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GRAZING AND HAY PROGRAM FOR WHEAT ACREAGE

GOVERNMENT

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HEARING

BEFORE THE

SUBCOMMITTEE ON LIVESTOCK AND GRAINS

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

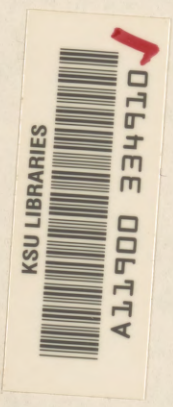
FIRST SESSION

ON

H.R. 3367

FEBRUARY 22, 1977

Serial No. 95-N



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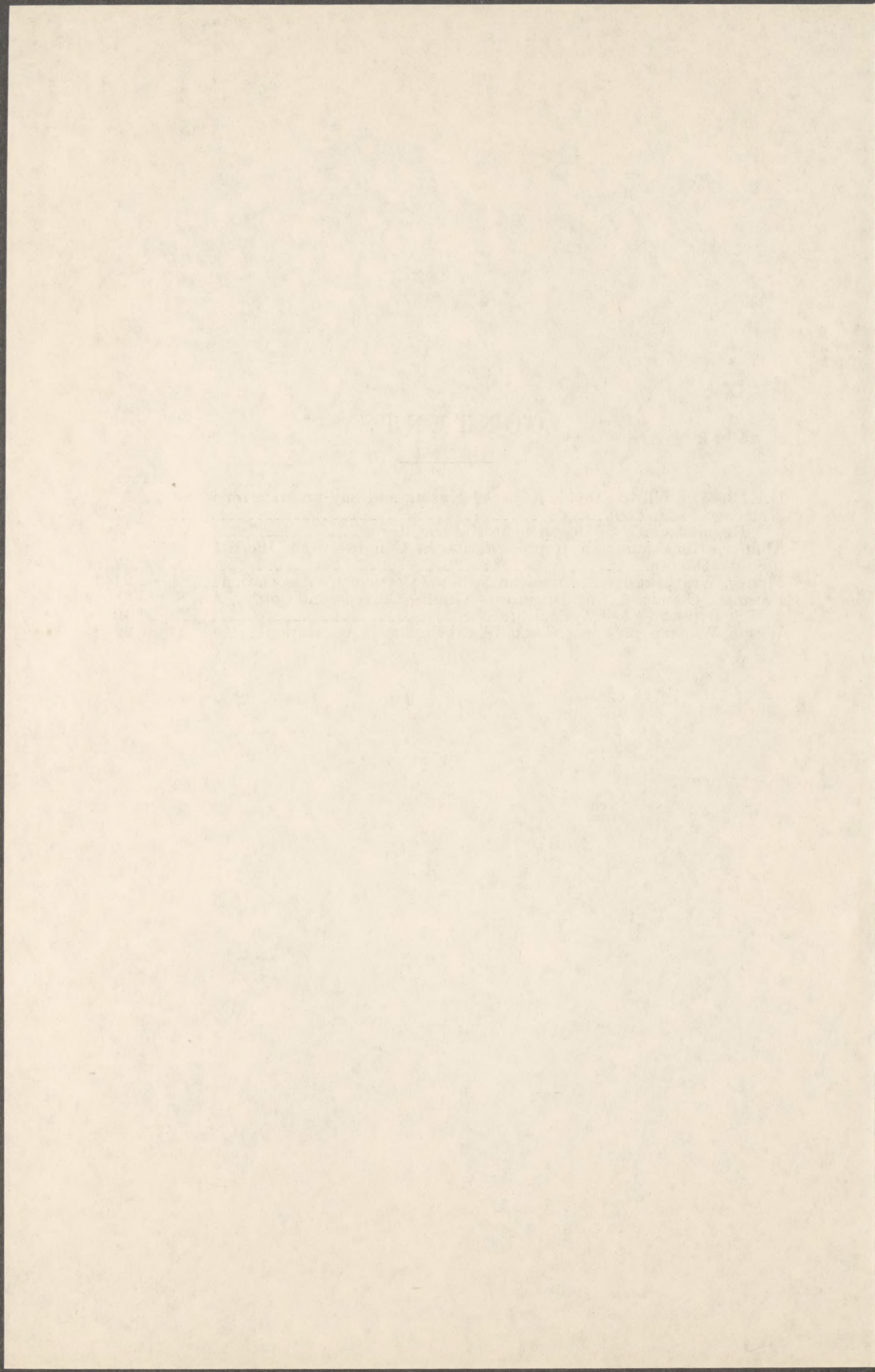
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GRAZING AND HAY PROGRAM FOR WHEAT ACREAGE

TUESDAY, FEBRUARY 22, 1977

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

The committee met at 2:15 p.m., pursuant to notice, in room 1302, Longworth House Office Building, Hon. W. R. Poage (chairman of the committee) presiding.

Present: Representatives Weaver, Harkin, Hightower, Bedell, English, Glickman, de la Garza, Jones of Tennessee, Akaka, Sebelius, Johnson, Hagedorn, and Coleman.

Staff present: Robert M. Bor, counsel; John E. Hogan, associate counsel; Glenda L. Temple, clerk; John C. Baize and E. Lee Musil.

Mr. POAGE. The committee will please be in order.

We will hear witnesses on the bill H.R. 3367, by Mr. Sebelius, to provide a special grazing and hay program for wheat acreage.

Mr. Sebelius, do you want to discuss it?

[The bill H.R. 3367 and the U.S. Department of Agriculture report follow:]

95TH CONGRESS
1ST SESSION

H. R. 3367

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 9, 1977

Mr. SEBELIUS introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To provide a special grazing and hay program for wheat acreage.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That the Agricultural Act of 1949, as amended, is amended
4 by adding at the end of title I a new section as follows:

5 “SEC. 108. Notwithstanding any other provision of law:

6 “(1) The Secretary shall administer a special wheat
7 acreage grazing and hay program (hereinafter in this section
8 referred to as the ‘special program’) in each of the crop years
9 1977 through 1981. Under such program a producer shall
10 be permitted to designate a portion of the wheat acreage
11 allotment for the farm, not in excess of 40 per centum thereof,
12 which shall be planted to wheat (or some other commodity

1 other than corn or milo) and used by the producer for graz-
2 ing purposes or hay rather than for commercial grain pro-
3 duction. A producer who shall be paid a special payment as
4 provided in paragraph (3).

5 “(2) Any producer who elects to participate in the spe-
6 cial program under this section shall be required to identify
7 the specific acreage on the farm which is to be used for graz-
8 ing purposes or for hay in lieu of commercial production.

9 “(3) A producer shall be eligible for price support on
10 any portion of the wheat acreage allotment for the farm
11 which the producer elects to include in the special program,
12 except that the Secretary shall pay the producer an amount
13 with respect to such portion determined by multiplying the
14 established yield for wheat for the farm times the number of
15 acres included in the special program times \$1. No crop other
16 than hay may be harvested from acreage included in the
17 special program.

18 “(4) Acreage included in the special program is in addi-
19 tion to any acreage included in any wheat acreage set-aside
20 program otherwise provided for by law.

21 “(5) Acreage included in the special program shall be
22 deemed to have been planted for harvest for the purposes of
23 wheat acreage history.

1 “(6) The Secretary is authorized to issue such regula-
2 tions as may be necessary to carry out effectively the provi-
3 sions of the section.

4 “(7) Provisions of this Act shall be administered by the
5 Secretary through the Commodity Credit Corporation.

6 “(8) No producer of wheat shall be eligible for disaster
7 payments under the second or third sentence of section 107
8 (c) of the Agricultural Act of 1949, as amended by para-
9 graph (8) (D) of the first section of the Agriculture and
10 Consumer Protection Act of 1973, on any acreage designated
11 for the special program under this Act, and no producer of
12 feed grains shall be eligible for disaster payments under the
13 fourth and fifth sentence of section 105 (b) (1) of the Agri-
14 cultural Act of 1949, as amended by paragraph (18) (B) of
15 the first section of the Agriculture and Consumer Protection
16 Act of 1973, on any acreage designated for the special pro-
17 gram under this Act.”.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

February 22, 1972

Honorable Thomas S. Foley
Chairman, Committee on Agriculture
House of Representatives

Dear Mr. Chairman:

This is in reply to your request for a report on H.R. 3367 which provides temporary emergency assistance to wheat producers by permitting producers to utilize a portion of their farm wheat acreage allotment for grazing purposes or for hay rather than for normal production.

This Department opposes enactment of this bill.

H.R. 3367 amends the Agricultural Act of 1949, as amended, by adding at the end of Title I a new section 108. The new section provides that the Secretary shall administer a special wheat acreage grazing and haying program in each of the crop years 1977 through 1981. A producer participating in this special program would be ineligible for price support and disaster payments on that portion of the wheat acreage allotment for the farm which he elects to include in the special program. Payment for participation in this special program would be equal to the established wheat yield for the farm times the number of acres included in the special program times \$1.00.

In view of the present U.S. and world agricultural situation, it would appear unwise at this time to require the Secretary to administer a mandatory acreage reduction program. Current weather conditions throughout the major U.S. wheat producing States point to the possibility of a substantial loss in production of our 1977 crop. Similar conditions also exist in Canada, Russia, and the People's Republic of China. In the event of a disastrous U.S. wheat crop and a possible decline in production in other countries, the Department would likely be subjected to severe criticism by consumers if farmers are paid to destroy a food grain.

One of the attractions of the wheat plant is that, under proper management, it can be grazed by livestock and yet still produce a crop of wheat. Consequently, huge acreages of wheat are used for forage in the winter and early spring. Farmers need no incentive to do this. The one dollar payment provided in the bill is intended as compensation for "grazing out" the wheat. For the average producer, yields per acre would have to fall sharply before the payment would appear attractive. On the other hand, none would be required if prospective yields appeared low and grazing out looked like the proper course for minimizing losses.

Honorable Thomas S. Foley

2

Substantial acreages of small grains, principally oats, are normally used for hay every year. The inclusion of the words, "or some other commodity other than corn or milo" in paragraph (1) of proposed section 108, suggests that payments could be required on the product of acreage that would be used for hay anyway.

The Agriculture and Consumer Protection Act of 1973 contains provisions whereby the Secretary may institute a set-aside and a special hay and grazing program if he determines such is needed. We feel this discretionary authority should be maintained rather than requiring the Secretary to administer a special wheat acreage grazing and hay program regardless of the existing situation.

We estimate on the basis of our experience with similar programs of this kind that the maximum acreage that might be enrolled in the program would be around 3.5 million acres at an annual cost of about \$115 million. This level of participation could result in an annual reduction in wheat production of around 100 million bushels. For the reasons cited above, we believe we would be paying for results that would probably occur in any event. Primary beneficiaries would be those producers who would have grazed out their wheat acreage in any case. In view of the large carryover of wheat in prospect, a reduction of 100 million bushels in total supply would not have much of an impact on wheat prices.

