic which is of vital concern to those of us in Iowa who are involved in the soil conservation program is the reduction of technical assistance from the Soil Conservation Service. From 1967 to the current year the Soil Conservation Service in Iowa has lost about 100 people because of reductions in funds and personnel limitations. Due to personnel ceilings that have been established for the coming year, this loss of trained technical staff will reach 136 people ending June 30, 1974. Here again, if agriculture is really a culprit and is polluting the environment, then we cannot understand the reason for such severe personnel reductions in a federal agency that provides technical assistance to rural landowners and operators and also urban dwellers, with problems relating to proper land use and erosion control. It has taken years to train personnel to become proficient in the techniques of erosion control. It is our understanding that the SCS at the present time cannot recruit new employees. The Service must reduce its present work force and as a result the recruitment program has been eliminated. No federal or private agency can continue to function effectively if this type of reasoning prevails. The very thought that the SCS cannot recruit and train new people to replace those lost through attrition is very difficult to understand. The SCS is already in the position of not having sufficient personnel to meet the demands being placed upon it as a federal agency. We urge that you give this your immediate attention.

I again want to thank you for giving the State Soil Conservation Committee and Department of Soil Conservation an opportunity to present these views today. We ask that you do whatever you can to assist rural America with some type of cost-sharing program for soil conservation practices and to also adequately fund the Soil Conservation Service so it can continue to provide the technical services for soil conservation programs as it has done so expertly and efficiently in the past.

(THE FOLLOWING STATEMENT WAS SUBMITTED BY AN UNIDENTIFIED PERSON AT THE APRIL 19, 1973 HEARING IN AMES, IOWA)

Senator Clark, Sen. Huddleston, and staff. I thank you for coming to Iowa to listen to farmers.

I have here a booklet put out by the USDA, April 1973—WHAT HAPPENED TO FOOD PRICES. On page 8 we find that farmers received 4.9% of the average person's after tax income to produce that persons food supply. Farmers feed them for less than a nickel. On page 15 we find this statement. "In terms of disposable income, the average income of farm people still lags 17% behind the average income of non-farm people and nearly half of the income of farm people comes from off farm sources. If farmers had to rely on income from farming, the average income of farm people would only be 47% of the average income of non farm people." I interpret this as meaning that farmers receive only 47% as much income as the non farmer.

This booklet like all such booklets shows where the farmer gets a smaller and smaller income for his labor and investment as he increases his output.

The figures in this book like all such figures will be history for the simple reason that the farmer cannot operate this way and he will not.

We cannot expect the farmer to increase his acreage of corn with the added costs, and guaranteed only \$1.05 per bushel support. The price to be in balance with his operating expenses, labor and capital should be \$3.03 per bushel.

The farmer must have a 40% increase, at least, in support prices on his grain production to help take care of his increased costs. The farmer needs passage of the Family Farm Act to protect him from the large corporations that are gobbling up the land of our family farms at an ever increasing rate with their coffers of outside money. We need a sensible tax law requiring a separate filing for each source of an individual's income. Then farms could not be used as a tax write-off for the privilege as is being done now.

I spend most of my time working for the NFO contacting farmers up and down the road in Iowa, members and future members alike. I can assure you that the farmer has been put in a position where he is sick and tired of getting inadequate payment for his production; and when he does get a better price he hears constantly that it is too high at the retail level.

Right now we have many farmers liquidating their breeding herds. They say they are not going to get caught in feeding out a bunch of hogs and cattle and getting less than what it has cost them.

The same thing is coming up in statements farmers are making about planting their '73 crop. They have no assurance that they will get an adequate price this fall. The farmer will make his own decision if, or how much crop he will put in this spring, the Lord willing.

With the increased acreage and prospects of a bumper crop this fall, the farmer is almost assured that prices will drop to the level of inadequate supports forcing the farmer out of agriculture, so he will not be here to make any agricultural decisions next spring. This will destroy our economy.

(The attachment follows:)

WHAT'S HAPPENED TO

FOOD PRICES?

U. S. Department of Agriculture
Office of Communication
April 1973

In view of the present interest in food prices, I think that you will find this material particularly helpful in assessing the situation.

Earl L. Batz

Secretary of Agriculture

How much have food prices gone up?

