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GENERAL FARM AND FOOD LEGISLATION

GOVERNMENT DOCUMENTS

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BEFORE THE

HEARINGS COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE NINETY-FIFTH CONGRESS

FIRST SESSION
ON

S. 203

A BILL TO AMEND AND EXTEND THE AGRICULTURAL ACT
OF 1970

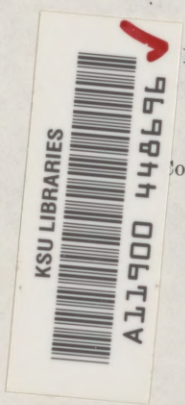
AND

S. 275

A BILL TO PROVIDE PRICE AND INCOME PROTECTION FOR
FARMERS AND ASSURE CONSUMERS OF AN ABUNDANCE
OF FOOD AND FIBER AT REASONABLE PRICES, AND FOR
OTHER PURPOSES

FEBRUARY 15, 1977—DECATUR, ALA.
FEBRUARY 17, 1977—DOTHAN, ALA.
FEBRUARY 18, 1977—MONTGOMERY, ALA.

Printed for the use of the
Committee on Agriculture, Nutrition, and Forestry



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1977

88-227 O

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GENERAL FARM AND FOOD LEGISLATION

TUESDAY, FEBRUARY 15, 1977

U.S. SENATE,
COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY,
Decatur, Ala.

The committee met, pursuant to notice, at John C. Calhoun Community College, at 9:30 a.m., Hon. James B. Allen, presiding.

Senator ALLEN. First: We are going to call on Dr. James Chasteen, who is kind enough to serve as our host and make these fine facilities available for us, for a word of greeting. Dr. Chasteen, please.

STATEMENT OF DR. JAMES CHASTEEN, PRESIDENT, JOHN C. CALHOUN COMMUNITY COLLEGE, DECATUR, ALA.

Dr. CHASTEEN. Thank you, sir. Let me say how pleased we are to have Senator Allen and his staff on our campus, and to have each of you here to testify before this hearing. I know how important it is to you and we are pleased that we can be a small part of this hearing. We are happy to have you on our campus. If there is anything we can do to make your stay more comfortable, we would be happy to do that. We hope the facilities are more than adequate for you. I know you are already aware that we have coffee and doughnuts available for you, and those will be there all day for those who would like to enjoy that. I would like to mention also in the room next to this one, there are lounge chairs and if you plan to spend a little more time, you may want to go in there and relax a little bit more. And, we are happy to make that available for you. And, also downstairs there is a snack bar if you care to get a sandwich or something else during the day, that will be made available for you. And, for lunch, if some of you are here during the lunch hour, the F. O. Smith Cafeteria will be open and if you would like to go through, you can order whatever you wish from a vegetable plate to sandwiches, or whatever. Just make yourself at home and if there is anything we can do to make your stay here more comfortable, we will be happy to do that.

Senator Allen, let me say again how pleased we are that you have chosen our campus for this hearing. And, if there is ever anything we can do as a school for you and for our area, we will be happy to do that. Thank you for coming.

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

Senator ALLEN. Thank you very much Dr. Chasteen. We are certainly proud to open our hearings here at John C. Calhoun Community College. This fine institution is making great progress. It is the fastest growing junior college in the entire junior college system in Alabama. Under Dr. Chasteen's leadership, it is carrying on the fine work that Dr. Carlton Kelley carried on so many years here. As we start these hearings, I think it is only appropriate that we start in Alabama's great Tennessee Valley, which means so much to the economy of Alabama and to the Nation. Now, we have with us this morning, Mr. Jim Giltmier of the Senate Agriculture Committee and Mr. Charles Mitchell of my staff. They will assist you and assist me in getting all of the information we can about the views of the Alabama farmers about the upcoming farm bill. So, we are just delighted to have such a fine turnout here this morning. I might say that in April of 1973, I came down to Alabama to hold similar hearings in connection with the upcoming farm bill at that time, trying to find out how I could best serve the needs of Alabama agriculture in Washington. Now, as you know, we are going to start on full Agriculture Committee hearings on the new farm bill in Washington in late February, because the current farm law expires with this year's crops. It would have been difficult to obtain the testimony of more than two or three or four Alabamians at full committee hearings in Washington because of the time and the distance involved and the fact that we will have witnesses from all over the country. So, this is giving us an opportunity to bring Washington down to Alabama and to give some 75 Alabama farmers and those working in areas related to farming, an opportunity to have input. As you know, we are having hearings here in the Tennessee Valley, down in southeast Alabama in the peanut country, in Dothan, on Thursday. And, then, in the State capitol on Friday, in the House of Representatives chambers. Agriculture is so important to the economy of Alabama, and I think it is only fitting that we have one of our hearings in the State capitol, where those who live and work near Montgomery can have their input.

We are just pleased to have such a fine response to our request for testimony. This testimony is being recorded, it will be a part of the permanent hearing record, just as if the testimony had been given in Washington; just as much a part of the hearings in Washington as if they had been given in Washington. The hearing is being held under the direction and by authorization of the Senate Agriculture Committee, as one of its official hearings. When we were working on the farm bill the last time we were in a critical time. There was a national debate at that time over whether farmers should rely wholly on the so-called free market, or whether the Government should back up its plea for all-out farm production with a program that would protect farm income in the event of radical market fluctuation. As we all recall, from the New Deal days on down to about 5 years ago, the Federal farm policy was to encourage an agricultural policy of scarcity on account of the tremendous carryover of crops. And,

so, it has not been except the last 5 years that we have had an agricultural policy that encourages an agricultural policy of abundance. But, while we are encouraging our farmers to go in for full production, at the same time we have got to protect them from radical drops in the market prices of their crops.

So, that is the main thrust of this hearing, to see what would be fair in the way of target prices if we go the target price concept, what would be fair in the way of the loan amount. These are some of the things we are going to want to talk about today. As Washington encourages farmers to produce, they have got to become a partner to the farmer to some extent in guaranteeing him against financial ruin, if his production results in increased supplies and thereby lowering of the price of the commodity. I might say, on a personal note, that when I went to the Senate 8 years ago, I requested agriculture as one of my committees and was named to the Senate Committee on Agriculture and Forestry. I stated at that time to my farm friends in Alabama that as long as I stayed in the Senate, I was going to stay on the Agriculture Committee, because it is so important to the economy of our State and so important to the economy of our Nation. Recently I moved, though not without quite a battle there in the Senate, I moved from the Government Operations Committee to the Judiciary Committee. And, I might say when I went to the judiciary, I had to give up one of my other committees, and, of course, it never occurred to me to give up the Agriculture Committee. So, I did move to Judiciary and gave up my seat on the Government Operations Committee. As important as that committee is, I feel that agriculture is much more important. So, I will be serving on the Agriculture Committee as long as I serve in the U.S. Senate.

Our land and water resource base, and the fine men and women who work that soil for our food and fiber are the backbone of our entire economy. We should make no mistake about that. Without their efforts to feed us all, there would be no steel mills in Birmingham, nor a growing industrial base which is helping to balance Alabama's economy.

I am pleased that this year we will not be working on farm legislation in a crisis atmosphere. Crisis generally means chaos, and frankly I sometimes wonder how it was that we were able to enact such generally good legislation as we did in 1973, given the circumstances.

In those days we were telling farmers to produce, produce, produce at any cost. Now I wonder if we had not better take a harder look at that direction and perhaps modify it a little.

I don't mean by that that we should return to a large set-aside program. But I do think we had better take a closer look at what is happening to our land and water resources as a result of our production emphasis. Perhaps we should change the direction to one of produce, but produce with care so that in our zeal for short-term economic and production gains, we do not risk the loss of our resources for all time to come.

Many of us recall the ancient stories about the cedars of Lebanon. But those cedars have been gone for many generations, and today wealthy Lebanese farmers, trying to use American production tech-

niques, are finding that the land is now so poor that even modern technology cannot make the land produce increased yields.

We must be good stewards of our resources in Alabama so that the tragedy of the land in Lebanon may never be visited on our people. We must produce more. But we must protect more too.

Despite the lack of crisis in agriculture this year, our farmers and our Nation have met a number of changes since we wrote the last farm bill in 1973.

Our cattle industry has gone through perilous times. Prices have not been sufficient to equal the cost of production and in recent months there have been drastic reductions in the number of cattle in all sections of the country.

Perhaps the most drastic change has been in cotton. This great crop is one of the principal stars in Alabama's crown. We are seventh in the Nation in cotton production, and Madison County is the leader in the central and northern Alabama counties that produce the crop.

But look at what market fluctuations have done to cotton prices and cotton production!

In 1974, our State produced 522,000 bales on 585,000 acres. In 1976, when the bottom fell out of the cotton market, we only produced 350,000 bales of 440,000 acres.

It is fortunate that our farmers have become so flexible that we are no longer a one-crop State. If producers had not had the option to switch to other crops, such as soybeans, the economic consequences for this State would have been catastrophic.

This year, the market for cotton looks fairly good. The average January price for upland cotton was a little over 60 cents a pound. It is anticipated that production will increase about 10 percent in 1977. Overseas markets are holding up well. And, if our textile industries at home are able to get the energy supplies they require to remain in production, consumer demands seems good enough to insure market stability.

Our job will be to write farm legislation specifying a target price for cotton that is a fair estimate of the cost of production, so that if the bottom falls out of the market, farmers can stay in business.

We must also come up with a fair loan rate that is not so high that it prices U.S. cotton out of the overseas market. I think we can do that with your help.

Also this year, we must come to grips with Federal disaster programs in some way. I don't know as yet whether this will come as part of the overall farm bill effort, or as separate legislation. But surely it must come.