The Office of Management and Budget advises there is no objection to the presentation of this report and that enactment of this legislation would not be consistent with the Administration's objectives.

Sincerely,

 Bob Bellman
 Secretary

Mr. SEBELIUS. I passed out to the members a little summary of the bill. It was prepared by Senator Bellman as S. 650, and the bill I introduced which was H.R. 3367. Mr. Bellman made it a 4-year bill. I am more interested in a 1-year bill in seeing what it would do. We are short of hay and we are short of forage throughout the country. We are long on wheat. What we are really proposing to do on the emergency basis is to permit the farmer to take his wheat now in place and graze it out and never harvest it as such for grain or to put it up for baling for hay and use it. Right now hay is selling high and we are long on wheat.

So the point was that if you pay them a \$1 bushel and if they decide to divert it, then the amount that they defer would be compared to the amount allowed. The bill provides up to 40 percent, and I have discussed with the staff about diverting up to 50 acres, or 40 percent, of the allotted acreage, whichever is larger.

Really, if you have some poor wheat—We have winter kill and drought down in Louisiana. We have that sort of thing. If we could change it over with the surplus we have on hand and convert it to wheat, then I think it would be a good move at this time. I join many people who have talked to me from out in the Middle West, especially from the Panhandle of Texas, and Oklahoma, and eastern Colorado, and parts of western Kansas, and western Nebraska. They are worried and yet they are looking at the hay shortage and the problems that they have.

That is basically what we are offering here today, Mr. Chairman. I do have some thoughts for changes after we have heard the witnesses. We could make it a 1-year bill and have it a little more adaptable.

Mr. POAGE. I think there are a good many changes that may be made in the details, but basically what you are trying to do, as I understand it, is to do two things: No. 1, to reduce the cost of the program and, No. 2, to put some use for this feed resource that we have in the fields today rather than simply requiring it to be plowed up in a country where they are short of feed.

Certainly every drought-ridden country is short of feed. If they are actually suffering from a drought that is severe enough to justify the creation of disaster areas, then there is certainly need for this forage.

Mr. SEBELIUS. I have one additional thing. We will save energy. We will not spend \$10 or \$12 an acre with a combine. We will graze it out. We will save a lot of gasoline and a lot of energy. This still puts it where we want it, which will be harvesting less wheat but using it for hay where we are short.

Mr. Chairman, we have Congressman James Abdnor. He is here now. He has had a hay problem with drought up in South Dakota.

Mr. POAGE. We will hear Mr. Abdnor right now.

STATEMENT OF HON. JAMES ABDNOR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH DAKOTA

Mr. ABDNOR. Thank you, Mr. Chairman and members of the committee. I certainly appreciate this consideration to allow me to come here to testify on this.

As Congressman Sebelius pointed out, I think probably the drought started right out where I live in South Dakota. We were having this trouble in March and April. My neighbors on both sides of me complained about the drought, but our pastures have been in tough shape. They are as bare as a rug. The drought now extends all the way out to the west coast, I understand.

I know there are counties that have had to dispense with their foundation herd. At least 50 percent of the cattle in many counties are gone. The Government has already played a large part in the keeping of those cattle by paying a large subsidy toward the hauling in of hay and sending the cattle out of State.

I just finished spending almost 2 weeks in my district. I had 35 meetings, and 15 of those meetings were 2-hour sessions around my district on this drought situation. Some members of this committee were out in South Dakota. Congressman Hightower was there in December. Some others know the situation.

It is as serious today as it was before. It is worse. As a matter of fact, some of those people have carried their cattle over and tried to stay in this business and may be worse off than had they quit and sold their cattle off early in the year. They may have been better off.

This particular bill has a small feature that might help sustain these people and keep them going in this business. While I was home a wheat producer told me there are 1.7 billion bushels of wheat left over this year. Congressman Sebelius says it is a little less than that, but we have a huge surplus of wheat right now. Hopefully, there will be other programs coming forth to help rectify that, but it would seem

to me the legislation that Congressman Sebelius has introduced would play a small part or maybe even a large part in two ways: It would help people carry over the cattle and maybe help cut down some of the production, particularly with the state of the wheat fields in my area. They say the Winter kill is going to be quite heavy. It would be a helpful tool to the cattle industry. It would be a great break to the wheat producer.

I thank you.

Mr. SEBELIUS. Most of your territory is winter wheat; is that right?

Mr. ABDNOR. Yes. In the First District, near the east side of the State, there is spring wheat but most of the wheat in South Dakota is winter wheat. We are, more and more, moving to winter wheat.

Mr. SEBELIUS. That's what we basically have in mind—wheat that is now in the ground.

Mr. ABDNOR. Right, we're talking about planted wheat.

Mr. SEBELIUS. Do you feel that this type of legislation would encourage more hay or pasture in South Dakota as we come into the spring before harvest time?

Mr. ABDNOR. Yes. You are only holding it to a small percentage of the man's allotment; aren't you?

Mr. SEBELIUS. Yes.

Mr. ABDNOR. I will say this. Most of the wheat farmers, by far, will go the 50 acres because 40 percent of their acreage would be greater.

But it would give them that much help. Many of my farmers out there are wheat farmers and cattlemen. They are diversified. This would be a real boost. It would cover an awful lot of the farmers. It really would.

Mr. SEBELIUS. What is hay selling for now?

Mr. ABDNOR. \$67 a ton for alfalfa. If you go out of the State to get it you have to pay the transportation costs. A lot of our feed comes from the South.

Mr. SEBELIUS. Thank you, Mr. Chairman.

Mr. JOHNSON. As I compute this out, why would a man go for \$1 a bushel on 40 percent of his allotment? He can get two-thirds of his total cost under the Agriculture Act.

Mr. ABDNOR. You mean the Federal disaster payments?

Mr. JOHNSON. Yes.

Mr. ABDNOR. It doesn't come near that.

Mr. SEBELIUS. You get a third.

Mr. ABDNOR. About 80 cents.

Mr. SEBELIUS. If it is declared a disaster. You figure on what the target price will be and it will be about 83 cents a bushel. Then if he has to wait it out as a disaster then they deduct the amount that they appraised as to the conditions.

Mr. JOHNSON. One-third and not two-thirds?

Mr. ABDNOR. Yes.

Mr. BEDELL. One-third of the computed yield and two-thirds of the computed yield that you have to have qualified. It's one-third of the target price which is the amount you get.

Mr. JOHNSON. Let's go through that again for my benefit in case anybody else didn't get it besides me.

If you lose two-thirds of your crop then you qualify for the disaster?

Mr. BEDELL. No, one-third.

Mr. JOHNSON. I see.

Mr. BEDELL. Roughly.

Mr. JOHNSON. What are the payments then?

Mr. BEDELL. One-third of the target price between what your normal crop would be and what you raised.

Mr. JOHNSON. And you still—you do not get to harvest your crop; is that right? You deduct that from your payment?

Mr. BEDELL. No; you do get to harvest your crop.

Mr. JOHNSON. There's no deduction?

Mr. BEDELL. There was for silage, but not any more. Correct me if I am wrong.

Mr. JOHNSON. I had forgotten about that.

Are you convinced you should get more money on this 40 percent?

Mr. ABDNOR. Yes; plus the fact that you get to raise your cattle. You can keep the cattle. Your foundation herd can be kept together. You have an incentive.

As I understand Mr. Sebelius' bill, it's \$1 a bushel times the producer's normal yield; isn't it?

Mr. SEBELIUS. Yes.

Mr. ABDNOR. That would be greater, I am sure, than the Federal disaster payment for wheat.

Mr. HAGEDORN. You know what you are getting this way. At least you are getting something out of it. Otherwise it may wither and die and go totally to waste.

Mr. ABDNOR. Gentlemen, I can honestly say that I have some people with tears in their eyes, particularly women, at those meetings I held. They are in bad shape. They have financial problems. This is getting to be deplorable.

It would be different if the Government weren't already subsidizing the same people or trying to with the Federal disaster payment, the hay subsidy bill, and the transportation cost. I have a hunch there will be more of these programs.

But this one seems like it has an awful lot of merit. It's an immediate situation. People can turn to it. We are coming into the spring of the year. I can tell you right now that the pastures in my area are going to be a long time coming back from the drought. This will give them a little temporary relief until we get some rain. At least they will have a month or two that they can stay off their pastures. Hopefully, some of them can have time to come back to be of some good to the cattleman.

Mr. JOHNSON. I do not see how they can compute this until after you harvest up there in July. They can't qualify for any payment until after that can they?

Mr. ABDNOR. They cannot qualify for Federal disaster payment but with this bill they could immediately qualify for payment for up to 50 acres they graze. They have to designate ahead of time what they are going to graze. That is it. That will be out of the program. You cannot have both. You either do it this way or take the Federal disaster payment. You designate your decision before you start out.

Mr. SEBELIUS. The payments are calculated on the projected yield. They are all short of capital anyhow. They want to take that option I'm sure.

Mr. HAGEDORN. Do I understand this to be correct in that it is 50 acres minimum or a maximum of 40 percent, whichever is larger.

Mr. JOHNSON. It does not say 50 acres.

Mr. SEBELIUS. We can change that.

That would be something coming up. One of the things I suggested was to make it 50 acres or 40 percent, whichever is greater, because we could then take out the 15-acre boys if they chose to go that route.

Mr. BEDELL. Am I correct that under this bill you get \$1 per bushel for your computed yield on those acres, and under the disaster program you would get one-third of the target price which is somewhere around 75 to 80 cents; is that the difference?

Mr. SEBELIUS. I think it is more than that. We have the department witnesses here who are going to oppose the bill. They could explain it. They could tell us what the mechanics are.

Mr. POAGE. Let us get through Mr. Abdnor first. Then we can get to the Department.

Mr. ABDNOR. Mr. Chairman, I know you want to get moving here, but let me ask Mr. Sebelius one last thing.

Did I understand you to say that the maximum is either 40 percent or 50 acres, whichever is greater?

Mr. SEBELIUS. That is a proposal.

Mr. ABDNOR. Out in the wilderness where I come from and where there are big cattle and big wheat, 50 acres is really not much. Is that meant to be a cap?

Mr. SEBELIUS. That's something that has just been kicked around.

Mr. HAGEDORN. I want to commend Mr. Abdnor for coming over here on short notice because I think he is really looking out for the interest of his farmers in not only South Dakota but through the wheat belt where they have a tremendous problem with the drought and the liquidation of cattle herds, this is a real crisis. I think this is one way we could utilize the forage and hold down the tremendous wheat surplus that we are developing in this country which is becoming a detriment to the wheat farmers at the very time they are going bankrupt because of drought and the excess production.

Mr. ABDNOR. I thank you, Mr. Hagedorn. I thank you, Mr. Chairman.

Mr. POAGE. We appreciate your coming around.