- * The retail price of food in February 1973 averaged 7.3 percent higher than a year earlier. The rise in prices is expected to ease off in the second half of the year.
- * In 1972, the prices of all food increased 4.3 percent. This includes food purchased for use in the home and the total cost of meals eaten out.
- * The average person spent 8.2 cents more per day for his food in 1972, compared with 1971. Of that increase, slightly more than half (4.6 cents) was spent for meat.
- * The average retail price of Choice beef--the "Cadillac" of food--increased 9 1/2 cents per pound in 1972 over 1971. Since people eat an average of 3 1/3 ounces of Choice beef per day, the 1972 increase in Choice beef cost the average shopper about 2 cents more per day. Since some of this increased cost went for higher marketing costs, the average shopper paid farmers 1.3 cents per day more for Choice beef in 1972 than in 1971.

Why have food prices gone up?

- * There is an extremely strong demand for food. More people are working and bringing home a paycheck. Wages have gone up. The economy is booming. Real disposable income per person in the first quarter of 1973 is estimated to be 6.8 percent higher than the first quarter of 1972, and 4.7 percent higher than all of 1972.
- * We are eating more meat than ever before and we are bidding up the price. For example, we are eating almost twice as much beef per person as 20 years ago. We are bidding strongly for beef in our purchases at stores and in meals eaten out, yet we are inclined to think of beef prices as the yardstick for all food costs.
- * Beef prices are up even though supplies were up 2 percent for January through mid-March 1973 compared with 1972. Part of the reason for the rise in beef prices is that pork supplies are 4 percent smaller than last year, putting greater pressure on the beef supplies. Pork production is down as a result of low hog prices in late 1970 and 1971, causing farmers to cut back their production.
- * Our Food Stamp and Food Distribution programs are now helping 15 million lower-income people--more than twice as many as three years ago--so that they, too, are eating better and are adding to the demand for food. Government expenditures on these food programs increased about 13 percent in 1972 and are now three times higher than three years ago. In 1972, government expenditures on food programs amounted to \$3.5 billion.

- * There is an upsurge in world-wide demand for food as people around the world are becoming more affluent. The volume of food eaten per person will hit a new high in the United States in 1973--up 7 percent from 10 years ago.
- * We are eating more prepared, convenience foods with more of the kitchen work already completed and built into the food. This saves work in the home, but costs money. The cost of this built-in service has gone up more than the cost of the food ingredients in the prepared, convenience foods.
- * We are eating more meals out of the home where the cost of personal food service has risen much more rapidly than the price of the food. In 1972 expenditures on meals eaten away from home rose almost 8 percent, twice the rate of increase in the price of those meals.

What are we doing about food prices?

- * Price ceilings at processor, wholesaler, and retail levels have been placed on beef, veal, pork, and lamb. Wage increases in the food industry must be cleared with the Cost of Living Council. Economic controls have been retained on the mark-up of processed foods. These controls have helped hold the increase in prices of food at home, excluding red meat, to a 2.3 percent increase between August 1971 and December 1972. This was a smaller increase than for non-food consumer items; red meat prices, however, increased 11.4 percent in this period.
- * All quotas have been removed on meat imports. We can bid freely for the world's meat supplies, and we are the world's largest beef importers, taking nearly one-third of the world's beef exports. However, beef prices are higher most everywhere else and foreign citizens are bidding against us. Still we have increased meat imports by 38 percent in the last five years.
- * The Department of Agriculture has released government-owned stocks of feed grain for livestock and poultry feed to be converted into meat, milk and eggs. Soon the government will have released all, or almost all, of the feed grain that it accumulated during periods of low prices in the past.
- * Farm programs have been changed so that farmers will plant substantially larger acreages of wheat, feed grains, and soybeans in 1973. These crops will be converted into larger supplies of flour, meat, milk and eggs.
- * Export subsidies on agricultural products have been discontinued. The Department of Transportation is tackling the bottleneck in rail transportation. Import quotas have been raised on non-fat dry milk.

Farmers are responding to the stimulation of higher prices and changes in farm programs.

- * On March 1, 8 percent more beef cattle were on feed in the major feeding states than a year earlier. On Jan. 1, 6 percent more beef cows and 7 percent more beef heifers were in breeding herds. This means larger supplies of beef ahead.

- * Farmers plan to raise more pigs in the first half of this year, so pork supplies will be 4 to 6 percent higher in the second half of 1973 compared with the last half of 1972.
- * Broiler supplies in 1973 will be about the same as in 1972; but turkey supplies will run about 4 percent higher than a year ago.