We are on the horns of a dilemma. On the one hand, severe weather conditions all over the Nation have played havoc with American agriculture, or will do so when the spring thaw arrives. In the Northeast, snowbound dairymen are unable to get their product to market. When that snow melts, we could have floods in many areas. In Minnesota the Mississippi River is so low that it froze solid this year for the first time in memory. There is no snow to protect much of the winter wheat crop, and much of it could be lost. In the Colorado River Basin and in California water supplies are so low that some experts are wondering where people will get water to drink, not to mention needs for irrigation.

On the other side of this question is the growing cost of these programs to the Government. It is estimated that because of this year's bad weather, disaster programs for agriculture alone will cost the Federal Treasury over \$1 billion.

I am not certain how we will come to grips with this situation at this time. Some legislation has already been introduced. I understand that Agriculture Secretary Bob Bergland is considering an administration bill. It will be most difficult to come up with a bill that is both fair to producers and which will also not break the Treasury.

But now I have said enough. I came here to listen to what you have to say, and I intend to do so. I do not want this hearing to be stiff and formal. I want to hear what each individual believes in his heart about Federal farm policy, and how that applies in practical terms to the good dirt of Alabama. As was indicated in the invitations to witnesses, formal, written testimony will not be necessary unless witnesses wish to present it for the record.

We are all friends here, united toward common goals, and therefore I hope we can talk together informally as friends always do.

But, you know what I have been saying and I pretty well covered what I had prepared to say. But, we have some 25 witnesses and we have suggested that they come with prepared statements, to talk off the cuff, either way is fine. Out of consideration for the convenience of the reporter, we will take a break in about an hour and a half and then possibly around 12:30, have a break where we can get a bite to eat.

At this point in the proceedings, I would like to insert S. 203 and S. 275.

[S. 203 and S. 275 follow:]

95TH CONGRESS
1ST SESSION

S. 203

IN THE SENATE OF THE UNITED STATES

JANUARY 12 (legislative day, JANUARY 10), 1977

Mr. BELLMON (for himself and Mr. DOMENICI) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To amend and extend the Agricultural Act of 1970.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 AMENDMENTS TO THE AGRICULTURAL ACT OF 1970

4 SEC. 3. The Agricultural Act of 1970 is amended as
5 follows:

6 (1) Section 101 (1), as amended by paragraph (1) of
7 the first section of the Agriculture and Consumer Protection
8 Act of 1973, is amended by striking out "1977" and in-
9 serting in lieu thereof "1981"; and by striking out "\$20,-
10 000" and inserting in lieu thereof "\$30,000".

11 (2) Section 201, as amended by paragraph (2) of the

1 first section of the Agriculture and Consumer Protection
2 Act of 1973, is amended by—

3 (A) striking out “1977” and “1980” in subsection
4 (e) and inserting in lieu thereof “1981” and “1984”,
5 respectively; and

6 (B) adding at the end of such section a new sub-
7 section as follows:

8 “(g) Section 201 of the Agricultural Act of 1949 is
9 amended by adding at the end thereof a new subsection as
10 follows:

11 “(d) Notwithstanding the foregoing provisions of this
12 section, effective for the period beginning with the date of
13 enactment of this subsection and ending on March 31, 1981,
14 the support price of milk shall be established at no less than
15 80 per centum of the parity price therefor, on the date of
16 enactment, and the support price shall be adjusted there-
17 after by the Secretary at the beginning of each quarter,
18 beginning with the second quarter of the calendar year 1977,
19 to reflect any estimated change during the immediately pre-
20 ceding quarter in the production costs of dairy farmers. Such
21 support prices shall be announced by the Secretary not
22 more than thirty, nor less than twenty, days prior to the
23 beginning of each quarter.’ ”.

24 (3) Section 203, as amended by paragraph (4) of the
25 first section of the Agriculture and Consumer Protection Act

1 of 1973, is amended by striking out "1977" and inserting in
2 lieu thereof "1981".

3 (4) Section 301, as amended by paragraph (7) of the
4 first section of the Agriculture and Consumer Protection Act
5 of 1973, is amended by striking out "1977" each place it
6 occurs therein and inserting in lieu thereof "1981".

7 (5) Effective beginning with the 1978 crop of wheat,
8 section 401, as amended by paragraph (8) of the first sec-
9 tion of the Agriculture and Consumer Protection Act of
10 1973, is amended by striking out "1977" and inserting in
11 lieu thereof "1981" and section 107 of the Agricultural Act
12 of 1949, as it appears in such section 401, is amended by--

13 (A) striking out "\$1.37 per bushel" in section 107

14 (a) and inserting in lieu thereof "\$2.25 per bushel, plus
15 the amount per bushel necessary to cover storage, in-
16 terest, transportation, and other handling costs";

17 (B) amending the first sentence of section 107

18 (c) to read as follows: "Payments shall be made for
19 each crop of wheat to the producers on each farm in an
20 amount determined by multiplying (1) the amount by
21 which the higher of--

22 "(A) the national weighted average market
23 price received by farmers during the first five
24 months of the marketing year for such crop, as
25 determined by the Secretary, or

1 “(B) the loan level determined under sub-
2 section (a) for such crop
3 is less than the established price of \$3.10 per bushel in
4 the case of the 1978 crop, and \$3.10 per bushel in the
5 case of the 1979, 1980, and 1981 crops, adjusted each
6 such year to reflect any changes in the production costs
7 of farmers after the calendar year 1977, times in each
8 case (2) the allotment for the farm for such crop, times
9 (3) the projected yield established for the farm with
10 such adjustments as the Secretary determines necessary
11 to provide a fair and equitable yield.”; and

12 (C) amending subsection (c) by adding at the
13 end thereof the following: “Loans made under authority
14 of this subsection shall be made for any period, not
15 exceeding five years, specified by the producer-borrower
16 and shall bear interest at a rate not greater than 5 per
17 centum per annum. The Secretary shall pay an amount
18 equal to 50 per centum of the storage costs incurred by
19 the producer for the storage of wheat under the price
20 support program provided for in this subsection.”.

21 (6) (A) Section 402, as amended by paragraph (9)
22 of the first section of the Agriculture and Consumer Protec-
23 tion Act of 1973, is amended by striking out “1977” each
24 time it appears in such section and in the amendments made
25 to section 379b of the Agricultural Adjustment Act of 1938,

1 other than in the third sentence of such section 379b (c) (1),
2 and inserting in lieu thereof "1981".

3 (B) Such section 402 is further amended by inserting
4 after subparagraph (vii) of subsection (b) (B) a new sub-
5 paragraph as follows:

6 " (viii) The fourth sentence is redesignated as
7 subparagraph (J) and the first three sentences are
8 amended to read as follows:

9 " (A) Whenever the Secretary determines with respect
10 to any crop of wheat that the carryover stocks of wheat will
11 be of such quantity as to seriously depress the price of wheat
12 and will result in a disincentive to produce such commodity,
13 he shall give producers the option of either (i) setting aside
14 and devoting to approved conservation uses an acreage of
15 cropland equal to such percentage of the wheat allotment for
16 the farm as may be specified by the Secretary, plus, if re-
17 quired by the Secretary, the acreage of cropland on the farm
18 devoted in the preceding years to soil conserving uses, as
19 determined by the Secretary, or (ii) planting for harvest the
20 full wheat acreage allotment for the farm subject to an agree-
21 ment with the Secretary that a percentage of the wheat crop
22 (based on farm yield) shall be stored on the farm under seal
23 or in a bonded warehouse and be subject to the other provi-
24 sions of this paragraph. Whenever the Secretary gives pro-
25 ducers an option under this subparagraph, then as a condi-

1 tion of eligibility for loans, purchases, and payments author-
2 ized by section 107 (c) of the Agricultural Act of 1949, the
3 producers on the farm must elect to participate under clause
4 (i) and (ii) of this subparagraph and comply with the terms
5 of such election.

6 “(B) In the case of producers who elect the option
7 under subparagraph (A) (i), the Secretary is authorized to
8 limit the acreage planted to wheat on the farm to a percent-
9 age of the farm acreage allotment.

10 “(C) Notwithstanding any other provision of this Act,
11 the amount of any loan which may be made by the Secre-
12 tary on any portion of the wheat crop stored pursuant to an
13 election made under subparagraph (A) (ii) shall be \$2.25
14 per bushel, plus the amount per bushel necessary to cover
15 storage, interest, transportation, and other handling costs.
16 Any such loan shall be a nonrecourse loan, shall be for a
17 period of five years, renewable thereafter on an annual basis,
18 and shall bear interest at a rate of 5 per centum per annum.

19 “(D) The Secretary shall pay an amount equal to 50
20 per centum of the storage costs incurred by any producer
21 when such costs are incurred by such producer pursuant to
22 an election made by him under subparagraph (A) (ii); and
23 the Secretary is authorized to make such advances to any
24 producer as may be necessary to assist such producer to
25 meet such producer's share of storage cost until such time as

1 the stored commodities are sold by such producer. In any
2 case in which a producer wishes to construct facilities for
3 the storage of any wheat grown on the farm in accordance
4 with an agreement entered into with the Secretary after an
5 election under subparagraph (A) (ii), the Secretary is
6 authorized to guarantee a loan made to the producer by a
7 commercial lending institution for such purpose. Such loans
8 shall be guaranteed with respect to 90 per centum of the
9 total construction cost of any such facility, including plans
10 and site preparation. The term of any such loan shall be any
11 period, not in excess of 10 years, specified by the borrower.
12 The Secretary shall pay any interest on any such loan in
13 excess of 5 per centum per annum. The size of the facility
14 for which a loan may be guaranteed under this subpara-
15 graph shall be based upon the amount of space required to
16 store the average quantity of wheat produced by the bor-
17 rower during the two preceding crop years. The loan guar-
18 anty program provided for herein shall be administered by
19 the Secretary through the facilities of the Commodity Credit
20 Corporation.

21 “(E) Wheat stored under an election made pursuant to
22 subparagraph (A) (ii) may be rotated by the producer
23 to avoid spoilage and deterioration under such conditions
24 as may be prescribed by the Secretary.