We have witnesses from the Department. I believe Mr. Freeman is our first witness.

**STATEMENT OF CLAUDE FREEMAN, ACTING DIRECTOR OF GRAINS,
OILSEEDS AND COTTON DIVISION, ASCS, U.S. DEPARTMENT OF
AGRICULTURE, ACCOMPANIED BY FRANK HOOBER, BRANCH
CHIEF, PROGRAMS OPERATIONS DIVISION, ASCS**

Mr. FREEMAN. I am Claude Freeman. I am Acting Director of the Grains, Oilseeds and Cotton Division of ASCS. I have with me Mr. Frank Hooper from the Department who is more expert than I on the production adjustment phases and the disaster provisions of our programs.

Mr. Chairman and members of the committee, I appreciate this opportunity to comment on H.R. 3367 which provides temporary emergency assistance to wheat producers by permitting producers to utilize a portion of their farm wheat acreage allotments for grazing purposes or for hay rather than normal production.

H.R. 3367 amends the Agricultural Act of 1949, as amended, by adding at the end of title I a new section 108. The new section provides that the Secretary shall administer a special wheat acreage grazing and haying program in each of the crop years 1977 through 1981. A producer participating in this special program would be ineligible for price support and disaster payments on that portion of the wheat acreage allotment for the farm which he elects to include in the special program. Payment for participation in this special program would be equal to the established wheat yield for the farm times the number of acres included in the special program times \$1.

In view of the present United States and world agricultural situation, it would appear unwise at this time to require the Secretary to administer a mandatory acreage reduction program. It would be mandatory in that he would have to offer it. It would be voluntary, of course, with the producer whether he chose to take it or not.

Current weather conditions throughout the major U.S. wheat producing States point to the possibility of a substantial loss in production of our 1977 crop. Similar conditions also exist in Canada, Russia, and the People's Republic of China. In the event of a disastrous U.S. wheat crop and a possible decline in production in other countries, the Department would likely be subjected to severe criticism by consumers if farmers are paid to destroy a food grain.

One of the attractions of the wheat plant is that, under proper management, it can be grazed by livestock and yet still produce a crop of wheat. Consequently, huge acreages of wheat are used for forage in the winter and early spring. Farmers need no incentive to do this.

Mr. POAGE. May I interject right there. It cannot be for any practical purposes unless there is some way of getting the Department to act more promptly than they have ever acted before because you cannot get an appraisal made. I'm talking about the South. Our grain will begin to head out in 6 weeks. It is going to take you 3 months to ever get around to decide how much that crop will make and what the loss is. By that time it will all be done.

Mr. FREEMAN. Mr. Chairman, I hope you do not convict us for the way we behaved in the past. We have had grave problems implementing this disaster program. We did not have the trained personnel.

Mr. POAGE. I know that is true. I recognize that it was a budgetary limitation and you couldn't get them with what you had. I realize your problems but nevertheless it is not fair to say that the farmer can act because he cannot act until you send somebody out there to look at it and say that "This will make 8 bushels to the acre," or 9, or whatever you decide it will make.

Somebody has to come out from the county office. He does not get there until June. My grain was ready to graze in March. That is where I fall out with you. It doesn't work out that way. It ought to work out the way you describe it but it just doesn't do it.

Mr. FREEMAN. I am sure there is some slippage between what we would desire to do and what actually happens. I am sure of that. We try to improve each year. Hopefully we are better this year than last.

But my comments here, Mr. Chairman, were about what farmers do regularly without regard to the disaster program. We say that under proper management the wheat plant can be grazed and still produce a crop of wheat. You have that normal practice in Texas.

Mr. POAGE. But you have to take the cattle off by March 10 if you ever expect to harvest it.

Mr. FREEMAN. That is true.

All we have said is that the use of wheat acreage for forage in the winter and early spring in some areas is normal. The farmers need no incentive for that. That is extra for them in that particular area and in addition they get to harvest their grain.

The \$1 payment provided in the bill is intended for compensation for grazing out wheat. That would be to take it out to where there was no grain production from it. For the average producer, yields per acre would have to fall sharply before the payment would appear attractive. On the other hand, none would be required if prospective yields appeared low and grazing out looked like the proper course for minimizing losses.

Substantial acreages of small grains, principally oats, are normally used for hay every year. The inclusion of the words, "or some other commodity other than corn or milo" in paragraph (1) of proposed section 108, suggests that payments could be required on the product of acreage that would be used for hay anyway.

The Agriculture and Consumer Protection Act of 1973 contains provisions whereby the Secretary may institute a set-aside and a special hay and grazing program if he determines such is needed. We feel this discretionary authority should be maintained rather than requiring the Secretary to administer a special wheat acreage grazing and hay program regardless of the existing situation.

We estimate on the basis of our experience with similar programs of this kind that the maximum acreage that might be enrolled in the program would be around 3.5 million acres at an annual cost of about \$115 million. This level of participation could result in an annual reduction in wheat production of around 100 million bushels. I will add that I said "could result." Normally the acreage we would expect to get under this program would have yield potential considerably less than average. For the reasons cited above, we believe we would be paying for results that would probably occur in any event.

Primary beneficiaries would be those producers who would have grazed out their wheat acreage in any case. In view of the large carryover of wheat in prospect, a reduction of 100 million bushels in total supply would not have much of an impact on wheat prices.

Therefore, we oppose enactment of H.R. 3367 as proposed.

Mr. POAGE. Let me inquire how much you figure it would cost you to get out 100 million bushels any other way. If you draw 100 million excess bushels, and have to buy it, then I don't know. The talk this morning was you would have a cost of production of \$3 and something a bushel. You would have to go and pay \$3 per bushel. Therefore, doesn't it cost you three times as much as this would?

Mr. FREEMAN. Mr. Poage, our loan rate is only \$2.25.

Mr. POAGE. I'm not talking about your loan rate. I'm talking about your target price.

Mr. FREEMAN. The target price for 1977 has not been announced yet, but I would guess it would be in the neighborhood of only \$2.50, under the conditions of the 1973 act and the formula that is in there.

Mr. JOHNSON. It was \$2.57 last year.

Mr. POAGE. That is nearly 1 percent; isn't it?

Mr. HAGEDORN. Mr. Chairman, I sometimes wonder about the Department of Agriculture. I thought with the change in administration a different attitude might be taken. I see here the projection of 100 million bushels of wheat would be produced off of $3\frac{1}{2}$ million acres, which looks a little ambitious.

Most importantly, it seems to me that with this tremendous projected carryover with the crop this year and another one next year, we may have the largest carryover in 25 years of wheat. It seems to me a little ludicrous to be worrying about tremendous shortages cropping up in the near future with this tremendous reserve. I think we should try to use this resource to its greatest potential. One way might be to shift to alternative means and encourage farmers to stay in the cattle business.

The consumer concerns that you alluded to in your testimony may well come out to a greater extent in the year or 18 months that follows as we watch the continual liquidation of these cattle herds. Then what are the consumers going to say when we get back to 60 or 80 cent beef? This would be because of inadequate foresight in the Department of Agriculture in coming up here and opposing this type of legislation.

Mr. FREEMAN. With all due respect, sir, I do not really see that the effect of this bill is going to increase the amount of forage or livestock feed. I think it will largely be applicable in areas where the vegetative growth or the forage provided for this will be relatively low.

Mr. HAGEDORN. At least whatever is there would be utilized. If we have to take cattle off by March 10, which is only about 20 days away, then that resource will produce whatever it can. I suppose it will be harvested. But it seems to me that we ought to encourage the consumption and the utilization of the nutrients to whatever extent we can—through the grain itself or through forage. I think the farmers, if given an alternative, will utilize it to the best interest of the consumer.

Mr. FREEMAN. There was some discussion among the committee members earlier about the disaster program.

I might add that under the disaster program, as we operate it now, they could use whatever is left of their crop. We would merely make an appraisal of what it was worth and leave the crop standing there. We would make our payments to make up the difference between what his potential production as appraised was and 100 percent of the crop on allotted acreages.

Mr. POAGE. When do you make that appraisal?

Mr. FREEMAN. We have a problem making that appraisal when the crop is still dormant as it is now.

Mr. POAGE. But you have to make that appraisal in order for that farmer to make up his mind. Otherwise it's of no value.

Mr. FREEMAN. Yes.

Mr. POAGE. There is no chance in the world of your making that appraisal by March 10, down in my country if we would pass this bill today. You can't make that appraisal by March 10. You cannot make it by April 10. I would be very much surprised to see you make it by May 10. You are more than likely to make it on June 10, after everybody has completed their harvest and sold what little wheat they have produced.

That is the trouble. It is not that I am trying to put the blame on you, but you have to recognize that you do not do these things when you say they should be done. It will not be done. There is no way that the farmer can get an appraisal of what that crop will make. And until he has gotten that, he cannot tell whether he should take it off or graze it or not because you make appraisals anywhere from 2 bushels to 15 bushels.

Mr. FREEMAN. Correct.

Mr. POAGE. The same field may get an appraisal of 2 bushels by one of your appraisers, and get 15 by a fellow a week later.

Mr. FREEMAN. That is possible.

That is one reason why we are slow to make appraisals because the earlier you make them before the plant has developed, it is that much more subject to appeal.

Mr. POAGE. Somehow or other the department always seems to feel that there was no difference in the seasons between my county down in Texas, and let's say Red Lake County in Minnesota. There are wide differences there. We have to have those appraisals first.

Do you realize that they are beginning to plant cotton in the Rio Grande Valley right now? It is going in the ground this week.

Mr. HOOBER. We have had bad experiences in the past but I think we have got it to the place where we can handle it. We had problems in the first years of the program but last year we cut them pretty well to a minimum. I will admit that we had trouble in the Dakotas, and in Minnesota, and throughout that part, especially in Minnesota and Wisconsin because they don't usually have disasters. Not like they had this year anyway.

I think we are geared to handle it much faster than we used to.

Mr. POAGE. I am like the child that's burned. My country had the disaster 2 and 3 years ago. We didn't have one last spring. Of course, we do not know what you could have done last spring but we know that you did not do it 2 or 3 years ago.

Mr. HOOBER. Yes, we did have some problems.

Mr. POAGE. We thank you.

Mr. HAGEDORN. At whose direction are you in opposition to this measure? Is it the Secretary?

Mr. FREEMAN. It's the Department's position, yes.

Mr. HAGEDORN. Passed down by the Secretary of Agriculture?

Mr. FREEMAN. Yes.

Mr. HIGHTOWER. Mr. Freeman, actually the projected program is rather simple in its administration, is it not, from the standpoint of local offices in determining how much each farmer would receive; do you see any administrative problems in the event this bill is passed and becomes law?

Mr. FREEMAN. We would have minor ones. Whatever allotment was signed up in this would not be eligible for disaster payments. We would have to separate that out. I don't know what the wording means when it says something to the effect that they would not be eligible for price supports. We have some questions about what "price support" means.