What you buy with your food money.

- * Here is what a typical household bought at the grocery store with \$10 spent for farm-produced foods in 1972:

Meat	\$3.22	Fresh fruits	.45
Dairy	1.75	Poultry	.39
Bakery and cereal goods	1.47	Fats and oils	.34
Processed fruits and		Eggs	.29
vegetables	.98	Miscellaneous foods	.44
Fresh vegetables	.67		

Despite short-term swings up or down, the longer-run change in the retail price of food is much more moderate.

- * Any given month can provide a dramatic but misleading shift in food prices which will moderate over the span of a year. It is unrealistic to multiply a one-month change in food prices by 12 to suggest an anticipated annual rate of change.
- * Retail food price changes during the last 5 years proved to be far less dramatic than if changes in a single month had been multiplied by 12 to project a possible change for the year:

CHANGE IN RETAIL FOOD PRICES

Year	Actual annual change	Largest monthly increase times 12 percent	Largest monthly decline times 12
1968	+ 3.6	+ 9.3	- 3.4
1969	+ 5.1	+ 17.3	- 3.3
1970	+ 5.5	+ 6.3	- 6.2
1971	+ 3.0	+ 12.1	- 9.0
1972	+ 4.3	+ 19.0	- 1.0

Food prices have gone up much less than such things as health care and shelter.

- * Prices for all consumer items rose by 58 percent between 1952 and 1972; retail food went up 47 percent; housing prices climbed by 64 percent.
- * The price of medical care increased 123 percent during the same 20-year period, while transportation climbed 55 percent.

The price of food has risen much less than wages.

- * Average wages increased so that they are nearly 2 1/2 times higher than 20 years ago. The price of food eaten at home increased less than 40 percent; the price of food at home and away increased a total of 47 percent.
- * In the past 5 years, the price of food at the retail store has gone up 22 percent. Wages are up by more than a third in the past 5 years.

CHANGE IN FOOD PRICES AND WAGES

	Food at home	Food away from home	All food	Hourly wages
	- - -	- - -	- - -	- - -
		percent		
1962-72	34	54	37	64
1967-72	22	31	24	36
1952-72	38	90	47	140

What if food prices had gone up as much as wages?

- * Average hourly wages in industry increased from \$1.52 per hour in 1952 to \$3.65 in 1972. If food prices had gone up at the same pace (2.4 times their 1952 level) your food bill would be much higher. Here are a few comparisons:

IF FOOD PRICES HAD GONE UP AS MUCH AS WAGES

	1952 annual average price	1972 annual average price	1973 Feb. average price	Today's food prices if they had gone up as much as wages in the past 20 years (1952-72)
	- - -	- - -	- - -	- - -
			cents	
White bread, 1 lb.	16	25	25	38
Milk, qt. at store	23	30	31	55
Round steak, 1 lb.	111	148	168	267
Eggs, 1 doz.	67	52	69	161
Tomatoes, 1 lb.	27	47	52	65
Frying chicken, 1 lb.	61	41	46	146
Hamburger, 1 lb.	63	74	84	151
Canned peas, 1 lb.	21	26	26	50
Potatoes, 1 lb.	08	09	11	19

- * Twenty years ago, the typical household spent \$985 a year for farm produced foods at the supermarket. In 1972 this "market basket" of food cost \$1,311--or one-third more. If food prices had risen as much as industrial wages, farm-grown food would cost the typical household \$2,365 today--an extra \$1,054 per year per household.

What if wages had gone up as little as food?

- * If wages had gone up no faster than food prices in the last 20 years, the average industrial worker would be earning \$2.23 an hour, not \$3.65. This would amount to a 39 percent cut in 1972 wages.

Industrial wages have consistently outpaced the rise in food prices.

- * Through the years, wages for major groups of industrial workers have advanced more rapidly than the price of food.
- * Here are a few examples of the increase in industrial wages compared with the increase in food prices:

CHANGE IN HOURLY EARNINGS AND FOOD PRICES

	Railroad workers	Transp. equip. workers	Contract construc. workers	Auto workers	Rubber workers	Food & kindred workers	Prices ::for all :: food	Prices for food at home
	percent							
1952-								
57	23	23	27	20	23	28	:: 1	- 1
1957-								
62	20	22	22	22	16	21	:: 6	4
1962-								
67	19	18	24	19	12	18	:: 11	10
1967-								
72	52	38	47	44	31	36	:: 24	22
1952-								
72	169	143	185	149	111	150	:: 47	38

Despite the rise in prices, food takes a smaller share of the average income.