25 “(F) Such wheat may be removed from storage and

1 sold at any time, at the option of the producer, that the
2 price for wheat attains a price equal to 150 per centum
3 of the loan rate on such wheat. The producer shall repay
4 the Secretary out of the proceeds of any such sale the
5 amount of the loan, interest thereon, and the amount of
6 advances made to the producer to meet storage costs.

7 “(G) At any time the market price for wheat exceeds
8 the loan level of wheat in storage by more than 200 per
9 centum, the Secretary may require producers to pay the loan
10 on such wheat, including interest, and the amount of any
11 advances made by the Secretary for the payment of stor-
12 age costs. If the Secretary determines that all such loans
13 should not be called simultaneously, he shall specify which
14 loans are to be called, taking into consideration the length
15 of time any such loan has been outstanding.

16 “(H) Notwithstanding any other provision of law,
17 whenever the equivalent of three hundred and fifty million
18 bushels of wheat is under storage pursuant to elections
19 made by producers under subparagraph (A) (ii), no pro-
20 hibition or limitation may be imposed on the export of wheat.
21 The foregoing provision shall not apply in the case of ex-
22 ports of wheat to any foreign country if the President has
23 prohibited the export of all agricultural commodities to such
24 country because of national security or foreign relations
25 reasons.

1 “(I) Payments provided under section 107 (c) of the
2 Agricultural Act of 1949 shall be made available to produc-
3 ers on wheat placed in storage pursuant to an election under
4 subparagraph (A) (ii).”.

5 (7) Section 403 (b), as amended by paragraph (10) of
6 the first sentence of the Agriculture and Consumer Protection
7 Act of 1973, is amended by striking out “June 30, 1978”
8 and inserting in lieu thereof “June 30, 1982”.

9 (8) Section 404, as amended by paragraph (11) of the
10 first section of the Agriculture and Consumer Protection Act
11 of 1973, is amended by striking out “1977” wherever it
12 appears therein and inserting “1981”.

13 (9) Section 405, as amended by paragraph (12) of the
14 first section of the Agriculture and Consumer Protection Act
15 of 1973, is amended by striking out “1977” each time it ap-
16 pears therein and inserting in lieu thereof “1981”.

17 (10) Section 406, as amended by paragraph (13) of
18 the first section of the Agriculture and Consumer Protection
19 Act of 1973, is amended by striking out “1977” and insert-
20 ing in lieu thereof “1981”.

21 (11) Section 408, as amended by paragraph (15) of
22 the first section of the Agriculture and Consumer Protection
23 Act of 1973, is amended by striking out “1977” and insert-
24 ing in lieu thereof “1981”.

25 (12) Section 409, as amended by paragraph (16) of

1 the first section of the Agriculture and Consumer Protection
2 Act of 1973, is amended by striking out "1977" and insert-
3 ing in lieu thereof "1981".

4 (13) Section 410 as amended by paragraph (17) of the
5 first section of the Agriculture and Consumer Protection Act
6 of 1973, is amended by striking out "1977" and inserting
7 in lieu thereof "1981".

8 (14) Effective only with respect to the 1978 through
9 1981 crops of feed grains, section 501, as amended by para-
10 graph (18) of the first section of the Agriculture and Con-
11 sumer Protection Act of 1973, is amended by—

12 (A) striking out "1977" in the language preceding
13 the first colon and inserting in lieu thereof "1981";

14 (B) striking out "\$1.10 per bushel" in section 105
15 (a) (1) of the Agricultural Act of 1949 (as it appears
16 in such section 501) and inserting in lieu thereof "\$1.87
17 per bushel, plus the amount per bushel necessary to
18 cover storage, interest, transportation, and other han-
19 dling costs";

20 (C) striking out the second sentence of section 105
21 (b) (1) of the Agricultural Act of 1949 (as it appears
22 in such section 501) and inserting in lieu thereof the fol-
23 lowing: "The payment rate for corn shall be the amount
24 by which the higher of—

25 "(A) the national weighted average market

1 price received by farmers during the first five months
2 of the marketing year for such crop, as determined
3 by the Secretary, or

4 “(B) the loan level determined under subsec-
5 tion (a) for such crop
6 is less than the established price of \$2.25 per bushel in
7 the case of the 1978 crop, and \$2.25 per bushel in the
8 case of the 1979, 1980, and 1981 crops, adjusted each
9 such year to reflect any changes in the production costs
10 of farmers after the calendar year 1977.”;

11 (D) by adding at the end of section 105(b) (1)
12 of the Agricultural Act of 1949 (as it appears in such
13 section 501) the following: “Loans made under au-
14 thority of this subsection shall be made for any period,
15 not exceeding five years, specified by the producer-
16 borrower and shall bear interest at a rate not greater
17 than 5 per centum per annum. The Secretary shall pay
18 an amount equal to 50 per centum of the storage costs
19 incurred by the producer for the storage of feed grains
20 under the price support program provided for under this
21 subsection.”;

22 (E) striking out “1977” in the fifth sentence of
23 section 105(c) (1) of the Agricultural Act of 1949 (as
24 such section appears in such section 501) ; redesignat-
25 ing the fourth and fifth sentences of such section 105

1 (c) (1) as subparagraph (J) ; redesignating the sixth
2 sentence of such section 105 (c) (1) as subparagraph
3 (K) ; and striking out the first three sentences and in-
4 serting in lieu thereof the following:

5 “(A) Whenever the Secretary determines with respect
6 to any crop of feed grains that the carryover stocks of feed
7 grains will be of such a quantity as to seriously depress
8 the price of feed grains and will result in a disincentive to
9 produce such commodities, he shall give producers the option
10 of either (i) setting aside and devoting to approved con-
11 servation uses an acreage of cropland equal to such per-
12 centage of the feed grain allotment for the farm as may be
13 specified by the Secretary, plus, if required by the Secretary,
14 the acreage of cropland on the farm devoted in preceding
15 years to soil conserving uses, as determined by the Secre-
16 tary, or (ii) planting for harvest the full feed grain acreage
17 allotment for the farm subject to an agreement with the
18 Secretary that a percentage of the feed grain crop (based
19 on farm yield) shall be stored on the farm under seal or in
20 a bonded warehouse and be subject to the other provisions
21 of this paragraph. Whenever the Secretary gives producers
22 an option under this subparagraph, then as a condition of
23 eligibility for loans, purchases, and payments on corn, grain
24 sorghums, and if designated by the Secretary, barley, re-
25 spectively, the producers on the farm must elect to partici-

1 pate under clause (i) or (ii) of this subparagraph and
2 comply with the terms of such election.

3 “(B) In the case of producers who elect the option
4 under subparagraph (A) (i), the Secretary is authorized
5 to limit the acreage planted to feed grains on the farm to
6 a percentage of the farm acreage allotment.

7 “(C) Notwithstanding any other provision of this Act,
8 the amount of any loan which may be made by the Secre-
9 tary on any portion of the feed grain crop stored pursuant
10 to an election made under subparagraph (A) (ii) shall be
11 \$1.87 a bushel for corn (and the equivalent thereof in the
12 case of other feed grains), plus the amount per bushel nec-
13 essary to cover storage, interest, transportation, and other
14 handling costs. Any such loan shall be a nonrecourse loan,
15 shall be for a period of five years, renewable thereafter on
16 an annual basis, and shall bear interest at a rate of 5 per
17 centum per annum.

18 “(D) The Secretary shall pay an amount equal to 50
19 per centum of the storage costs incurred by any producer
20 when such costs are incurred by such producer pursuant to
21 an election made by him under subparagraph (A) (ii) ; and
22 the Secretary is authorized to make such advances to any
23 producer as may be necessary to assist such producer to
24 meet such producer's share of storage cost until such time as
25 the stored commodities are sold by such producer. In any

1 case in which a producer wishes to construct facilities for
2 the storage of feed grains on the farm in accordance with
3 an agreement entered into with the Secretary after an
4 election under subparagraph (A) (ii), the Secretary is
5 authorized to guarantee a loan made to the producer by a
6 commercial lending institution for such purpose. Such loans
7 shall be guaranteed with respect to 90 per centum of the
8 total construction cost of any such facility, including plans
9 and site preparation. The term of any such loan shall be any
10 period, not in excess of ten years, specified by the borrower.
11 The Secretary shall pay any interest on any such loan in
12 excess of 5 per centum per annum. The size of the facility
13 for which a loan may be guaranteed under this subparagraph
14 shall be based upon the amount of space required to store
15 the average quantity of the feed grain concerned produced by
16 the borrower during the two preceding crop years. The loan
17 guaranty program provided for herein shall be administered
18 by the Secretary through the facilities of the Commodity
19 Credit Corporation.

20 “(E) Feed grains stored under an election made pur-
21 suant to subparagraph (A) (ii) may be rotated by the pro-
22 ducer to avoid spoilage and deterioration under such condi-
23 tions as may be prescribed by the Secretary.

24 “(F) Such feed grains may be removed from storage
25 and sold at any time, at the option of the producer, that the

1 price for such feed grains attains a price equal to 150 per
2 centum of the loan rate on such grain. The producer shall
3 repay the Secretary out of the proceeds of any such sale the
4 amount of the loan, interest thereon, and the amount of
5 advances made to the producer to meet storage costs.

6 “(G) At any time the market price for feed grains
7 exceeds the loan level of feed grains in storage by more than
8 200 per centum, the Secretary may require producers to
9 pay the loan on such grain, including interest, and the
10 amount of any advances made by the Secretary for the pay-
11 ment of storage costs. If the Secretary determines that all
12 such loans should not be called simultaneously, he shall
13 specify which loans are to be called, taking into considera-
14 tion the length of time any such loan has been outstanding.

15 “(H) Notwithstanding any other provision of law,
16 whenever the equivalent of five hundred million bushels of
17 any feed grain is under storage pursuant to elections
18 made by producers under subparagraph (A) (ii), no prohi-
19 bition or limitation may be imposed on the export of such
20 feed grain. The foregoing provision shall not apply in the
21 case of exports of feed grains to any foreign country if the
22 President has prohibited the export of all agricultural com-
23 modities to such country because of national security or
24 foreign relations reasons.