Mr. HIGHTOWER. We have had considerable testimony before this committee last year about the complexity of the disaster program. There were the problems of local administration. That is one of the

reasons why the farmer was so long in getting his payments and it was because of the complexity of the disaster program.

This is a much simpler program and designed to get the benefit in the hands of the producer very quickly; isn't it?

Mr. FREEMAN. Yes. We would not have the appraisal problem and some of that involved in this proposed program; that is correct.

Mr. HIGHTOWER. But you see that there might be some kind of problem about where a farmer participates in this program and then tries to get disaster relief on the rest of the acreage?

Mr. FREEMAN. Yes; we would have to make a determination as to what acreage was included in this program and it would be exempt from disaster provisions and then you would have the remaining acreage.

Mr. HIGHTOWER. Doesn't this provide for the farmer who participates in this to actually designate the acreage that he chooses to graze out?

Mr. FREEMAN. It does.

I'm not saying, Mr. Congressman, that these are insurmountable problems. It would just be a little more complex. That's what life is about though.

Mr. HIGHTOWER. Maybe I did not follow your testimony or did not understand it.

It sort of boils down, to me, that you are saying that there is a possibility of a disastrous wheat crop in this country.

Mr. FREEMAN. Yes; there still remains that possibility, right.

Mr. HIGHTOWER. There is always that possibility at this time of the year because we do not have any way of knowing what we're going to do in February.

Mr. FREEMAN. Correct.

Mr. HIGHTOWER. Then you say there is a possible decline in production in other countries, so there is always the possibility that they are not going to make any wheat in Russia and China and other producing areas.

Mr. FREEMAN. Correct.

Mr. HIGHTOWER. The Department is afraid that because we might have a failure in the United States and because they might have a failure overseas that then there might be some criticism. This is a new policy on the part of the Department, Mr. Freeman, and I'm not being personal but the Department has never been free of criticism before.

Mr. FREEMAN. We get our share. [Laughter.]

Mr. SEBELIUS. They say that about the concern over the weather, but they also say, "In view of the large carryover wheat the prospect of 100 million bushels in total supply would not have much of an impact on wheat prices." That is a fine finish for their statement. I think they are inconsistent between their earlier statements and their last statement.

They conclude that 100 million bushels diverted would not have much to do with the wheat prices and yet they show great concern in the earlier part of the statement where they say we would wind up short and the Department would be severely criticized by the consumers.

Mr. FREEMAN. I guess the point was that even if the program was successful and did reduce production that the reduction that we would expect of 100 million bushels really wouldn't have much price impact.

It is almost an independent observation that the effect would not do much for the purpose intended.

Mr. SEBELIUS. I bet if I could do away with 100 million bushels of wheat today that the price would be up 10 cents tomorrow.

Mr. HIGHTOWER. One further thing, Mr. Freeman, in my part of Texas we grow a lot of wheat on corn-allotted acreage, As the bill is now written that would not apply.

Assuming that the bill is going to pass, would you see any problem if we changed that to say, "Farm-allotted acreage planted in wheat" which would include wheat planted on corn or milo allotments? Would that present any problem?

Mr. FREEMAN. We have changed the disaster program to get at that problem. For instance, if you had a 100-acre wheat allotment and a 100-acre feed grain allotment on your farm and yet you planted 200 acres of wheat, then we would for disaster purposes consider that you had a disaster allotment for wheat of 200 acres.

I do not know whether the intent of this bill would be for us to use the allotment here as our own unofficial disaster allotment which in that case would be 200 acres—

Mr. HIGHTOWER. How can I be sure it does mean that?

Inasmuch as you are using that standard already with the disaster program, it would not present any new problem for you here if we should pass it would it?

Mr. FREEMAN. It is not a legal or legislative term. It is a regulation in the program to try to provide some equity in the disaster program which we have instituted. Legally there is no such word as a "disaster allotment."

If the record would show that it was the intent of the committee to use it that way, then we could go along.

Mr. HIGHTOWER. I'm saying if we had wheat planted on a milo allotment, and then that would be set aside then we would expect it to be just as if it was a wheat allotment. This would not create any problem would it?

Mr. FREEMAN. That is right.

Mr. POAGE. Why do you want to limit it to historic acres anyhow?

Mr. HIGHTOWER. Mr. Chairman, as far as I'm concerned it would be great if we could do it on planted acres.

Mr. POAGE. Why can't you?

If we are providing that the wheat must have been in the ground before the first day of January, then nobody could have planted it for the purpose of taking advantage of it.

Mr. HIGHTOWER. I would certainly support that, but I do not think that is what Mr. Sebelius has introduced.

Mr. POAGE. I think Mr. Sebelius would accept that amendment.

Mr. SEBELIUS. I am amenable to any suggestion that will help me pass the bill. [Laughter.]

Mr. HIGHTOWER. I am for you but I will be doubly for you if we can just say, "on planted acres." Certainly we have a lot of wheat planted. As everybody knows the allotments are historically old. They are not representative of the cropping patterns now. I think it would be more equitable if we did provide for it.

Mr. POAGE. You will find lots of this wheat land, or what was cotton land, is now planted in wheat.

Mr. HIGHTOWER. Right.

Mr. POAGE. It was last year. I don't think there is as much this year as there was last year.

Mr. HIGHTOWER. There will be a lot of wheat land planted in cotton if patterns don't change.

Mr. POAGE. You are right.

But it is the individual farmer. Some farmers shift from one to the other and they cannot shift back the next year because of the equipment and the way he was farming. So you will have a lot of land that once was cotton and is now planted in wheat. You will have wheat land planted in cotton also. But you will have it working both ways.

Why do we mess it up with requiring this fellow to show just what he has historically planted on that land? If he planted wheat last fall, then he did it without any feeling that he could take advantage of this bill because he had never heard of this bill.

Mr. HIGHTOWER. That's right.

Mr. POAGE. Consequently, if we say that this is applicable only to the wheat planted before the first of January 1977, then nobody can reap windfall profits as a result thereof. It may have been in blackeyed peas. If it is in wheat this year then why don't we let him do it?

Mr. HIGHTOWER. We just don't want any windfall losses. I don't know about windfall profits.

Mr. Chairman, I certainly appreciate Mr. Sebelius introducing this bill when he did. But I want to emphasize to the members of the committee a point that you have already touched on. It is very important that we act very quickly on this because in our part of the country the decision is going to have to be made in a few days. If there is much of a delay, then we can forget it.

Mr. ENGLISH. Mr. Chairman, I want to get back to the weather condition situation that Mr. Hightower brought up. I was rather intrigued by that, Mr. Freeman.

Do you have any indications that there might be a substantial loss in production of not only the crop in the United States but also in Canada, Russia, and China?

Mr. FREEMAN. The weather patterns of rainfall have been such that it is questionable. The crop is not assured by the weather conditions that have prevailed.

Mr. ENGLISH. Is there anything that is that unusual as far as the world weather conditions are concerned that you would have a potential for a disaster as far as all these countries are concerned?

Mr. FREEMAN. No. It is just about like the Oklahoma wheat crop—from one day to the next it could go in any direction. Wherever they raise wheat it is generally a risky crop.

Mr. ENGLISH. So there is nothing unusual about the whole thing?

Mr. FREEMAN. No.

Mr. ENGLISH. As far as weather is concerned, basically you are operating under the normal conditions of weather worldwide; is that right?

Mr. FREEMAN. Yes.

Mr. ENGLISH. So there is no reason to suspect that there is going to be a great disaster anywhere.

Mr. FREEMAN. I am personally concerned about the U.S. conditions. I have known it to be very serious before and still not too late to change but I think it is getting to the point where it is almost

quite scarey, as a matter of fact. We have a large acreage out there without sitting on any subsoil moisture. It is a touch-and-go situation.

Mr. ENGLISH. Would you say that it is more serious than it was last year when we had the drought last spring that lasted up into April?

Mr. FREEMAN. I think a larger area is involved.

Mr. ENGLISH. But is it more serious as far as the area that is affected than it was last year?

Mr. FREEMAN. Even those areas that were dry last year have continued dry. It's like in the Corn Belt. Iowa had some soil moisture and went into the spring a year ago but they will not have that unless something happens.

Mr. ENGLISH. Basically we are working on wheat this year. We're talking about wheat in this bill. I know the situation last year with regard to winter wheat was that they were predicting disaster for all the wheat-producing areas—Oklahoma, Texas, Colorado, and all in there. Lo and behold, at harvesttime, we have still a yield of 25 to 30 bushels. We find ourselves today with a 1 billion to 1.5 billion bushel carryover of wheat from former years. Now we have the potential of another big wheat crop. I think you will have to admit that winter wheat is a pretty hardy crop; wouldn't you?

Mr. FREEMAN. Yes.

Mr. ENGLISH. It can surprise you and do amazingly well.

But the thing that has been affected all the way through—and I had a report from an elevator in Oklahoma—is the quality of their wheat. We have had wheat farmers throughout Oklahoma who have been docked because of the quality of the wheat. We're running into this situation again this year. This elevator operator was telling me they were going to have difficulty with the quality because of the weather conditions. It has been grown under harsh conditions. It does not contain the quality that it has in the past.

The other trouble that we have is with regard to the cattle situation. In the past, if a farmer didn't have a good wheat crop he could count on his cattle. If the cattle went bad he could count on his wheat. That's how they made it.

Now they have themselves in a disastrous situation where they have difficulty not only with wheat but also with cattle. Everything is off. At the same time they face the possibility and potential of getting docked once again because of the quality of their wheat.

Tell me why it would not make sense—I'm talking about people surviving and farmers surviving and being able to continue in farming. Why would it not be the thing to do to move in with this kind of legislation and provide some kind of assistance for those farmers so they could stay in business?

You say that is not going to affect the wheat. I think you are wrong. But let's assume that it will not.

Let us assume that we are only talking about 100 million bushels. Still, you are talking about the survival of the individual farmers in a broad section of the country.

Should we not have some concern as far as these people are concerned, those farmers? This is heartland as far as family farmers are concerned.

Mr. FREEMAN. We have the disaster provisions of the 1973 act which will provide relief and assistance to farmers.

I get confused as to whether this is a production adjustment bill or a disaster bill. I really cannot decide which.

Mr. ENGLISH. I think it contains the potential for both. This is what I think gives it merit because it does both. At a time when we have plenty, it does give us stability to curtail to a certain extent. At the time when the farmer is facing great difficulty, it does provide assistance, too. I think you would have to agree that this measure provides more assistance than disaster payments would.

Mr. FREEMAN. It would do that, yes.

Mr. ENGLISH. Particularly in the area I'm talking about in wheat producing areas of the country.

Mr. FREEMAN. It would do that, yes.

Mr. ENGLISH. Can you give me any reason why we should not pass the bill?

Mr. JOHNSON. Yes, I can. I'll give you half a dozen.