- * We spent an average of \$596 per person on food in 1972, 1.71 times the amount twenty years earlier. But our after-tax incomes are 2.51 times greater.
- * Thus, the food bill, which took 23 percent of the average after-tax disposable income in 1952, took 15.7 percent of the after-tax disposable income in 1972 and is expected to take an even smaller part of after-tax income in 1973.

PER CAPITA INCOME AND SPENDING FOR FOOD

	Before-tax income per person	After-tax income per person	Spent for food per person	Food as per- cent of be- fore-tax income	Food as per- cent of after- tax income
				- - - - percent - - - -	
1952	\$1,736	\$1,518	\$348	20.0	23.0
1957	2,050	1,801	373	18.2	20.7
1962	2,373	2,064	398	16.8	19.3
1967	3,167	2,749	473	14.9	17.2
1970	3,935	3,366	557	14.2	16.6
1971	4,160	3,595	566	13.6	15.8
1972	4,482	3,807	596	13.3	15.7

After paying for our food we have more money today to spend on other things.

- * Since the portion of our total income spent for food today is smaller than it was 20 years ago, there is an extra \$2,041 per person to spend today on all the other goods and services we want.

THE MONEY LEFT OVER PER PERSON AFTER FOOD AND TAXES

	1952	1972	Percent change
Total income before direct Federal, state, and local taxes	1,736	4,482	158
Direct Federal, state, and local taxes	218	675	210
Disposable income (after tax)	1,518	3,807	151
Cost of food	348	596	71
Discretionary income (after food and taxes)	1,170	3,211	174

- * The cost of food rose 71 percent in the 20 year period, while food prices rose only 47 percent, a difference which works out to \$84 per person. Part of the difference is the result of increased consumption and the rest is largely the result of the shift to more expensive foods such as higher priced cuts of meat and more convenience products.

The food we eat at home takes an even smaller part of our income.

- * 15.7 percent of the average after-tax pay went for food at home and away from home in 1972, but only 12.3 percent of after-tax income was spent to buy food at the supermarket for home use.
- * Farmers receive only 4.9 percent of the average person's after-tax income to produce that person's food supply.

The larger the income, the smaller the share taken by food.

- * One study shows that families with annual incomes of \$15,000 and over spend about 12 percent of their after-tax incomes for food.
- * Families with incomes below \$3,000 may spend more than 50 percent of their after-tax incomes on their food needs; however they can get food assistance.

Although we spend less of our incomes for food, we are spending more for such things as housing, furniture, medical services, and durable goods.

- * Out of every \$100 of after-tax income, the average person spends:

	1952	1972	Percent change
	---- dollars ----		
Medical care	4.00	5.90	48
Other services	8.00	10.80	35
Automobiles, transportation, gas and oil	10.60	12.50	18
Housing, furniture, household operations	21.80	24.90	14
All other	6.70	7.00	4
Other non-durable goods	9.10	8.50	- 7
Personal savings	7.60	6.90	- 9
Clothing, shoes	9.20	7.80	-15
All food	23.00	15.70	-32
	\$100.00	\$100.00	

The amount of money we spend on food includes the cost of eating out.

- * In 1952, the nation spent \$11.6 billion on eating out at restaurants, lunch counters, and at other away-from-home eating places. That is an average of \$74 per person.
- * By 1972 we were spending nearly \$27 billion on food away from home. An average of \$128 per person, a 73 percent increase.

	Total spent for food	Spent for food away from home	Spent for food at home
	-----	billions -----	-----
1952	\$ 54.7	\$ 11.6	\$ 43.1
1962	74.4	14.1	60.3
1972	124.6	26.8	97.8

The total amount spent for food away from home increased 131 percent between 1952 and 1972; money spent for food at home increased 127 percent.

We are eating more beef and we are eating more of the best quality.

- * The farmer is working hard to give us what we want. Between 1952 and 1972 he increased his production of all beef 2.3 times.
- * In 1972 about 65 percent of the beef he produced was Prime and Choice, the two top grades. He produced nearly 4 times more Prime and Choice beef than he did in 1952.

We aren't the only ones who like beef.

- * People over much of the world are eating more beef, and most are paying higher prices for it; higher than in the United States. Not only are beef prices in other countries higher than here, but they have gone up faster in most other countries.