25 “(I) Payments provided under subsection (b) of this

1 section shall be made available to producers on feed grains
2 placed in storage pursuant to an election under subparagraph
3 (A) (ii).”, and

4 (F) striking out “1977” in the third sentence of
5 section 105 (c) (3) of the Agricultural Act of 1949
6 (as it appears in such section 501) and inserting
7 in lieu thereof “1981”.

8 (15) Section 601, as amended by paragraph (19) of
9 the first section of the Agriculture and Consumer Protection
10 Act of 1973, is amended by—

11 (A) striking out “1977” wherever it appears in the
12 amendments made by such section and inserting in lieu
13 thereof “1981”; and

14 (B) striking out “1976” in the first sentence of sec-
15 tion 342a of the Agricultural Adjustment Act of 1938
16 (as it appears in such section 601) and inserting in lieu
17 thereof “1980”.

18 (16) Section 602, as amended by paragraph (20) of
19 the first section of the Agriculture and Consumer Protection
20 Act of 1973, is amended by—

21 (A) striking out “1977” wherever it appears in the
22 amendments made by such section, except in the amend-
23 ment to section 103 (e) (2) of the Agricultural Act of
24 1949, and inserting in lieu thereof “1981”;

25 (B) striking out the first sentence of clause (2) of

1 section 103 (e) of the Agricultural Act of 1949 (as it
 2 appears in such section 602) and inserting in lieu there-
 3 of the following: "Payments shall be made for each crop
 4 of cotton to the producers on each farm at a rate equal
 5 to the amount by which is the higher of—

6 " (1) the average market price received by
 7 farmers for upland cotton during the calendar year
 8 which includes the first five months of the market-
 9 ing year for such crop, as determined by the
 10 Secretary, or

11 " (2) the loan level of 38 cents per pound for
 12 upland cotton, plus the amount per pound neces-
 13 sary to cover storage, interests, transportation, and
 14 other handling costs

15 is less than the established price of 48 cents per pound
 16 in the case of the 1978 crop, and 48 cents per pound in
 17 the case of the 1979, 1980, and 1981 crops, adjusted
 18 each such year to reflect any changes in the production
 19 costs of farmers after the calendar year 1977."; and

20 (C) adding at the end of paragraph (2) of sec-
 21 tion 103 (e) of the Agricultural Act of 1949 (as it
 22 appears in such section 602) the following: "Loans
 23 made under authority of this subsection shall be made
 24 for any period, not exceeding five years, specified by the
 25 producer-borrower and shall bear interest at the rate of

1 5 per centum per annum. The Secretary shall pay an
2 amount equal to 50 per centum of the storage costs
3 incurred by the producer for the storage of cotton under
4 the price support program provided for under this sub-
5 section.”.

6 (17) Section 603, as amended by paragraph (21) of
7 the first section of the Agriculture and Consumer Protec-
8 tion Act of 1973, is amended by striking out “1978” and
9 inserting in lieu thereof “1982”.

10 (18) Sections 604, 605, 606, 607, and 608, as
11 amended by paragraph (22) of the first section of the
12 Agriculture and Consumer Protection Act of 1973, are each
13 amended by striking out “1977” and inserting in lieu thereof
14 “1981”.

15 (19) Section 612, as added by paragraph (25) of the
16 first section of the Agriculture and Consumer Protection Act
17 of 1973, is amended by striking out “1977” in the amend-
18 ment made by such section to section 374 (a) of the Agri-
19 cultural Adjustment Act of 1938 and inserting in lieu
20 thereof “1981”.

21 PRICE SUPPORT FOR SOYBEANS

22 SEC. 4. Title I of the Agricultural Act of 1949 is further
23 amended by adding at the end thereof a new section as
24 follows:

25 “SEC. 108. The Secretary shall make available to pro-

1 ducers loans and purchases on the 1978 through 1981 crops
2 of soybeans at such level as reflects the historical average
3 relationship of soybean support levels to corn support levels
4 during the immediately preceding three years.”.

5 FOOD RESERVE

6 SEC. 5. (a) The Secretary of Agriculture shall establish
7 an emergency human nutrition food reserve (hereinafter in
8 this section referred to as the “reserve”) which shall be
9 available to help meet emergency food conditions in any area
10 of the United States or in any foreign country which suffers
11 a severe loss of its food supply as the result of a natural
12 disaster.

13 (b) The Secretary is authorized to acquire for the
14 reserve any amount of grain not in excess of the equivalent
15 of one hundred million bushels and to process such grain into
16 balanced food supplements.

17 (c) The Secretary shall provide for the periodic rota-
18 tion of supplements in the reserve to avoid spoilage and
19 deterioration thereof. Any quantity of food supplements re-
20 moved from the reserve for rotation purposes shall be
21 promptly replaced with an equivalent quantity purchased on
22 the open market.

23 (d) Except as provided in subsection (c), supplements
24 contained in the reserve may not be sold through normal
25 commercial channels in the United States.

1 (c) Food grain supplements contained in the reserve
2 shall be in addition to any other reserve stocks of agricul-
3 tural commodities provided for by law.

4 FOREIGN PARTICIPATION IN RESERVE PROGRAM

5 SEC. 6. (a) In order that foreign countries which are
6 traditional buyers of grain from the United States and other
7 foreign countries may insure themselves of a dependable
8 and stable supply of grain, and in order to reduce the cost
9 to producers and consumers in the United States of main-
10 taining reserve supplies of grain, the Secretary of Agriculture
11 is authorized, in accordance with such rules and regulations
12 as he may prescribe, to permit foreign countries to partici-
13 pate in the program providing for the storage of feed grains
14 under section 105 (c) of the Agricultural Adjustment Act of
15 1949, as amended by this Act, and the storage of wheat
16 under section 379b (c) of the Agricultural Adjustment Act
17 of 1938, as amended by this Act. A foreign country
18 may participate in any such program by purchasing the
19 commodity concerned and paying the required storage and
20 other handling costs involved. Any commodities so stored
21 shall not be subject to any embargo placed on the export
22 market by the Secretary. The Secretary shall, in permitting
23 any foreign country to participate in such program, impose
24 such reasonable terms and conditions as he determines neces-
25 sary to prevent undue disruption of the normal channels of

1 trade in the commodities concerned and to protect producers
2 and consumers in the United States against undue price fluc-
3 tuations and increases.

4 (b) The Secretary of Agriculture shall submit a report
5 to the Committee on Agriculture and Forestry of the Senate
6 and to the Committee on Agriculture of the House of Rep-
7 resentatives within ninety days after the date of enactment
8 of this Act indicating the action he has taken to implement
9 this section together with any recommendations for addi-
10 tional legislative action necessary to improve the program.

11 AUTHORIZATION FOR APPROPRIATIONS

12 SEC. 7. There are authorized to be appropriated such
13 sums as may be necessary to carry out the provisions of this
14 Act.

15 CROP LOANS FOR WHEAT, FEED GRAINS, AND COTTON

16 EXCLUDED FROM BUDGET TOTALS

17 SEC. 8. Loans made by the Secretary of Agriculture in
18 carrying out the feed grain program provided under section
19 105 of the Agricultural Act of 1949, as amended by the
20 Agriculture and Consumer Protection Act of 1973 and this
21 Act, in carrying out the wheat program provided for in
22 section 107 of the Agricultural Act of 1949, as amended by
23 the Agriculture and Consumer Protection Act of 1973 and
24 this Act, and in carrying out the cotton program under sec-
25 tion 602 of the Agricultural Act of 1949, as amended by the

1 Agriculture and Consumer Protection Act of 1973 and this
2 Act, and the repayment of such loans, shall not be included
3 in the totals of the budget of the United States Government
4 and shall be exempt from any general limitation imposed by
5 statute on expenditures and net lending (budget outlays) of
6 the United States.

95TH CONGRESS
1ST SESSION

S. 275

IN THE SENATE OF THE UNITED STATES

JANUARY 18, 1977

Mr. TALMADGE (for himself, Mr. ALLEN, Mr. DOLE, Mr. DOMENICI, Mr. EASTLAND, Mr. HELMS, Mr. HUDDLESTON, and Mr. STONE) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry.

A BILL

To provide price and income protection for farmers and assure consumers of an abundance of food and fiber at reasonable prices, and for other purposes.

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

3 That this Act may be cited as the "Food and Agriculture
4 Act of 1977".

5 TITLE I—PAYMENT LIMITATION FOR WHEAT,
6 FEED GRAINS, AND UPLAND COTTON

7 SEC. 101. Section 101(1) of the Agricultural Act of
8 1970, as amended, is amended by striking out "1974
9 through 1977" and inserting in lieu thereof "1974 through
10 1982".

2

TITLE II—DAIRY

DAIRY BASE PLANS

1 SEC. 201. Section 201 (e) of the Agricultural Act of
2
3 1970, as amended, is amended by striking out "1977" and
4 inserting in lieu thereof "1982", and by striking out "1980"
5 and inserting in lieu thereof "1985".
6

7 TRANSFER OF DAIRY PRODUCTS TO THE
8 MILITARY AND VETERANS HOSPITALS

9 SEC. 202. Section 203 of the Agricultural Act of 1970, as
10 amended, is amended by striking out "1977" and inserting
11 in lieu thereof "1982".

DAIRY INDEMNITY PROGRAM

12
13 SEC. 203. Section 204 of the Agricultural Act of 1970,
14 as amended, is amended by striking out "June 30, 1977"
15 and inserting in lieu thereof "September 30, 1982".

PRODUCER HANDLERS

16
17 SEC. 204. Section 206 of the Agricultural Act of 1970,
18 as amended, is amended by inserting after "Agriculture
19 and Consumer Protection Act of 1973" the following: "and
20 the Food and Agriculture Act of 1977".