Mr. ENGLISH. Let Mr. Freeman answer my question.

Mr. FREEMAN. We do not think it is necessary nor will it accomplish what it is intended to accomplish.

Mr. ENGLISH. Can you tell me how in the area that I am talking about it would it would fail to accomplish those objectives:

It would reduce production and give greater assistance to those people who are hard hit than the present disaster payments?

Mr. FREEMAN. If we are talking about assistance in drought areas, Mr. Congressman, it will be a payment to those farmers just like a disaster program.

Mr. ENGLISH. That is assuming you will have a disaster, but what if you don't?

As Mr. Poage has pointed out, what about the difficulties that you get into trying to forecast next month whether you are going to have a disaster or not, or whether you are going to be able to harvest the crop in May or June?

Mr. FREEMAN. I guess I am too perplexed to answer.

The program, as we see it, is either a replacement, a refinement, or a supplement to the disaster program, or it is a production adjustment program. It can hardly be both, I would think.

Mr. ENGLISH. It appears to me that the job has been done to make it both.

Mr. POAGE. I wonder if we should not call another witness rather than just using Mr. Freeman as an anvil. We are beating anvil.

Mr. JOHNSON. That is correct, Mr. Chairman.

Mr. POAGE. Do you want to use him?

[Laughter.]

Mr. JOHNSON. I don't want to use him but I would like to point out some of the questions that I have about this bill. I think we had better get his testimony on the record because I can see the way that this train is going. I will be the only one on the full committee that is going to be talking about this. I need some information.

Mr. POAGE. All right, I recognize you.

Mr. JOHNSON. In the first place, you are only talking about 100 million bushels. I do not know how accurate those figures are, but that is about 5 percent of the total wheat crop.

Mr. FREEMAN. Those are not very accurate. We do not have any history on this. It is what we think from the outside as to what might be affected.

Mr. JOHNSON. I see. So you acknowledge that these figures are total guesses.

Mr. FREEMAN. Yes.

Mr. JOHNSON. How will this apply to anybody who does not own cows?

Mr. FREEMAN. What's that?

Mr. JOHNSON. What about somebody who doesn't have cattle to graze on their wheat? Or sheep? We don't raise any sheep out in my country, but how about that?

Mr. FREEMAN. You could lease out the acreage for grazing or you would have to cut it for hay and sell it, I guess. If you didn't have cattle I don't know what you would do.

Mr. JOHNSON. Then it would be tough to administer, wouldn't it? When you are going to get the money to these people if this bill passes as it is presently written?

Mr. FREEMAN. If the bill was passed and made into law today, we could get it to them as soon as they could come and sign up.

Mr. JOHNSON. As soon as they sign up?

Mr. FREEMAN. It wouldn't be as rapid as that because the guy wants to understand what he signs up for. There would be an education program that would take some time so that they understood what they were doing.

Mr. JOHNSON. How are we going to separate the 40 percent from the rest of the crop?

Mr. FREEMAN. The acreage that is represented by 40 percent would be set aside.

Mr. JOHNSON. How are you going to check that? How are you going to know that the guy just hasn't grazed his whole acreage and then come in and reported the 40 percent? Is he going to have to fence off his 40 percent?

Mr. FREEMAN. He would have to put it off in some way so that it was used that way. We would only do it by spot check. We do not have the manpower to check it totally.

Mr. JOHNSON. Obviously not. With over 3½ million acres or more you cannot go out and see if they have grazed more than 40 percent.

Mr. FREEMAN. It would basically be a certification sort of thing with a spot check capability that works fairly well.

Mr. JOHNSON. When does the farmer usually harvest his crop, sometime between June and August?

Mr. FREEMAN. In parts of Texas it starts early and it runs on up into September in the spring-wheat country.

Mr. JOHNSON. The big emergency that we are talking about which is drawing tears to people's eyes—they wouldn't get paid until June, July, or August anyway if they went and harvested their crop and had a normal crop and then sold it at that time and put it in the bin. They wouldn't get their money until June, July, or August; right?

Mr. FREEMAN. Right.

Mr. JOHNSON. Wherein do they get paid if we have a normal disaster? When are you able to evaluate and pay a man under our existing disaster program?

Mr. FREEMAN. In the same time frame as that, about when their crop comes in.

Mr. JOHNSON. The disaster program that we are presently dealing with is the 1973 Farm Act with regard to the disaster payments. We are also dealing with the amendments to that act, aren't we, presently in the Congress?

Mr. FREEMAN. Right.

Mr. JOHNSON. Is the Department of Agriculture going to come up with a recommendation about a new disaster program or do you know?

Mr. FREEMAN. It is under active consideration in the Department. There will be some recommendations on the continuation of the disaster program, yes.

Mr. JOHNSON. Thank you very much.

Mr. POAGE. Thank you, Mr. Johnson.

Mr. Freeman, we thank you very much.

Mr. FREEMAN. We thank you.

Mr. HIGHTOWER. Mr. Freeman, we were not trying to use you. [Laughter.]

Mr. POAGE. Our next witness is Mr. Wray Finney. We are delighted to have you with us. We will be glad to hear from you.

STATEMENT OF WRAY FINNEY, PRESIDENT, AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION

Mr. FINNEY. Thank you, Mr. Chairman and members of the committee.

My name is Wray Finney, I am president of the American National Cattlemen's Association and a rancher from Fort Cobb, Okla.

We represent cattlemen in all segments of the industry—cow-calf completely through the feeder segments. We believe in a fair and equal treatment of everyone of them under the law.

On the surface, H.R. 3367 has some appealing aspects in that it would theoretically aid the drought stricken wheat farmer while at the same time providing grazing for cattle which otherwise might have to be sold because of lack of forage. However, in practice, many problems will arise.

For the last 3 years, the cattle industry has been experiencing the worst financial losses in history, largely because of an oversupply of cattle and the resulting glutted market. At this point, what we don't need is any incentive to increase production—that is, to encourage wheat farmers who have heretofore not been in the cattle business to buy cattle in order to take advantage of the Government subsidy provided for in H.R. 3367.

Another real problem is the fact that this would be a selective subsidy. Unless a producer is engaged in both wheat and cattle operations, he can realize no benefit from the proposed program. A man who is only in the cattle business—for example, a rancher who operates on native pasture, or a feedlot operator—receives absolutely no benefit. At the same time, the wheat farmer must purchase cattle in order to receive the subsidy.

By the nature of this discriminatory subsidy, the free enterprise, competitive nature of the cattle industry is dealt a severe blow. If some portion of the cattle buyers are enjoying a government subsidy, they can afford to pay more for stocker cattle, artificially driving up

prices in the market place. When the rancher who does not have wheat operations tries to buy cattle, he must pay the artificially inflated price also.

The fact that prices of cattle are driven higher appears on the surface to be of benefit to the cattlemen. However, it would be a very short-lived price strength. As soon as the wheat fields had been grazed out, those cattle would be sold, adding to the available number of cattle. Cattle usually are sold off grazed out wheat in May or June. If weather continues dry, the movement of those cattle will coincide with cattle being sold off other ranges because of drought; this would simply compound the problem.

Cattlemen have always been believers in a free market, free of Government controls and subsidies. The market place should dictate the economic feasibility of grazing or haying wheat—free of any subsidy programs. We ask that you not enact H.R. 3367 or any similar legislation.

Mr. HIGHTOWER. Mr. Finney, I am interested in your comment that this would encourage wheat farmers who have heretofore not been in the cattle business to buy cattle. The implication there is that this would present problems in industry because we would end up with lot more cattle.

This is a 1-year bill. These cattle are already in existence. These cattle, if they go buy any, they will buy existing cattle. They will not create them out of nowhere. They would have to be fed from somewhere.

Actually, as you say it does increase the market and perhaps it might be a short-lived thing as far as your market is concerned.

But it is just a 1-year bill.

Mr. FINNEY. I understood it to be longer than that, Congressman.

Mr. JOHNSON. I understood it was 4 years.

Mr. HIGHTOWER. I understand he is going to amend it to make it a 1-year bill.

Mr. JOHNSON. I am glad it is decided in advance that we are not going to have 4 years of this disaster, although we are having this 6 months in advance.

[Laughter]

Mr. HIGHTOWER. If I may comment about that, we traditionally deal with disasters one at a time.

[Laughter]

Mr. FINNEY. In response to that, Congressman, what we need today is the following. We are currently in a potential turnaround in this industry. We think this year we have reached the supply and demand relationship we have been trying to reach for 3 years. We have had the liquidation of cow herds over the last 3 years. We have been able to slaughter about 22 million cows. The results of that will finally come to fruition so that we think we will be back into a profit position hopefully by the latter part of 1977 or early 1978.

By the possibility of those people who live in wheat producing areas to concentrate marketings in a particular point in time because of an incentive provided from this bill, it could have the effect of dumping cattle on the market at a time when we are just beginning to come out of our price problems. We think we will by midsummer begin to see some increase in cattle prices, providing the drought is broken.

With the additional cattle bunched at this point—and they would be because this bill would have some effect—we think it would be a terrible drag on our market at that particular time.

What we need is orderly marketing. This bill would have a result to bunch the market rather than have it orderly.

Mr. HIGHTOWER. Did I understand you to say that in order for a wheat man to take advantage of this that he would have to go out and buy cattle?

Let me direct my question to the author of the bill.

There is no reason why he cannot lease that land for grazing; is there?

Mr. SEBELIUS. He could bale it, he could cut it up, or he could lease it for grazing.

Mr. HIGHTOWER. This is traditional, of course. A lot of times you lease out wheat land for grazing. The wheat farmer does not buy the cattle. His neighbors have the cattle. He leases to them.

Mr. FINNEY. I do that myself. I lease wheat land for grazing where I live.

The thing about it is this. As I said before, this is, in our opinion, an unfair subsidy. Twenty-five percent of our cow herd is in the southeastern States. These are the nine southeastern States. They would not have the opportunity to graze out wheat because they do not grow much wheat in those areas. The bill would have the effect of concentrating its effect only in the wheat production areas.

I have great empathy for wheat producers as well as cattle producers because I am both of them, but this bill, to me, is discriminatory.

Mr. HIGHTOWER. Mr. Finney, I am kind of like the fellow who had two sons who went to different schools and each played football. When those two teams played he yelled for whoever carried the ball. [Laughter.]

I have about as many cattlemen as anybody on the committee, and certainly a lot of wheat producers. But in this situation the wheat emergency seems to be the one that is carrying the ball.

Mr. FINNEY. Of course, if you did not pass the bill, the opportunity to graze out that wheat still exists. The marketplace would determine whether it would be grazed out or harvested. The planning of the individual who produces it could determine that. One of the farmers I lease from may graze out that wheat this year, regardless of this particular bill. So the marketplace can still determine the use of the wheat in that situation.