BEEF PRICES IN OTHER COUNTRIES

Retail meat prices in selected cities in mid-March, in dollar equivalent

City	Cut of beef	Price per pound
Washington, D. C.	Sirloin steak	\$ 1.69
London, England	Sirloin steak	1.88
Bonn, Germany	Roast Beef	2.08
Paris, France	Top round	2.57
Rome, Italy	Sirloin steak	2.79
Tokyo, Japan	Beef loin	11.90

Because of differences in cuts and quality, prices are not strictly comparable.

When you spend a dollar for farm-produced food, how much of it do farmers get?

- * In 1972 farmers received an average of 40 cents of the dollar you spend for farm-produced foods at the store. Farmers get less for some products, more for others. Here is the farmer's share of the dollar you spent for some representative foods at the retail food store in 1972:

Food	Farmer's share of retail dollar spent for food	Food	Farmer's share of retail dollar spent for food
	- - - cents - - -		- - - cents - - -
Canned corn	11	All food	40
White bread	15	Dried beans	43
Frozen peas	16	Frying chicken	49
Canned peaches	19	Milk in stores	51
Potatoes	27	Eggs	57
Lettuce	34	Choice beef	64

The price that you pay for food has increased faster than the farmer's share.

- * The retail cost of a "market basket" of food--indicative of what the typical household spends at the store for its year's supply of U. S. farm-produced foods--was \$1,311 in 1972. The same amount of food cost \$985 in 1952--an increase in 20 years of ----- 33 percent
- * The farmer's share of the money spent for this typical "market basket" of farm-produced foods rose from \$463 in 1952 to \$521 in 1972, an increase in 20 years of ----- 13 percent
- * The processing and marketing spread between the farm cost and the retail cost of the "market basket" was \$522 in 1952. This went up to \$790 in 1972, an increase in 20 years of ----- 51 percent

MARKET BASKET OF U. S. FARM-PRODUCED FOODS

	1952	:	1972	:	1952 - 1972
	---	dollars	---	---	percent change-
Retail cost	\$985		\$1,311		33%
Farm-to-retail spread	522		790		51
Farm share	463		521		13

The prices that the farmer receives for his products fluctuate widely. When his prices go up--they usually come down later. The prices of most everything else tend to stay up.

- * Farm prices fluctuate widely, due to forces largely beyond the individual farmer's control: Weather, yields, pests, total plantings, feed supplies, foreign trade--all can have a rather sudden and substantial impact on farmers' prices. Often these changes bring farm prices down as suddenly as they go up. Since 1952, average farm prices have declined or remained unchanged in 10 of the 20 years. Overall, farm prices have increased a total of 12 percent in those 20 years.
- * Unlike farm prices, the prices for industrial commodities usually stay up, once they go up. Between 1952 and 1972 wholesale prices for industrial commodities increased in 16 of the 20 years--for a total increase of 40 percent. Therefore, wholesale industrial prices increased 3.3 times more than farm prices between 1952 and 1972.
- * The overall cost of services are even more inclined to go up and stay up. In the last 20 years service costs have increased every year. The total increase between 1952 and 1972 is 107 percent.

1952-72:	No. years prices <u>increased</u>	No. years prices unchanged or <u>decreased</u>	1952-72 increase in prices -percent-
Farm prices	10	10	12
Industrial prices	16	4	40
Service charges	20	0	107

Farm prices often change sharply from one year to another.

- * Broiler prices advanced 7 percent in 1969--then retreated 11 percent in 1970.
- * The farm price of eggs went up 18 percent in 1969--but by 1971, they had dropped 17 percent.
- * Average farm corn prices increased 16 percent in 1970--then fell 19 percent in 1971.
- * Average farm hog prices rose 20 percent in 1969, increased another 2 percent in 1970--then dropped 21 percent in 1971.

Short-term changes in farm prices are even more dramatic.

- * In 1972, for example, farmers' cattle prices dropped from \$38.62 per hundred-weight on July 11 to \$34.00 on August 23--a 20 percent drop in 6 weeks.
- * In 1972 the farm prices of eggs dropped even faster, going from 41 cents a dozen on September 19, 1972 to 31.50 cents on October 11, 1972--a 23 percent drop in just one month.
- * Broiler prices slid from 31.57 cents a pound on July 10, 1972 to 27.00 cents on August 4, 1972--a fall of 14 percent.
- * Produce items also have sharp ups and downs. For instance, the farm price of iceberg lettuce dropped from \$5.00 a carton on January 12, 1973 to \$2.50 a carton on January 18--a 50 percent drop in just one week.