TITLE III—WOOL PROGRAM

21
22 SEC. 301. Section 301 of the Agricultural Act of 1970,
23 as amended, is amended by striking out "1977" each place
24 it occurs and inserting in lieu thereof "1982".

TITLE IV—WHEAT PROGRAM

LOAN RATE AND TARGET PRICE

SEC. 401. Effective beginning with the 1978 crop, section 401 of the Agricultural Act of 1970, as amended, is amended by striking out "1971 through 1977" and inserting in lieu thereof "1971 through 1982", and section 107 of the Agricultural Act of 1949, as it appears therein, is amended to read as follows:

"SEC. 107. Notwithstanding any other provision of law—

"(a) Loans and purchases on each crop of wheat shall be made available at not less than 75 per centum of the cost of production per bushel, except that if the loan rate so calculated is higher than the estimated average world price for wheat for the marketing year for which the loan determination is made, the Secretary is authorized to adjust the loan rate for wheat to not less than 90 per centum of the estimated average world price.

"(b) If a set-aside program is in effect for any crop of wheat under section 379b (c) of the Agricultural Adjustment Act of 1938, as amended, payments, loans and purchases shall be made available on such crop only to producers who comply with the provisions of such program.

"(c) Payments shall be made for each crop of wheat

1 to the producers on each farm in an amount determined
 2 by multiplying (i) the amount by which the higher of—
 3 “(1) the national weighted average market price
 4 received by farmers during the first five months of the
 5 marketing year for such crop, as determined by the
 6 Secretary, or
 7 “(2) the loan level determined under subsection
 8 (a) for such crop
 9 is less than the cost of production per bushel, times in each
 10 case (ii) the allotment for the farm for such crop, times (iii)
 11 the projected yield established for the farm with such adjust-
 12 ments as the Secretary determines necessary to provide a fair
 13 and equitable yield. The cost of production per bushel for
 14 the 1978 crop of wheat is determined to be \$2.91. For each
 15 of the 1979 through 1982 crops, the cost of production shall
 16 be determined by the Secretary in accordance with section
 17 411 of the Agricultural Act of 1970. If the Secretary deter-
 18 mines that the producers are prevented from planting any
 19 portion of the farm acreage allotment to wheat or other
 20 nonconserving crop, because of drought, flood, or other nat-
 21 ural disaster or condition beyond the control of the pro-
 22 ducer, the rate of payment on such portion shall be the
 23 larger of (A) the foregoing rate, or (B) one-third of the
 24 cost of production. If the Secretary determines that, be-
 25 cause of such a disaster or condition, the total quantity of

1 wheat (or of cotton, corn, grain sorghums, or barley planted
 2 in lieu of wheat) which the producers are able to harvest on
 3 any farm is less than $66\frac{2}{3}$ per centum of the farm acreage
 4 allotment times the projected yield of wheat (or of cotton,
 5 corn, grain sorghums, or barley planted in lieu of wheat)
 6 for the farm, the rate of payment for the deficiency in pro-
 7 duction below 100 per centum shall be the larger of (A) the
 8 foregoing rate, or (B) one-third of the cost of production.
 9 The Secretary shall provide for the sharing of payments
 10 made under this subsection for any farm among the pro-
 11 ducers on the farm on a fair and equitable basis.”

12 ALLOTMENT AND SET-ASIDE

13 SEC. 402. Section 402 (b) of the Agricultural Act of
 14 1970, as amended, is amended by—

15 (a) striking out “1974 through 1977” each place
 16 it occurs and inserting in lieu thereof “1974 through
 17 1982”; and

18 (b) striking out “1971 through 1977” and insert-
 19 ing in lieu thereof “1971 through 1982”.

20 NONAPPLICABILITY OF PROCESSOR CERTIFICATE

21 REQUIREMENT

22 SEC. 403. Section 403 (b) of the Agricultural Act of
 23 1970, as amended, is amended by striking out “July 1,
 24 1973 through June 30, 1978” and inserting in lieu thereof
 25 “July 1, 1973, through June 30, 1983”.

3 SEC. 404. Section 404 of the Agricultural Act of 1970,
4 as amended, is amended by—

8 (b) striking out "1972 through 1977" and insert-
9 ing in lieu thereof "1972 through 1982".

11 SEC. 405. Section 405 of the Agricultural Act of 1970,
12 as amended, is amended by—

15 (b) striking out "1974 through 1977" and insert-
16 ing in lieu thereof "1974 through 1982".

18 SEC. 406. Section 406 of the Agricultural Act of 1970,
19 as amended, is amended by striking out "1971 through
20 1977" and inserting in lieu thereof "1971 through 1982".

22 1949

23 SEC. 407. Section 408 of the Agricultural Act of 1970,
24 as amended, is amended by striking out "1971 through
25 1977" and inserting in lieu thereof "1971 through 1982".

1 COMMODITY CREDIT CORPORATION SALES PRICE

2 RESTRICTIONS FOR WHEAT AND FEED GRAINS

3 SEC. 408. Section 409 of the Agricultural Act of 1970,
4 as amended, is amended by striking out "1971 through
5 1977" and inserting in lieu thereof "1971 through 1982".

6 SET-ASIDE ON SUMMER FALLOW FARMS

7 SEC. 409. Section 410 of the Agricultural Act of 1970,
8 as amended, is amended by striking out "1971 through
9 1977" and inserting in lieu thereof "1971 through 1982".

10 COST OF PRODUCTION

11 SEC. 410. Title IV of the Agricultural Act of 1970, as
12 amended, is amended by adding at the end thereof a new
13 section 411 as follows:

14 "COST OF PRODUCTION

15 "SEC. 411. (a) The Secretary of Agriculture shall
16 determine for each of the 1979 through 1982 crops of
17 wheat, corn, and upland cotton the cost of production to be
18 used in the establishment of loan and payment rates for each
19 commodity. The determination shall be based on the Secre-
20 tary's estimate of the costs incurred in the production of the
21 crop, taking into consideration joint products such as the
22 value of cottonseed and the value of grazing in the case of
23 wheat, and shall include, but not be limited to—

24 "(1) a charge for all direct or variable costs, such
25 as labor, power and machinery, seed, fertilizer and

1 chemicals, custom services, irrigation, interest on operat-
 2 ional capital, and other materials;
 3 " (2) a charge for overhead costs (a proportionate
 4 share, if applicable), such as personal property taxes,
 5 electricity, sales taxes, insurance, farm auto costs, and
 6 other such costs not directly related to the production of
 7 a specific crop;

8 " (3) a charge for management; and

9 " (4) a charge for land based on a composite land
 10 allocation using share rent, cash rent, and average
 11 acquisition value.

12 " (b) Yields used in determining per unit costs shall be
 13 based on the most recent 5-year weighted national average
 14 harvested yields for wheat and cotton and the most recent
 15 5-year weighted national average yields of corn harvested
 16 for grain."

17 TITLE V—FEED GRAIN PROGRAM

18 LOAN RATE AND TARGET PRICE

19 SEC. 501. (a) Paragraph (18) of section 1 of the Agri-
 20 culture and Consumer Protection Act of 1973 is amended by
 21 striking out "1974 through 1977" and inserting in lieu there-
 22 of "1974 through 1982".

23 (b) Effective only with respect to the 1978 through
 24 1982 crops of feed grains, section 501 of the Agricultural Act

1 of 1970, as amended by the Agriculture and Consumer Pro-
2 tection Act of 1973, is amended by—

3 (1) striking out "1971 through 1977" each place it
4 occurs and inserting in lieu thereof "1971 through
5 1982";

6 (2) striking out "1974 through 1977" each place it
7 occurs and inserting in lieu thereof "1974 through
8 1982";

9 (3) amending section 105 (a) (1) of the Agricul-
10 tural Act of 1949, as it appears therein, to read as
11 follows:

12 " (a) (1) The Secretary shall make available to pro-
13 ducers loans and purchases on each crop of corn at not less
14 than 75 per centum of the cost of production, except that
15 the Secretary may adjust such level if he determines that
16 such level will discourage the exportation of feed grains or
17 result in excessive total stocks of feed grains in the United
18 States."; and

19 (4) amending section 105 (b) (1) of the Agricul-
20 tural Act of 1949, as it appears therein, to read as
21 follows:

22 " (b) (1) In addition, the Secretary shall make avail-
23 able to producers payments for each crop of corn, grain

1 sorghums, and, if designated by the Secretary, barley, com-
2 puted by multiplying (i) the payment rate, times (ii) the
3 allotment for the farm for such crop, times (iii) the yield
4 established for the farm for the preceding crop with such
5 adjustments as the Secretary determines necessary to provide
6 a fair and equitable yield. The payment rate for corn shall be
7 the amount by which the higher of—

8 “(A) the national weighted average market price
9 received by farmers during the first five months of the
10 marketing year for such crop, as determined by the
11 Secretary, or

12 “(B) the loan level determined under subsection
13 (a) for such crop

14 is less than the cost of production per bushel. The cost of
15 production per bushel for the 1978 crop of corn is deter-
16 mined to be \$2.28. For each of the 1979 through 1982
17 crops, the cost of production shall be determined by the
18 Secretary in accordance with section 411 of the Agricul-
19 tural Act of 1970. The payment rate for grain sorghums
20 and, if designated by the Secretary, barley, shall be such
21 rate as the Secretary determines fair and reasonable in rela-
22 tion to the rate at which payments are made available for
23 corn. If the Secretary determines that the producers on a
24 farm are prevented from planting any portion of the farm
25 acreage allotment to feed grains or other nonconserving crop,

1 because of drought, flood, or other natural disaster or con-
2 dition beyond the control of the producer, the rate of pay-
3 ment on such portion shall be the larger of (A) the fore-
4 going rate, or (B) one-third of the cost of production. If the
5 Secretary determines that, because of such a disaster or
6 condition, the total quantity of feed grains (or of wheat, or
7 cotton planted in lieu of the allotted crop) which the
8 producers are able to harvest on any farm is less than $66\frac{2}{3}$
9 per centum of the farm acreage allotment times the yield of
10 feed grains (or of wheat, or cotton planted in lieu of the
11 allotted crop) established for the farm, the rate of payment
12 for the deficiency in production below 100 per centum shall
13 be the larger of (A) the foregoing rate, or (B) one-third
14 of the cost of production.”.