Mr. HIGHTOWER. I think you heard Mr. Poage's comment about the practicality of getting decisions made if you opt to go the disaster route. We just do not have, as a wheat producer, the luxury of that kind of time. Certainly we the lack the ability to have foresight. I have known farmers all my life who have always done a lot, but would have done better if they had just been able to predict what is going to happen. But lacking that ability, we just stumble along.

Mr. FINNEY. I understand. I have problems planning my own ranch operation. The decisions I make today determine what happens 4 years from now and sometimes I make the wrong decision.

But because of the overproduction we have had during the last several years, we must bring our cattlemen into line with the practical demand. The only way we can do it is to orderly sell cattle. I realize that the drought will have an effect on the so-called orderly market and it could have a tendency to depress our market causing further liquidation of cows. We also could have slaughter of calves that would normally go into feed lots meaning that they may not be available because of drought. But if our industry is to have any long-term health, we have to get out of the oversupply situation as fast as possible. The additional possibility of grazing, because of stimulation artificially by price subsidies within the free market system, I believe, would have a detrimental effect rather than a good effect for the cattle industry.

Mr. ENGLISH. Mr. Finney, on that point you mentioned that you thought it would be unfair to the southeastern part of the United States if the wheat producing of the United States received this additional assistance.

On the other hand isn't it a little bit unfair to the people in the wheat producing area, particularly the area that is so hard hit by the drought—aren't they working at a disadvantage insofar as when they can orderly market their cattle as opposed to the people from the southeastern part of the States who were not hit by that kind of disaster? Don't they have more normal conditions in the southeastern part of the country as opposed to our part of the country?

Mr. FINNEY. That is one of the problems in this country at the moment. It is the weather situation. The cattle producers from the Southeast currently have a very serious problem in that they have had abnormally cold weather. They have not had that grazing that they usually have. You generally expect most of the southeastern States to have 11 months grazing. They did not have it this year. They are liquidating some cows now because of it.

When they run out of hay, we expect those cows to go to market. So, it is not necessarily one section of the country against another. We are all having problems.

The problem is not only in the Southeast. The mountainous areas of the West and much of the rest of the country does not produce wheat.

Mr. ENGLISH. Then what you are talking about is an unnatural type of situation that because of weather conditions in the Southeast and the Midwest with the wheat producing areas and that both are now being forced to sell cattle; is that what you are telling us? It is due to the lack of—

Mr. FINNEY. The West is having a very serious drought problem. There are cows leaving ranches there today because of the drought. They are trying to get disaster aid.

Mr. ENGLISH. Basically then what you are talking about is a situation when there is not orderly marketing of cattle, but people are being forced to push cattle onto the market almost simultaneously because of the drought and the weather conditions existing all over the United States?

Mr. FINNEY. Yes, except, as you know, we still have the opportunity for grass in the perennial grass producing areas of the country. On my ranch if I get rain in March and April, I will have grass for the rest of the year. But if I do not get rain I will not have much grass this year. So the potential still exists for me to run cattle on my ranch.

Mr. SEBELIUS. Will the gentleman yield?

Mr. ENGLISH. I would be happy to.

Mr. SEBELIUS. I understand that the winter kill in Southern States has created shortages and 21 parishes in Louisiana have been considered disaster areas and qualify.

If we have winter kill down south and there will be a movement, then aren't we not morally obligated to provide more wheat pastures to give more incentive to more of our farmers in the Midwest to try to make it available so we can accommodate these animals. We will give them some feed here for the next 2 or 3 months by the basis of wheat grazing.

Are we not doing the cattle industry a real favor by doing this on a 1-year proposition?

Mr. FINNEY. I think you would do the cattle industry a real favor not to do it at all.

Mr. SEBELIUS. Where will you get the feed?

Mr. FINNEY. I do not want to get into a position of deciding the moral issue relative to this. We believe in the free market system. We believe that system ought to determine how the cattle market operates.

This particular bill with a subsidy would have the effect of not allowing the free market to determine what happens.

Mr. SEBELIUS. I am aware that every year we bring a lot of cattle up from the South to graze in western Kansas. Likewise in the spring if it is available we do it. If the South has a lot of winter kill, it could be of assistance. It just seems to me that that is something that is probably overlooked.

Maybe you have looked at the 4-year bill as opposed to 1 year and you might have thought it was an artificial stimulation. But I think on a 1-year basis we might be doing you a favor.

Mr. FINNEY. We don't see it that way.

Mr. JOHNSON. They don't want you to do them a favor. [Laughter.]

Mr. ENGLISH. Let me continue on that same line.

It sounds to me that what you are telling us is this. The cattle producers can expect a pretty good drop in the market in the next few days due to the fact that all the cattle are going to be forced on the market because of the lack of pasture, a feed of some type, whether in the Southeast or in the wheat-producing areas or even in the Western part of the United States. All over the country you are saying you are going to have cattle forced upon the market.

Can you explain to me how that will be beneficial to the cattlemen?

Mr. FINNEY. I did not mean to imply that. I think it will be further liquidation of our cow herd if the drought continues.

If it does not continue, we think cow numbers will level off this year. In other words, we do not think there will be much more liquidation of the cow herd, providing moisture comes.

Cows represent about 52.3 million head of the total herd. We think it will be somewhat stable this year.

I was interested, a moment ago, when some comments were made about 60 or 70 cents beef at wholesale. We will have to have that if we are to survive. That is more important to us at the moment. The price is more important.

We need to realize a profit.

As you know, we have experienced losses these past 3 years. We will have to get back to 60, 70, and 80 cents beef if our industry will survive. I know it's not a very welcome thing for consumers to think about, but my own operation with losses of 3 years makes me look forward to 70 and 80 cents beef. That is the answer. If we can maintain the cow herd. If we can maintain our supplies without any artificial stimulation, then I think we will get back into a profitable position before the year is up.

Mr. ENGLISH. If the weather conditions persist another month or month and a half as they have, and if the same trend is followed, are you not going to get an artificial push to put those cattle on the market? Aren't the people going to have to put them on the market who do not want to put them on the market simply because of the fact they cannot feed them anymore and that they have to sell them? Does not that mean that the market will break?

Mr. FINNEY. I will not speculate because I don't know what the weather will do. If the weather is total drought, then that means more liquidation, of course.

If we have weather patterns where the South, for example, starts warming up then that could reverse the trend. I was in Florida the other day at a meeting. I told them that I was tickled to death to be there in 80° weather—40° in the morning and 40 at night. It was very cold.

But if they can get back into that normal pattern then we would expect the South to do rapidly improve grass conditions, we would take pressure off.

If we can get weather which is more normal in the southwestern area of the country—if we start getting rain—then the cattle situation will even itself out.

I do not want to speculate as to what the weather will do at this present time as it relates to the total cattle movement.

Mr. ENGLISH. Are you not basically saying then that if the drought continues then the cattlemen are going to be in pretty bad shape?

Mr. FINNEY. There is not much Congress or ANCA can do about that.

Mr. ENGLISH. That is correct, except under these conditions, as Mr. Sebelius was pointing out, we do have the potential to feed some cattle in the areas of the Midwest in the wheat producing areas.

Does that not mean then that even the farmers in the Southeast will have a more orderly marketing because if they do face a drought and if they are forced to put those cattle on the market, then they would not be competing as heavily with cattle being forced to put on the market in wheat producing areas as well? In other words, doesn't it make for a more even flow and a more stable price if this legislation is passed?

Mr. FINNEY. I really do not see it that way. It seems to me that I, as a wheat farmer and a cattle operator, if the wheat price is such that I cannot realize a profit, if it does not look to me like the cost of production will permit a profit, I have the alternative of grazing that wheat out if I desire. If it is more advisable to graze than to harvest it, then I think it should be grazed. The individual farmer should make that decision. Let the free market determine what he should do.

I believe that the subsidy aspect of encouraging the wheat farmer to graze it out could really hurt the cattle industry and would help the wheat farmer. It would hurt the cattle industry in the long run.

By the way, when I was talking about 60, 70, and 80 cents meat I emphasize I was talking about carcass meat and not live weight. [Laughter.]

Mr. ENGLISH. I don't understand this. Maybe I am a little bit slow in this.

It appears to me that if you are talking about basically 3 months of grazing and we are talking about a 1-year bill here. We are talking about grazing this on through the wheat harvest. We are talking about 3 months. I do not see how that increases production as far as cattle are concerned. I do not think you will have any new cattle coming into being in that 3-month period, particularly if you have a drought situation going. Let's assume everything goes normally. Let's assume that we get rain in March and April, and particularly in April in Oklahoma, that means you will have pasture for cattle during the summer.

Does that not mean that that rain and that pressure is going to be more of an incentive to put some extra cattle on than, let's say, the 3 months of grazing? Or do you think that perhaps in the next month or so most of those farmers there are going to be forced to sell because they do not have pasture?

Mr. FINNEY. The possibility exists. But as I say, it seems to me that this bill is not fair to the total cattle industry. I cannot see, for example, how this would help a rancher in the South or parts of Colorado who operates only on grass, or one who operates only on grass in the mountains of New Mexico or the piney woods of east Texas. He gets no help from this bill. I think it would be unfair for the total cattle industry just to put out one segment in one area of the industry of agriculture and say, "Here is a dollar a bushel subsidy."

This seems to me to be an unfair concept of the bill because it penalizes those people in industry who do not graze wheat or own wheat.

Mr. ENGLISH. Thank you, Mr. Chairman.

Mr. HAGEDORN. After listening to your testimony I determine that you want to exclude Congress completely and leave everything to God. [Laughter.]

Most of the time I would agree with that. But I think you are really talking about a way of life in North and South Dakota. If you look at the local property tax base you will find that half of it comes from beef herd and most of it has been liquidated. It seems to me that we are not talking about a uniform liquidation of the size of herds when you talk about leveling off the number so you can get back to 60¢ and 80¢ beef. That is great if the consumer will buy it. The last time we had some problems with it and look where you are today.

So there has to be some adjustments made.

I think you have to look at what you can do to level off the beef industry and reduce the numbers but at the same time not totally put families and communities and a total way of life completely out of business due to an act of God in this instance.

I really think that is the point. I recognize there may be some inequities in it but it seems to me there ought to be some way. If you graze out your acreage, then you never get the disaster payment. If you keep it and let it stand and let it grow up a few inches high and harvest a few bushels per acre then you will get the disaster payment.

It just seems to me that there ought to be a better alternative to use that forage than what you guys are suggesting.

Mr. FINNEY. First of all, it is a way of life, Congressman, and I want to emphasize that. I am the seventh generation in my family since 1720 to be in the cattle business. So it has been a way of life for our family. We have been able to survive a lot of disasters through the years. My grandfather always told me that you had to be broke twice before you understood the cattle business. I finally decided that he was probably right.