Over the long run the declines largely offset the gains in farm prices--sometimes they cancel them out altogether.

- * The man who produces the Choice grade of beef that Americans enjoy saw the price he receives for his beef cattle rise only 9 percent in the 20 years between 1952 and 1972.
- * Farm prices for frying chicken dropped one half during those 20 years--from about 29 cents per pound in 1952 down to 14 cents by the end of 1972.
- * The farm price for eggs fell almost as much, dropping from about 42 cents per dozen in 1952 to 29 cents in 1972--a 31 percent decline.

Changes in farm prices show up in the supermarket, but not so suddenly, nor always in the same direction.

- * In 1953 average farm prices dropped 12 percent for the year, while your food prices declined only 1.5 percent.
- * In 1957 farm prices dropped 4.8 percent while food prices climbed 3.3 percent.
- * Farm prices dropped 4.8 percent in 1967 though your food prices increased 1 percent.
- * And in 1971, while farm prices were up 1.8 percent your food prices increased 3.0 percent.
- * The price of a food such as bread--where the cost of processing is much higher than the cost of the farm products in the loaf--tends to rise more steadily, much as nonfood products.

AVERAGE ANNUAL RETAIL STORE PRICES FOR SELECTED
FOODS

	1952	1957	1962	1967	--	1970	1971	1972
	----- cents -----							
White bread								
1 lb.	16.0	18.8	20.4	22.2	--	24.3	25.0	24.7
Hamburger,								
1 lb.	63.3	42.0	52.1	54.6	--	66.2	68.1	74.4
Milk,								
1/2 gal.	42.1	44.5	47.4	51.6	--	57.4	58.9	59.8
Eggs, 1 doz.								
large	67.3	57.1	53.5	49.2	--	61.2	52.8	52.4
Apples,								
1 lb.	13.4	16.8	16.8	20.5	--	21.8	23.4	24.6
Frozen orange								
juice, 6 oz.	18.8	18.1	20.5	18.3	--	22.5	23.4	25.0

Farmers are only now recovering from years of low farm prices, though expenses have been climbing steadily.

- * Farm prices in 1972 were up 26 percent over 1967, but were only 12 percent higher than in 1952. As pointed out earlier, farm prices either declined or remained static in 10 of the last 20 years.
- * While farmers were experiencing static or declining farm prices, expenses were rising steadily.

- * Farmers are paying 2.4 times higher wages for help than 20 years ago.
- * Farm machinery price levels are nearly double what they were 20 years ago (1.96 times higher).
- * The level of all prices that farmers pay has gone up 51 percent from 20 years ago, and farmers' total production costs more than doubled (2.1 times more.)
- * Farm real estate taxes are 3.7 times higher per acre than 20 years ago.
- * Farmers are less able to pass along their costs than other major economic groups. Farmers are not protected by franchises, patents, licenses, or by seniority. They do not enjoy industry-wide contracts, nor escalator clauses nor the economic ability to force higher prices and hold them. They can't largely in perishable products that must be sold when ready.

The investment in farming is much higher today.

- * Farm investment in land, buildings, livestock, and equipment has doubled in 20 years, rising from \$167 billion in 1952 to \$339 billion on Jan. 1, 1972.
- * This plant's resources must be conserved and the growing investment needs must be supplied from farm net income, which has increased about a third since 1952.
- * Farm debts are nearly 4.5 times larger than 20 years ago. The amount of debt owed by farmers has risen from \$14.7 billion in 1952 to \$66.9 billion in 1972.

Meantime, farm productivity is an example to the nation.

- * Output per man hour on farms is 3.1 times higher than 20 years ago. In manufacturing industries, output per man hour is 1.7 times as great as 20 years ago. Thus output per man hour on farms is increasing nearly twice as fast as in industry--an unmatched record for efficiency.
- * In 1952, one farm worker supplied 16 people with food. Now he produces enough for 51 people, or three times as many as 20 years ago. This is unmatched anywhere else in the world, or ever before in history.
- * In 1952 one person out of 7 was living on a farm, producing agricultural products. Now one person in 22 lives on a farm. This has released people to produce other wealth and services and is primarily responsible for the unequaled affluence of the nation.

Beef production is a good example of how farmers have responded.