15 TITLE VI—UPLAND COTTON PROGRAM

16 SUSPENSION OF MARKETING QUOTAS; MINIMUM BASE 17 ACREAGE ALLOTMENTS

18 SEC. 601. Section 601 of the Agricultural Act of 1970,
19 as amended, is amended by—

20 (a) striking out “1971 through 1977” each place
21 it occurs and inserting in lieu thereof “1971 through
22 1982”;

23 (b) striking out from paragraph (2) “1970
24 through 1976” and inserting in lieu thereof “1970
25 through 1981”;

1 (c) striking out from paragraph (3) (1) "1978"
 2 and inserting in lieu thereof "1983";

3 (d) striking out from paragraph (4) "1972"
 4 through 1977" and inserting in lieu thereof "1972"
 5 through 1982"; and

6 (e) striking out from paragraph (4) "1974"
 7 through 1977" and inserting in lieu thereof "1974"
 8 through 1982".

9 COTTON PRODUCTION INCENTIVES; LOAN RATE AND

10 TARGET PRICE

11 SEC. 602. Section 602 of the Agricultural Act of 1970,
 12 as amended, is amended by—

13 (a) striking out "1971 through 1977" each place
 14 it occurs and inserting in lieu thereof "1971 through"
 15 1982";

16 (b) striking out "1974 through 1977" each place
 17 it occurs and inserting in lieu thereof "1974 through"
 18 1982"; and

19 (c) effective, beginning with the 1978 crop,
 20 amending paragraphs (1) and (2) of section 103 (e)
 21 of the Agricultural Act of 1949, as they appear therein,
 22 to read as follows:

23 "(e) (1) The Secretary shall upon presentation of ware-
 24 house receipts reflecting accrued storage charges of not
 25 more than 60 days make available for the 1978 through

1 1982 crops of upland cotton to cooperators nonrecourse
2 loans for a term of 10 months from the first day of the month
3 in which the loan is made at such level as will reflect for
4 Middling one-inch upland cotton (micronaire 3.5 through
5 4.9) at average location in the United States not less than 75
6 per centum of the cost of production, except that if the loan
7 rate so calculated is higher than the estimated average world
8 price for American cotton of such quality for the market-
9 ing year for which the loan determination is made, the Sec-
10 retary may adjust the loan rate for upland cotton to not less
11 than 90 per centum of the estimated world price. The
12 loan level for any crop of upland cotton shall be determined
13 and announced not later than November 1 of the calendar
14 year preceding the marketing year for which such loan
15 is to be effective. Notwithstanding the foregoing, if the carry-
16 over of upland cotton as of the beginning of the marketing
17 year for any of the 1972 through 1982 crops exceeds 7.2
18 million bales, producers on any farm harvesting cotton of
19 such crop from an acreage in excess of the base acreage
20 allotment for such farm shall be entitled to loans and pur-
21 chases only on an amount of the cotton of such crop pro-
22 duced on such farm determined by multiplying the yield used
23 in computing payments for such farm by the base acreage
24 allotment for such farm.

1 “(2) Payments shall be made for each crop of cotton
2 to the producers on each farm at a rate equal to the amount
3 by which the higher of—

4 “(A) the average market price received by farmers
5 for upland cotton during the calendar year which in-
6 cludes the first five months of the marketing year for
7 such crop, as determined by the Secretary, or

8 “(B) the loan level determined under paragraph
9 (1) for such crop

10 is less than the cost of production per pound. The cost of
11 production per pound for the 1978 crop is determined to be
12 51.1 cents per pound. For each of the 1979 through 1982
13 crops, the cost of production shall be determined by the
14 Secretary in accordance with section 411 of the Agricultural
15 Act of 1970. If the Secretary determines that the producers
16 on a farm are prevented from planting any portion of the
17 allotment to cotton because of drought, flood, or other
18 natural disaster, or condition beyond the control of the
19 producer, the rate of payment for such portion shall be the
20 larger of (A) the foregoing rate, or (B) one-third of the
21 cost of production. If the Secretary determines that, because
22 of such a disaster or condition, the total quantity of cotton
23 which the producers are able to harvest on any farm is less
24 than $66\frac{2}{3}$ per centum of the farm base acreage allotment
25 times the average yield established for the farm, the rate of

1 payment for the deficiency in production below 100 per
2 centum shall be the larger of (A) the foregoing rate, or
3 (B) one-third of the cost of production. The payment rate
4 with respect to any producer who (i) is on a small farm
5 (that is, a farm on which the base acreage allotment is ten
6 acres or less, or on which the yield used in making payments
7 times the farm base acreage allotment is five thousand
8 pounds or less, and for which the base acreage allotment
9 has not been reduced under section 350 (f)), (ii) resides
10 on such farm, and (iii) derives his principal income from
11 cotton produced on such farm, shall be increased by 30 per
12 centum; but, notwithstanding paragraph (3), such increase
13 shall be made only with respect to his share of cotton actually
14 harvested on such farm within the quantity specified in
15 paragraph (3).”.

16 COMMODITY CREDIT CORPORATION SALES PRICE

17 RESTRICTIONS

18 SEC. 603. Section 603 of the Agricultural Act of 1970,
19 as amended, is amended by striking out “1978” and insert-
20 ing in lieu thereof “1983”.

21 MISCELLANEOUS COTTON PROVISIONS

22 SEC. 604. Sections 604, 605, 606, 607, and 608 of the
23 Agricultural Act of 1970, as amended, are each amended by
24 striking out “1971 through 1977” and inserting in lieu
25 thereof “1971 through 1982”.

1 SKIPROW PRACTICES

2 SEC. 605. Section 612 of the Agricultural Act of 1970 is
3 amended by striking out "1974 through 1977" and inserting
4 in lieu thereof "1974 through 1982".

5 TITLE VII—RICE

6 NATIONAL ACREAGE ALLOTMENT AND ALLOCATION

7 SEC. 701. Section 101 of the Rice Production Act of
8 1975 is amended by striking out "1976 and 1977" each
9 place it occurs and inserting in lieu thereof "1976 through
10 1982".

11 LOAN RATE AND TARGET PRICE

12 SEC. 702. Section 102 of the Rice Production Act of
13 1975 is amended by—

14 (a) striking out "1976 and 1977" each place it
15 occurs and inserting in lieu thereof "1976 through
16 1982"; and

17 (b) amending paragraphs (1) and (2) of section
18 101 (g) of the Agricultural Act of 1949, as they appear
19 therein, to read as follows:

20 "(1) The established price for the purpose of making
21 payments on rice under this subsection shall be \$8 per
22 hundredweight in the case of the 1976 crop, adjusted to
23 reflect any changes in the index of prices paid by farmers
24 for production items, interest, taxes, and wage rates during
25 the period beginning on the date of enactment of the Rice

1 Production Act of 1975, and ending July 31, 1976; for
2 each of the 1977 through 1982 crops, the established price
3 shall be the established price for the preceding year's crop
4 adjusted to reflect any changes in the index of prices paid
5 by farmers for production items, interest, taxes, and wage
6 rates during the 12-month period immediately preceding
7 July 31 of the crop year for which the established price is
8 determined: *Provided*, That any increase that would other-
9 wise be made in the established price for the 1976 through
10 1982 crops to reflect a change in the index of prices paid by
11 farmers may be further adjusted to reflect any change in
12 (i) the national average yield per acre of rice for the three
13 calendar years preceding the year for which the determina-
14 tion is made, over (ii) the national average yield per acre
15 for the three calendar years preceding the year previous to
16 the one for which the determination is made.

17 “(2) The Secretary shall make available to cooperators
18 in the several States of the United States, loans and pur-
19 chases on the 1976 crop of rice at a rate equal to \$6 per
20 hundredweight, adjusted to reflect any changes in the index
21 of prices paid by farmers for production items, interest, taxes,
22 and wage rates during the period beginning on the date of
23 enactment of the Rice Production Act of 1975 and ending
24 July 31, 1976: *Provided*, That any increase in the rate of
25 loans and purchases for the 1976 crop to reflect a change

14 SUSPENSION OF MARKETING QUOTAS AND OTHER

16 SEC. 703. Section 103 of the Rice Production Act of
17 1975 is amended by striking out "1976 and 1977" and
18 inserting in lieu thereof "1976 through 1982".

SEC. 704. Section 301 of the Rice Production Act of 1975 is amended by striking out "1976 and 1977" and inserting in lieu thereof "1976 through 1982".

24 SEC. 705. Section 302 of the Rice Production Act of
25 1975 is amended by striking out "1976 and 1977" and in-
26 serting in lieu thereof "1976 through 1982".

19

1 DEFINITION OF COOPERATOR

2 SEC. 706. Section 303 of the Rice Production Act of
3 1975 is amended by striking out "1976 and 1977" and in-
4 serting in lieu thereof "1976 through 1982".

5 APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF
6 1949

7 SEC. 707. Section 304 of the Rice Production Act of
8 1975 is amended by striking out "1976 and 1977" and in-
9 serting in lieu thereof "1976 through 1982".