I am very interested in maintaining the cattle industry and maintaining the families which have been involved in the industry for so many years. But I do not see how this particular bill will have the effect in maintaining family operations in Wyoming, or family operations in eastern or western Colorado, or Utah, or some of the other areas where they do not graze wheat or own wheat. This bill will not have any positive effect. I do not believe, on them.

Mr. HAGEDORN. I don't believe we can help them.

You are saying if you can't help every family then you don't help any.

Mr. FINNEY. But you are penalizing those families who cannot take advantage of this particular bill.

Maybe we believe too strongly in the free market system, but that is the way the cattle industry has survived over 150 years in this country. It has been pretty good to us, and we would like to see it continue to operate.

Mr. HAGEDORN. I do not want anything to hurt you but I am not convinced in the long haul that this would be that detrimental to the industry to hold off forced liquidation in the next few weeks and continue liquidation. You went through a tremendous liquidation. It looks like it is very apt to continue in the next few months.

Mr. FINNEY. I have reduced my cow herd by one-third over the last 2 years. That was not because of weather. That was because of price.

Mr. HAGEDORN. If everybody would have done that then your problems would have been solved.

Mr. FINNEY. A good many of us have and we are ready now to come back and have our cattle start realizing a profit. We believe we are at the low point in our cycle.

The bill that you passed last fall, the Beef Research and Information Act, if we pass it in the referendum, will have great effect in stopping the cycle situation where we have overproduction and underproduction.

You made a comment about consumers, Congressman, as it relates to the price of beef. During the boycotts of 1973, consumers were reacting to the prices then. Strangely enough, in July of 1975, we reached the highest retail beef prices on record. There were no boycotts. There were no objections. I believe consumers will pay a fair price for beef and allow us to make a profit.

So we are anticipating that if we can have a gradual increase in the retail prices, we can sell our beef cattle at a profit over the next several years.

Mr. HAGEDORN. I want you to. I do not begrudge you that. I have argued for it all the time and will continue to do so but I just remember back in 1973 that admittedly there was a backlog. Beef

feeders held their cattle and raised them up to 1,200, 1,250 pounds or higher over the course of the few months after the lifting of not only the boycott but wage and price controls. Ultimately I think that is when your problem really came, right at that time and you are living with it 4 years later.

Mr. FINNEY. We are often our own worst enemy. We had over produced and got ourselves in trouble. That is why I think the Beef Research and Information Act, if we pass it in referendum, will give us badly needed economic information. We then will know how many cattle we can produce in this country. The consumer will pay reasonable prices and we will realize a profit.

Mr. HAGEDORN. Thank you.

Mr. POAGE. Mr. Finney, we thank you.

Mr. HIGHTOWER. I am glad to present to the members of the committee Mr. Winston Wilson from Quanah, Tex. He is president of the Texas Wheat Producers Association. He is here today on behalf of the Texas, New Mexico, Oklahoma, Kansas, and Colorado wheat associations.

STATEMENT OF WINSTON WILSON, PRESIDENT, TEXAS WHEAT PRODUCERS ASSOCIATION

Mr. WILSON. Thank you, Congressman Hightower, Mr. Chairman, and members of the committee. As the Congressman said I am Winston Wilson. I am currently president of the Texas Wheat Producers Association and I appear on their behalf today. Additionally, the wheat grower organizations of New Mexico, Oklahoma, Kansas, and Colorado have requested that the record show that this represents their statement of support for the bill as well. I personally farm—partially with my dad and some on my own—some 5,000 acres of crop land, principally in wheat and cotton and run stocker cattle on wheat pasture during the winter months to March 1. Like other Texas producers depending on the price of cattle and the expected price of wheat, I have to decide each year whether or not to take cattle off the wheat and let it mature as grain or whether to leave the cattle on the wheat and harvest it through cattle grazeout, usually ending by May 15 when heat dries up the crop and prevents any further growth. The dates are slightly later in beginning and ending dates for grazing-out programs in the Texas High Plains and even later further north into Oklahoma and Kansas.

The following "partial budget," developed by the Texas Agricultural Extension, is submitted here to demonstrate the "thinking process" a producer goes through in deciding whether to graze-out or save his crop for grain production.

[The above referred to material follows:]

Partial Budget Outline

<u>Grazed out</u> vs <u>Grain</u>	
<u>Wheat in Texas High Plains.</u>	
1. Additional receipts - expected additional returns for products sold and services rendered as a result of the changes under consideration	
Item: Graze March 20 - June 1	
70 days @ 2.3 #/Day	
1.5 steers/AC & gain worth 35¢/#	
70 x 2.3 x 1.5 x 35¢	\$84.53
2. Reduced costs - estimate of annual costs which will no longer be incurred if the changes are made	
Item:	
Insecticide	\$3.00
Harvest	\$10.00
Hail Insurance	\$7.00
	20.00
3. Additional receipts plus reduced costs	104.53
4. Additional costs - additional direct costs that would occur in a year's business as a result of the change.	
Item:	
Vet cost \$1.00, Hauling \$1.00	
Care \$3.50, Interest on investment	
10% for 70 days	\$10.93
5. Reduced receipts - returns that will no longer be received after the change has been made	
Item:	
40 bu. of wheat @ \$2.40	
	96.00
6. Additional costs plus reduced receipts (Total debits)	106.93
7. Difference (Change in net income 3 - 6)	(\$2.40)
\$2.40 Better off to harvest grain	

Mr. WILSON. Any producer filling in the blanks with his best estimates of personal costs or expected returns could reach a conclusion based on his assumption on his farm and has to keep in mind that this budget estimates has nothing to do with profit or loss of the farm operation. It only provides a "best estimate" for minimizing losses this year from March 15 through June 1. The fact that wheat production costs including rent in Texas are now estimated at \$3.80 a bushel and this extension sample uses, and I think correctly, so \$2.40 per bushel for expected prices of grain at harvest, has an established loss of \$1.40 per bushel regardless of the graze-out or grain decision. While this budget is completed for irrigated wheat that yields both

better wheat and better grazing, a similar budget for dryland wheat showing less gain per day, less carrying capacity per acre and of course less wheat yield per acre would show similar end results—a slight advantage to harvest grain.

Mr. Chairman, I have belabored this budget process for the sole purpose to demonstrate that if it is determined desirable to graze-out wheat with cattle—or harvest it for hay or other process—instead of harvest it as grain, it will take incentive to stimulate such graze-out actions. We believe that the \$1 per bushel times the farm established yield on up to 40 percent of the wheat allocated acres as provided in this bill would provide such incentive.

We see advantages in the special grazing and hay program for wheat acreage very similar to those so well outlined by Congressman Sebelius on the introduction of the measure:

1. An immediate relief of the hay and forage in the Midwest and elsewhere. Mr. C. L. Edwards, Secretary of the Texas Wheat Producers Association, a wheat, stocker-cattle, cow-calf operator, recently liquidated all his breeding cows and reduced his stocker-cattle numbers because he had used up all his reserve hay and bundles for winter feed due to no winter wheat pasture growth from dry-cold weather for grazing and the high cost and unavailability of additional forage at reasonable prices.

2. Virtually all the wheat in Texas and many other areas is custom combined. Even though these custom charges have jumped from \$6 to \$10 per acre in the immediate past 3 years, the higher cost of machinery, labor, and fuel and other operating costs on the road are reducing the number of available custom harvesters. It is virtually impossible now to get a custom crew to “chase down” a thin, short, low yielding wheat acreage. The graze-out incentive program would alleviate this problem and free up the need for custom harvesters and the fuel they use, for harvesting more productive acreages saved for wheat.

3. A USDA projected prospective carryover of over a billion bushels—a full 2-year supply for food use in the United States or a full 1-year supply for exports at the current rate—with a prospect of even bigger carryover in June 1, 1978, with current near 2-billion bushel crop projections, the use of this program with a potential of a 40-percent graze-out would reduce these prospective supplies and have an immediate effect in strengthening the devastated wheat economy.

4. The stocker cattle market on sales from the beleaguered ranching industry would be stimulated.

5. It would be cheaper for the Federal Treasury to pay \$1 per bushel now, rather than to pay \$2.25 for a loan, it may have to take over later, and to also be faced with possible deficiency payments to the producer if the average market price should be below the target price the first 5 months following harvest.

6. Farm and commercial grain storage is bulging with excess stocks of corn, milo, soybeans, and wheat in Texas and much of the country, and domestic and export markets which are sagging offer little hope of much of it being moved out prior to the start of our Texas wheat harvest in mid-May—just 3 months away. Cooperative and independent grain elevator directors are already having head-scratching and soul-searching meetings as to how best to provide customer

service for wheat storage and handling this harvest. This program could be helpful in alleviating what may become a critical storage situation shortly.

Mr. Chairman, while we support this bill in total as it is drafted, we have some suggestions which we think would improve it for the producers, in its administration and at least one idea which might make it more acceptable to the Congress.

1. Because of the urgency in having its immediate passage and utilization, we would accept limiting it to an "emergency 1-year bill."

2. The bill is very specific in reference to "wheat acreage allotment" for the farm. I call attention to the fact that we have substitution of crops planted on "farm allotted acreage," accordingly, many acres allotted to milo or corn are in fact planted this year to wheat. If we are serious about reducing wheat production with this program it could better be done by making it available to "farm allotted acreage planted to wheat," as does the loan and disaster programs. Even a better job could be done by making it available to simply "planted wheat acres." Many current wheat producers without allotment responded to the Government's call for all-out food production in recent years. They too have the wheat carryover as well as excess production this year, and would likely respond to the graze-out program even further reducing the production as well as also making this income incentive available to those who also patriotically responded to the Government's call.

3. We would support language specifying that "no nonconserving crop could be planted or harvested from the participating acreage." This would prevent corn, milo, soybeans, or other cash crops from going back on the land, yet would allow conserving crops to be established for wind or water erosion control.

4. Due to the fact that many States have ongoing programs for research, market development, disease and insect control, and similar activities which are financed by self-assessments of 2 to 10 mills per bushel on wheat produced, a wide-scale use of the provisions of this program could be disruptive in the funding of such established activities. We recommend that in States having such agencies designed to make and receive such assessments, notwithstanding any other provisions of this act, the local ASCS office should be directed to calculate the appropriate assessment per bushel times the established yield for the participating farm, times the designated acres, and deduct this amount from the producer's settlement and deposit it with the designated agency by the 10th of the following month.

Now I would like to turn my attention at this time to some of the questions which were raised in previous testimony. It is very difficult sometimes to keep your mouth shut while you are in the audience.

It is said that the farmers really need no incentive to graze out wheat. I think that the statement was made that the \$1 payment provided in the bill and that the yields per acre would have to fall sharply before the \$1 payment would appear attractive enough to lure any wheat into grazeout.

I have submitted some of the latest figures that we were able to get from the Texas Agriculture Extension Service indicating that at this particular point in the Texas High Plains, assuming the \$2.40 price for wheat, which we do not feel is very unrealistic at this particular

time, on a 40-bushel wheat crop it is sort of a toss-of-the-coin decision as to whether to graze out or harvest.