- * A good sign of the nation's increasing affluence is the amount of beef people eat. In 1952 we were consuming 62 pounds of beef per person. That was 32 percent higher than 20 years earlier in 1932.
- * Since 1952, incomes have climbed rapidly--and so has our beef consumption. In 1972 we ate 116 pounds of beef per person--87 percent more per person than 20 years ago.
- * Farmers had to produce that beef before people could eat it.

BEEF CONSUMPTION PER PERSON

	Pounds		Percent change
1932	47		
1952	62	1932-52	32
1972	116	1952-72	87

While the farmer is producing more food--for less of our incomes--he in turn is not sharing fully in the benefits of his own productivity.

- * In the most recent 10-year period farmers have averaged only a 3.9 percent return on the equity of their capital investment in farming.
- * In terms of disposable income, the average income of farm people still lags 17 percent behind the average income of nonfarm people. And nearly half of the income of farm people comes from off-farm sources. If farmers had to rely solely on income from farming, the average income of farm people would be only 47 percent of the average income of nonfarm people.

The farmer's production efficiency and low returns in the 1950's and 1960's have been a major factor in keeping the cost of living for consumers from rising faster.

- * Farm food has been plentiful--often in surplus--and the price of farm-raised food has gone up more slowly than other prices over the years.
- * In the 1950's, the after-tax income of farm people averaged only 54 percent as much as the average for nonfarm people. In the 1960's, the after-tax income of farm people averaged only 67 percent as much as the nonfarm average.
- * Between 1950 and 1960, farm prices actually declined 7.8 percent, while food prices rose 18 percent and the cost of living increased 23 percent. Between 1960 and 1970, farm prices rose 17.0 percent, but food prices went up by 30.6 percent, and the cost of living increased 31 percent.

- * The present period that we are in is acting much like the Korean War inflationary period 20 years ago. Between 1950 and 1952, farm prices climbed 10.8 percent and retail food prices climbed 13.2 percent. Between 1970 and 1972, farm prices climbed 14.6 percent and retail food prices climbed 7.5 percent. The Korean War inflation cooled off in 1953 and it was 20 years before farm prices regained their 1952 level.

INDIANOLA, IOWA, April 23, 1973.

HON. DICK CLARK,
U.S. Senator,
Washington, D.C.

DEAR SENATOR: I attended your hearing at Ames, Ia. on April 19th from the beginning until about 2:00 PM. Frankly Senator, I will have to report that my time could have been better used elsewhere.

Farm Organization spokesmen were afforded the courtesy of the platform for their testimony. What did they have to offer? Nothing, really, that they haven't said at least a dozen times before.

Individuals, on the other hand who testified, were downgraded to a position with their back to the crowd. I am certain that every farm organization has traveled to Washington many times for testimony. Frankly, I would hope to see the day that hearing would be held in the country for individuals only. Certainly, we need some new ideas for agricultural policy and it should be clearly evident by now that present farm organizations have nothing new to offer.

The time has arrived when farm policy must be related to the total economy and not treated as a separate entity related only to the income of farmers and their ability to produce food. The "full parity" and "full employment" concept used in federal economics has already led us too far down the primrose path and it's time we come back to reality.

Land retirement programs under both Republicans and Democrats have been both a national disaster and a national disgrace. They did wonders for the fertilizer industry and for inflated land prices but very little, if anything for people or the national economy.

I noticed at the hearing that there was considerable support for a National Reserve of feed and food grains. Generally this is to be isolated with some sort of a price formula that would prevent disposal unless prices reached a certain level above current support prices.

Frankly we have had two outstanding examples of such procedure without the formula. During the mid-sixties when prices increased to an acceptable level Secretary Freeman dumped everything he could lay his hands on before farmers had an opportunity to market their supplies.

More recently, Secretary Butz has given a repeat performance. Government holdings have been dumped, utilizing transportation ahead of producers and small elevators and thus farmers and small elevators have been left holding the bag.

I have enclosed my testimony at a former agricultural policy hearing and the current issue of THE HOT LINER. These generally outline the necessary ingredients for a common sense agricultural policy.

It's time to knock off the political bungling and get the national economy back into balance. This can only be done with an agricultural policy that is related to the total economy.

You are welcome to include any part or all that I have submitted for the record and should you wish more detailed information please feel free to request it at any time.

Sincerely,

FRANCIS L. YORK,
Farmers Market Service, Inc.

○