10 TITLE VIII—FOOD AND AGRICULTURAL
11 RESEARCH

12 Subtitle A—Food and Agricultural Research: Planning,
13 Coordination, and Dissemination of Findings

14 FINDINGS AND DECLARATIONS

15 SEC. 801. (a) Congress finds that—

16 (1) the Federal Government of the United States
17 has provided funding support for food and agricultural
18 research for many years in order to promote and protect
19 the general health and welfare of the people of the
20 United States;

21 (2) the Federal Government's support of food and
22 agricultural research has significantly contributed to the
23 development of the Nation's agricultural system;

24 (3) the agencies conducting federally supported
25 food and agricultural research were established at dif-

1 ferent times in response to different and specific needs,
2 and their work is not fully coordinated;

3 (4) these agencies have only been partially success-
4 ful in responding to the needs of all persons affected by
5 their research;

6 (5) useful information produced through federally
7 supported food and agricultural research is not being
8 efficiently transferred to the people of the United States;

9 (6) Federal funding levels for food and agricul-
10 tural research in recent years have not been commensur-
11 ate with needs stemming from changes in United States
12 agricultural practices and the world food and agricul-
13 tural situation;

14 (7) new research initiatives are needed in the areas
15 of food and human nutrition, animal health, and
16 aquaculture;

17 (8) increased research efforts are necessary to find
18 solutions to environmental problems and alternatives to
19 the technologies that have contributed to these problems;
20 and

21 (9) expanded research is needed to improve the
22 management and use of the Nation's natural and re-
23 newable resources, and promote improved living stand-
24 ards in rural America.

25 (b) Congress hereby declares that it is the policy of

1 the Federal Government of the United States that special
2 measures as set forth in this subtitle shall be undertaken to
3 improve the coordination, planning, and dissemination of
4 food and agricultural research, identify needs and establish
5 priorities for such research, and assure the full achievement
6 of national food and agricultural research objectives.

7 (c) Congress further declares that the Secretary of Agri-
8 culture should have the primary role in the overall national
9 food and agricultural research effort and implementing the
10 intent of Congress as expressed in this subtitle, in cooperation
11 with other Federal departments and agencies, the States,
12 colleges and universities, and user groups.

13 DEFINITIONS

14 SEC. 802. When used in this subtitle—

15 (a) the term “food and agricultural research” means
16 research in the fields of agriculture, silviculture, aquacul-
17 ture, associated marketing systems, water and soil re-
18 sources, home economics, human nutrition, and animal
19 health;

20 (b) the term “Secretary” means the Secretary of
21 Agriculture of the United States;

22 (c) the term “Department of Agriculture” means
23 the United States Department of Agriculture;

24 (d) the term “Policy Council” means the Federal
25 Food and Agricultural Research Policy Council;

1 (e) the term "Operations Committee" means the
2 Federal Food and Agricultural Research Operations and
3 Advisory Committee;

4 (f) the term "Users Advisory Board" means the
5 Users Advisory Board for Food and Agricultural
6 Research;

7 (g) the term "State agricultural experiment
8 stations" means those institutions eligible to receive funds
9 under the Act of March 2, 1887, as amended (24 Stat.
10 440, as amended; 7 U.S.C. 361a-361i), and the Re-
11 search Facilities Act (77 Stat. 90; 7 U.S.C. 390-390k);
12 and

13 (h) the term "agricultural and mechanical colleges"
14 means those institutions eligible to receive funds under
15 the Act of July 2, 1862 (12 Stat. 503, as amended;
16 7 U.S.C. 301-305, 307, and 308), or the Act of August
17 30, 1890 (26 Stat. 419, as amended; 7 U.S.C. 321-
18 326 and 328), including the Tuskegee Institute.

19 FEDERAL FOOD AND AGRICULTURAL RESEARCH POLICY
20 COUNCIL

21 SEC. 803. (a) To aid in the development, implementa-
22 tion, and coordination of Federal food and agricultural re-
23 search programs, there is hereby created and established
24 within the executive branch of the Government of the United

1 States a permanent council to be known as the Federal
2 Food and Agricultural Research Policy Council.

3 (b) The Policy Council shall be composed of the fol-
4 lowing eight persons—

5 (1) the Director of the Office of Science and Tech-
6 nology Policy, who shall serve as the Chairperson;

7 (2) the Assistant Secretary of Agriculture who has
8 jurisdiction over food and agricultural research, who
9 shall serve as Vice Chairperson;

10 (3) the Assistant Secretary of Health of the De-
11 partment of Health, Education, and Welfare;

12 (4) the Deputy Administrator of the Agency for
13 International Development of the Department of State;

14 (5) the Deputy Administrator of the Environ-
15 mental Protection Agency;

16 (6) the Deputy Director of the Office of Manage-
17 ment and Budget;

18 (7) the Deputy Administrator of the Energy Re-
19 search and Development Administration; and

20 (8) the Deputy Director of the National Science
21 Foundation.

22 (c) The Policy Council shall meet at the call of the
23 Chairperson, but at least once during each three-month
24 period.

1 (d) The Secretary shall provide clerical assistance and
2 staff personnel to the Policy Council to carry out its duties.
3 The Director of the Office of Research and Competitive
4 Grants of the Department of Agriculture shall serve as
5 executive secretary to the Policy Council.

6 (e) The Policy Council shall—

7 (1) periodically review Federal food and agri-
8 cultural research programs in order to insure that there
9 is maximum coordination and cooperation among Fed-
10 eral departments and agencies in their food and agri-
11 cultural research efforts; and

12 (2) annually prepare and submit to the Secretary
13 of Agriculture, not later than January 31 of each year,
14 a statement of the recommendations of the Policy Coun-
15 cil developed pursuant to the requirements of section 808

16 (a) of this title. The statement shall include, as neces-
17 sary, the recommendations of the Policy Council with
18 respect to supplemental funding or organizational
19 changes necessary to achieve the objectives of this
20 subtitle.

21 FEDERAL FOOD AND AGRICULTURAL RESEARCH OPERA-
22 TIONS AND ADVISORY COMMITTEE

23 SEC. 804. (a) There is hereby created and established
24 in the Department of Agriculture a permanent committee

1 to be known as the Federal Food and Agricultural Research
2 Operations and Advisory Committee.

3 (b) The Operations Committee shall be composed of
4 the following twenty-three members who are directly in-
5 volved in the national food and agricultural research effort—

6 (1) seven members from the Department of Agri-
7 culture designated by the Secretary, including the As-
8 sistant Secretary who has jurisdiction over food and
9 agricultural research, who shall serve as Co-Chairperson,
10 and the administrators of the major research and ex-
11 tension agencies or bureaus within the Department of
12 Agriculture;

13 (2) the following seven members from other Fed-
14 eral departments and agencies—

15 (A) the Assistant Administrator for Pesticides
16 of the Environmental Protection Agency;

17 (B) a representative designated by the Admin-
18 istrator of the Agency for International Develop-
19 ment of the Department of State;

20 (C) a representative of the Food and Drug
21 Administration of the Department of Health, Edu-
22 cation, and Welfare, and a representative of the Na-
23 tional Institutes of Health of the Department of

1 Health, Education, and Welfare, designated by the
2 Secretary of the Department of Health, Education,
3 and Welfare;

4 (D) a representative designated by the Ad-
5 ministrator of the National Oceanic and Atmos-
6 pheric Administration of the Department of Com-
7 merce;

8 (E) a representative designated by the Ad-
9 ministrator of the Energy Research and Develop-
10 ment Administration; and

11 (F) a representative designated by the Direc-
12 tor of the National Science Foundation;

13 (3) a representative designated by the Executive
14 Committee for the Division of Agriculture of the National
15 Association of State Universities and Land-Grant Col-
16 leges (who shall serve as Co-Chairperson) ;

17 (4) a representative designated by the Experiment
18 Station Committee on Organization and Policy;

19 (5) a representative designated by the Chairper-
20 son of the Association of State Colleges and University
21 Forestry Research Organization;

22 (6) a representative designated by the Extension
23 Committee on Organization and Policy;

24 (7) a representative designated by the Commission

1 on Home Economics of the National Association of
2 State Universities and Land-Grant Colleges;

3 (8) the Chairperson of the Animal Health Science
4 Research Advisory Board;

5 (9) a representative designated by the agricultural
6 and mechanical colleges eligible to receive funds under
7 the Act of August 30, 1890 (26 Stat. 419, as amended;
8 7 U.S.C. 321-326 and 328) ;

9 (10) a representative designated by the American
10 Association of Universities; and

11 (11) a representative designated by the Board on
12 Agriculture and Renewable Resources of the National
13 Academy of Sciences.

14 (c) (1) The Secretary is authorized to appoint ex
15 officio members to the Operations Committee.

16 (2) The Director of the Office of Research and Com-
17 petitive Grants of the Department of Agriculture shall be an
18 ex officio member of the Operations Committee.

19 (d) The Operations Committee shall meet at least once
20 during each three-month period. At least one meeting each
21 year shall be a joint meeting with the Users Advisory Board.

22 (e) The Secretary shall provide clerical assistance and
23 staff personnel to the Operations Committee to carry out its
24 duties. The Director of the Office of Research and Competi-

1 tive Grants of the Department of Agriculture shall serve as
2 executive secretary to the Operations Committee.

3 (f) The Operations Committee shall—

4 (1) provide a forum for the interchange of
5 information among the organizations represented by the
6 members of the Operations Committee that will assure
7 maximum awareness among these organizations con-
8 cerning the research programs, results, and directions
9 of each organization;

10 (2) develop, and periodically review the effective-
11 ness of, a system for compiling, maintaining, and dis-
12 seminating information about each federally supported
13 food and agricultural research project and, to the maxi-
14 mum extent possible, information about private re-
15 search projects conducted by colleges and universities,
16 foundations, contract research groups, businesses, and
17 others. Information about private research projects shall
18 not be included in this system unless they are partially
19 or entirely funded by the Federal Government or the
20 organizations sponsoring the projects request in writing
21 the inclusion of information about such research projects;

22 (3) develop and recommend methods for expanding
23 bases of cooperation in planning and implementing na-
24 tional, regional, and interstate research programs, for
25 submission to the Department of Agriculture and other

1 agencies and institutions conducting food and agri-
2 cultural research;

3 (4) develop a system for reviewing and evaluating
4 food and agricultural research programs;

5 (5) develop, and periodically review the effective-
6 ness of, guidelines for use by the Secretary in making
7 competitive grants under section 813 of this title;

8 (6) periodically review developments in food and
9 agricultural research and determine the high-priority re-
10 search areas, and submit an annual report identifying the
11 high-priority research areas to the Office of Research and
12 Competitive Grants of the Department of Agriculture for
13 use by the Secretary in making competitive grants; and

14 (7) prepare and submit to the Secretary, not later
15 than December 31 of each year, a statement of the rec-
16 ommendations of the Operations Committee developed
17 pursuant to the requirements of section 808 (a) of this
18 title. The statement shall also include—

19 (A) the committee's recommendations as to
20 unified food and agricultural research programs to
21 be implemented during the following fiscal year,
22 delineating suggested areas of responsibility for
23 Federal and State agencies in carrying out such
24 programs, and the overall planning, evaluation,

1 coordination, and support necessary for such pro-
2 grams, and

3 (B) a summary of food and agricultural re-
4 search achievements made during, and the status of
5 on-going projects as of the end of, the prior fiscal
6 year for the research programs conducted by the
7 organizations represented by the members of the
8 Operations Committee. Minority views, if timely
9 submitted, shall be included in the submission.