Certainly I am not at all assured at this time that I will have a 40-bushel wheat crop. So that \$1 a bushel per grazed-out acre on the yield would certainly loom as a very attractive alternative to me for harvesting this wheat.

Owing to the uncertainties of the weather and including not just lack of rainfall but also the appearance of hailstones which are pretty prevalent in our part of the country, I would certainly strongly consider grazing out wheat for \$1 a bushel on my established yield. Considering the number of phone calls that came into our office in Amarillo and to my home during the past few days before I left when this bill appeared in newspapers, I am very satisfied that there will be a large number of producers participating in this program if it does pass because it is something that has stirred up more interest than the farm bill has. There is a lot of interest in it.

One of the other statements which was made by the Department in its earlier testimony was this. I would take issue with it. Congressman Poage and others mentioned this. The Department states the view that they would be afraid of criticism by consumers if we had the possible disaster in one of the other wheat-producing countries or in our own country. They would be afraid that consumers would subject them to severe criticism if they paid farmers to destroy the food grain.

Gentlemen, it is our feeling that the real disaster in the wheat area today is the price of wheat and the 1.2 billion-bushel carryover.

As Mr. Freeman later discussed, weather conditions are really not that abnormal over all the world. I think that the beauty of this bill is that along with being a disaster program it also would eliminate some of the wheat from going into the stockpile which is already too large. It is getting to the point in most of the wheat belt that the problem is not whether or not the farmer is going to make money but whether or not he is going to survive another year. Another good year like last year is just going to be a little too much.

So we feel that the real disaster is in the huge carryover that is weighing so heavily on the price. We feel that the farmer must be given some consideration if he is to survive and guarantee the consumer that he is going to have a source of foodstuffs in the years to come.

There was a lot of discussion of set-asides and disaster programs, and so forth. The disaster program, as I recall it, does provide for grazeout but a small cost or deduction from the disaster payment. I don't know whether this has been changed in the last year or so. That is the way I recall it. This is really not the same program. This would be something that could be calculated. In this program you know exactly what you are going to get. Somebody does not have to go out and analyze the situation and would be 6 months in finding out what the payments would be in making an intelligent economic decision.

Now, as to the objections of the Cattlemen's Association to this bill, I think I can speak for most wheat farmers that we would not object if they had a good deal going and we didn't get any of it. We do not begrudge them a penny. If disaster payments are applied for

in the Southeast, then we would certainly not begrudge the Southeast receiving disaster payments.

As to the effect of this act on the cattle business, as Congressman Hightower pointed out earlier, a large portion of the wheat that is grazed out in much of this area that we are talking about, it is not grazed by the producer himself but is leased out to cattlemen. This is an annual affair with me. I lease out a great deal of grazing to cattlemen. If I was getting \$17 or \$18 an acre, then I might make him better terms. I think this might end up being a supplement to the cattlemen who is not a wheat producer as well.

Any cattle that the producer brought on to his own land to graze would certainly have to be purchased from existing herds or there would not be time for new cattle to be created to grow on the wheat pasture.

I find it a little difficult to imagine the cattle association begrudging the fact that cattle prices would be driven up. I know that wheat growers would be happy to see prices increase whatever the result. As a long belabored cow-calf operator I personally would welcome any increase in stock or cattle prices.

I think most of the cattle when they come off the wheat grazing that they would go to the feedlot because there is very little slaughter directly off of grass. I do not see that the disastrous effects will occur to the cattle industry that have been discussed here today.

I appreciate your time. I appreciate the opportunity to come here. I want to commend Congressman Sebelius for proposing this legislation. I think it fills a real need. I think it will be a program that will enjoy widespread use and be very beneficial at the same time.

I would answer any questions you might have.

Mr. POAGE. Mr. Wilson, we thank you.

Mr. SEBELIUS. He touched on some rebuttal of the other testimony. It is a very good statement. I was looking at the partial budget outline which you gave us as to what the comparison of costs would be. Some of those savings are important. I appreciate very much your taking the time and energy to come and give us your thoughts on this.

Mr. JOHNSON. Mr. Wilson, have you put a pencil to this to figure out how much more you would be paid under this program if it passes, than under the regular disaster program?

Mr. WILSON. It is very difficult to have any idea what disaster payments would be at this particular time. That was discussed earlier.

Mr. JOHNSON. So it is possible you could be paid more under the existing disaster program than you would be paid under this program, isn't it? That is, under the same circumstances?

Mr. WILSON. No, sir, because the disaster payment in my case only amounts to 68 cents a bushel I believe is the current payment. It is somewhere in that neighborhood.

Mr. JOHNSON. I think it is 83 cents.

Mr. WILSON. All right, 83 cents.

Mr. JOHNSON. You lose a third of your crop, you would get two-thirds and you would pay on the rest.

So it is a gamble either way I suppose but it is a decision you could lose on.

Mr. WILSON. Not necessarily. You don't have to be in a disaster situation to get the benefits of this bill.

Mr. JOHNSON. Have you read the bill?

Mr. WILSON. Yes.

Mr. JOHNSON. You would have to get your \$1 per bushel on 40 percent of the cropland. That could be a disaster in itself if you had a pretty good crop on the other 60 percent, couldn't it? If things turned around and you had a good year?

Mr. WILSON. I'm sorry, I don't follow that.

Mr. JOHNSON. You are being paid on 40 percent of your cropland.

Mr. WILSON. Yes.

Mr. JOHNSON. You cannot——

Mr. SEBELIUS. He can divert 40 percent of the acreage.

Mr. JOHNSON. Right. But you cannot graze it and harvest it also can you?

Mr. SEBELIUS. No.

Mr. WILSON. You have the other 60 percent which is subject to harvest. The grazing is worth something. It is a dollar value.

For example, if I lease it out I maybe could get \$35 or \$40 an acre for lease on it. Then it would make graze-out practical.

Mr. JOHNSON. You cannot really tell us—and I guess nobody else can—whether you can make more money on this type of program than you can on the disaster program can you; is that right?

Mr. WILSON. I could tell you that if this bill passed tomorrow that I would more than likely divert 40 percent of my acreage into this program and either buy cattle or sell for grazing.

Mr. JOHNSON. You have put a pencil to it and so you assume that you will make more money under this program than you would under the regular disaster program.

Mr. WILSON. My wheat is in good shape. I do not expect to be eligible for disaster this year.

Mr. JOHNSON. So you would divert 40 percent of your allotted acreage even though you don't have a disaster?

Mr. WILSON. Yes.

Mr. JOHNSON. That is an interesting new wrinkle that I hadn't thought about.

The thing that has bothered me about this program is that if we have a disaster then the disaster applies nationwide. It applies to crops other than just wheat. It applies to cotton people, bean growers, corn growers.

Why should we treat wheat people any differently in a disaster than anybody else. We should not obviously, should we?

Mr. WILSON. We would be perfectly satisfied if you include all growers.

Mr. JOHNSON. This bill does not apply to all growers; does it?

Mr. WILSON. Neither does the peanut program apply to wheat but I don't begrudge the peanut grower what they get.

Mr. JOHNSON. I agree with you.

Instead of us passing the emergency legislation—Every emergency bill has been a lousy bill ever since I have been here. We have not passed a decent piece of legislation when we have had to pass it under the 2-week deadlines like you were talking about where speed is of the essence. We haven't done anything right since I have been here when we have had to do it in such a big hurry.

I feel that if you look back at the history of this country every time you pass a piece of emergency legislation it has probably been bad.

If we are going to have a disaster program why don't we work on a disaster program rather than disaster for the guys in Quanah as opposed to the guys in different places around the country? That is no way to pass legislation.

I submit that if you look at it carefully you would rather have a comprehensive disaster program than for us to pass a disaster bill for wheatgrowers.

Would it not be better if we had a disaster program that was comprehensive rather than pass one just for the wheatgrowers?

Mr. WILSON. Congressman Johnson, I think the point that is very difficult to convince Congressmen and people in the department and a lot of people in Washington is this. We are in terrible financial condition in the wheat belt. One more year is going to see a lot of producers go bankrupt. A disaster program in 1978 is not going to do a lot of them any good. We need something now. We needed it last year.

Mr. JOHNSON. I agree with you on that. I understand their problem.

But a disaster program, as opposed to a set aside program, as opposed to a curtailment of production program, is designed for something different. You face each condition.

You will not get the money tomorrow if we pass the bill today. You understand that.

Mr. WILSON. But if it will come down the road, then it is a little easier to tell the banker that it is on the way.

Mr. HIGHTOWER. Will the gentleman yield?

Mr. JOHNSON. Yes.

Mr. HIGHTOWER. I think what Mr. Wilson said is this. He does not know whether he could qualify for our existing disaster programs.

Remember there is a disaster already which is not covered by any known disaster program. That is the economic disaster and that the price of wheat represents.

I somewhat expressed that this may be hedging your bet, that might be a proper way to describe it. A producer can say now that we do have, and it appears that we will continue to have, unless we reduce that stockpile some, an economic disaster that does not get covered by the disaster program.

So, regardless of what the weather does out there Mr. Wilson says that if this bill passed he would go out and opt right now to put 40 percent of his acreage into the program because he is aware that he is going to have an economic disaster down the line.

Mr. JOHNSON. I will take back my time to comment on that.

I have been listening to this stuff about economic disaster for the wheat farmers for the last several years. I represent a wheat growing area to a large extent. I go around and talk to the banks out there, and up until this year, at the same time the wheat farmers were screaming about the bad conditions that we were in the small country banks were doing much better. The small bankers will tell you that the situation has been pretty good. It has been different this year, of course.

We have 3 or 4 different years in a row and we have had one bad one. The extent of the disaster to me is always exaggerated when the cattlemen are the ones who have faced the disaster for 3 years or 4 years now. It is much worse for them. I think that we should not be stampeded into passing something that we could be sorry for later on on the basis of testimony of just two or three people. I think this

would be a terrible mistake because the extent of this disaster may or may not be greater or lesser than we think it is going to be. You do not know what the price of wheat is going to do the next month or the month after that. You do not know what the crop conditions around the world are going to be. You do not know what the onfarm storage is. You have 1.2 billion bushels. If the price goes to \$4 then you would be in pretty good shape probably.

There is this kind of rush toward making decisions to pacify our constituency. It seems to me that these have proven time and again to be a foolish kind of thing to do. I urge you not to vote for this. Maybe it should be passed later on but I would not vote for it today.

Our new Secretary of Agriculture, whom all of us respect very much, is certainly not up here pushing this program.

Thank you, Mr. Chairman.

Mr. POAGE. Any further questions? If not, Mr. Wilson, we thank you very much for your discussion.

Is there anyone else who wants to be heard?

If not, that will conclude this hearing.

[The subcommittee proceeded into a markup session.]