10 The Secretary shall make the statement available to the
11 Policy Council and Users Advisory Board.

12 USERS ADVISORY BOARD FOR FOOD AND AGRICULTURAL
13 RESEARCH; WORKING PANELS

14 SEC. 805. (a) The Secretary shall establish within the
15 Department of Agriculture a permanent board to be known
16 as the Users Advisory Board for Food and Agricultural
17 Research.

18 (b) The Users Advisory Board shall be composed of
19 the following twenty-five members to be appointed by the
20 Secretary—

- 21 (1) four members representing producers of agri-
22 cultural commodities and aquaculture;
23 (2) four members representing consumer interests;
24 (3) four members representing farm suppliers and
25 food and fiber processors;

1 (4) four members representing food marketing
2 organizations;

3 (5) two members representing environmental
4 groups;

5 (6) two members representing animal health
6 groups;

7 (7) two members engaged in rural development
8 work;

9 (8) two members engaged in human nutrition
10 work; and

11 (9) one member representing organized labor.

12 Members of the Users Advisory Board shall be appointed
13 for three-year terms and may be reappointed only after an
14 absence from the Users Advisory Board of at least three
15 years: *Provided*, That original appointments shall be for
16 one, two, and three years, on a proportional basis, and any
17 person appointed for less than a full term may be reap-
18 pointed after the expiration of such term for a successive
19 appointment for a full three-year term.

20 (c) The Users Advisory Board shall select a Chair-
21 person and Vice-Chairperson from its membership, at its
22 first meeting each year, who shall serve in those positions
23 for a term of one year.

24 (d) The Users Advisory Board shall meet at least once

1 during every six-month period. At least one meeting each
2 year shall be a joint meeting with the Operations Committee.

3 (e) (1) The Users Advisory Board shall be divided,
4 for the performance of the duties prescribed in subsection
5 (i) of this section, into five working panels, each composed
6 of five members of the Users Advisory Board, with general
7 responsibilities, respectively, as follows—

8 (A) user group 1—agricultural input requirements;

9 (B) user group 2—agricultural and food produc-
10 tion;

11 (C) user group 3—food marketing;

12 (D) user group 4—human nutrition; and

13 (E) user group 5—renewable resources.

14 (2) Membership on the working panels shall be for a
15 term of one year and members may select the working panel
16 on which to serve. However, whenever more than five mem-
17 bers of the Users Advisory Board wish to serve on the
18 same working panel, membership shall be determined by
19 drawing lots.

20 (3) Determination of the membership of the working
21 panels shall be made, under the supervision of the Chair-
22 person of the Users Advisory Board, at the first meeting of
23 the Users Advisory Board each year.

24 (4) The working panels shall each select a Chairperson.
25 The Chairperson and Vice-Chairperson of the Users Advisory
26 Board may not serve as Chairperson of a working panel.

1 (5) The working panels shall meet at least once during
2 every four-month period. All members of the Users Advisory
3 Board shall be advised of each meeting of the working panels
4 and, if they are not members of the working panel holding the
5 meeting, may participate in the meeting on a nonvoting basis.

6 (f) The Chairperson and Vice-Chairperson of the Users
7 Advisory Board and the Chairpersons of the working panels
8 shall constitute an executive board.

9 (g) The Secretary shall, after consultation with the
10 executive board, provide clerical assistance and staff personnel
11 to the Users Advisory Board to carry out its duties. In addi-
12 tion, the Secretary shall employ, with the advice and con-
13 sent of the executive board, a person to serve as staff director
14 for the Users Advisory Board. The staff director shall be
15 deemed to be a confidential or policymaking position excepted
16 from the Civil Service competitive service requirements of
17 title 5 of the United States Code. The staff director shall be
18 an ex officio member of the Users Advisory Board and all
19 working panels.

20 (h) The Users Advisory Board shall—

21 (1) develop and submit recommendations as to
22 appropriate subjects and issues for consideration by the
23 Policy Council;

24 (2) annually review and assess for the Policy Coun-
25 cil and Operations Committee—

34

1 (A) the policies, programs, goals, and priorities
2 of Federal departments and agencies performing
3 food and agricultural research;

4 (B) the relationship of the Federal Govern-
5 ment with the agricultural and mechanical colleges
6 and State agricultural experiment stations, and with
7 other colleges and universities in the United States
8 which conduct or have the capacity to conduct food
9 and agricultural research with Federal support; and

10 (C) the extent of food and agricultural research
11 being conducted by other entities, including private
12 foundations and businesses, and the relationships of
13 such research to federally supported food and agri-
14 cultural research; and

15 (3) prepare and submit to the Secretary, not later
16 than November 30 of each year, a statement of the rec-
17 ommendations of the Users Advisory Board developed
18 pursuant to the requirements of section 808 (a) of this
19 title. The statement shall also include a review and an
20 assessment of the allocation of funds for food and agricul-
21 tural research by the organization represented on the
22 Operations Committee for the preceding fiscal year.
23 Minority views, if timely submitted, shall be included in
24 the submission. The Secretary shall make the statement
25 available to the Policy Council and Operations Com-
26 mittee.

1 (i) The working panels shall—
2 (1) conduct public workshops and meetings with
3 interested persons, to assure that, to the maximum ex-
4 tent possible, the views and comments of all such per-
5 sons are obtained; and

6 (2) transmit summaries of the views and opinions
7 obtained to the Policy Council.

8 ESTABLISHMENT OF THE OFFICE OF RESEARCH AND COM-
9 PETITIVE GRANTS AND DUTIES OF THE DIRECTOR

10 SEC. 806. (a) The Secretary shall establish in the De-
11 partment of Agriculture an office to be known as the Office
12 of Research and Competitive Grants. This Office shall be
13 headed by a Director who shall be appointed by the Presi-
14 dent, by and with the advice and consent of the Senate, and
15 who shall report generally to the Assistant Secretary of Ag-
16 riculture with jurisdiction over food and agricultural re-
17 search. The Director shall possess demonstrated competence
18 in research administration and professional experience in one
19 or more of the sciences involved in food and agricultural
20 research.

21 (b) The Director shall provide executive secretarial
22 support to the Policy Council and the Operations Committee
23 and shall serve as an ex officio member of the Operations
24 Committee.

1 (c) The Director shall compile, maintain, and dissemi-
2 nate information about each federally supported research
3 project and, to the maximum extent possible, information
4 about private research projects, pursuant to the system de-
5 veloped by the Operations Committee under section 804 (f)
6 (2) of this title.

7 (d) The Director shall administer the competitive
8 grants provided for in section 813 of this title.

9 FUNDING OF FOOD AND AGRICULTURAL RESEARCH

10 PROGRAMS

11 SEC. 807. It is the sense of Congress that Federal
12 funding for food and agricultural research programs should
13 equal, in any fiscal year, an amount not less than one-half
14 of 1 per centum of the total value of personal consumption
15 expenditures for food in the United States for the preceding
16 calendar year plus one-half of 1 per centum of the gross value
17 of agricultural exports from the United States for the pre-
18 ceding calendar year, as reported by the Department of
19 Commerce. Nothing herein shall prevent the President or
20 Congress from requesting or appropriating amounts greater
21 than the level specified by this section.

22 EXAMINATIONS AND RECOMMENDATIONS WITH RESPECT

23 TO APPROPRIATIONS

24 SEC. 808. (a) The Policy Council, Operations Commit-
25 tee, and Users Advisory Board shall annually examine fed-

1 erally supported food and agricultural research and educa-
2 tion programs, identify the priority needs for those programs,
3 and make recommendations as to allocations of responsibilities
4 and levels of funding among these programs. The recom-
5 mendations shall be submitted to the Secretary as provided
6 in this subtitle.

7 (b) A statement of the recommendations shall be sub-
8 mitted by the Secretary of Agriculture to the President, the
9 Speaker of the House of Representatives, and the President
10 of the Senate not later than February 15 of each year, except
11 that the first statement shall not be due until February 15
12 of the second fiscal year following the fiscal year in which
13 this Act becomes effective.

14 RULES AND REGULATIONS

15 SEC. 809. The Secretary of Agriculture is authorized to
16 prescribe such rules and regulations as the Secretary deems
17 necessary to carry out the provisions of this subtitle.

18 GENERAL PROVISIONS

19 SEC. 810. (a) Any vacancy in the Policy Council, Op-
20 erations Committee, or the Users Advisory Board shall not
21 affect their powers under this subtitle and shall be filled in
22 the same manner as the original position.

23 (b) Members of the Policy Council and the Operations
24 Committee may designate representatives to attend meetings

1 of the Policy Council or Operations Committee whenever
2 they are unable to attend.

3 (c) The Policy Council, Operations Committee, and
4 Users Advisory Board are authorized to delegate any func-
5 tions to their individual members, and to make such rules
6 and regulations as are necessary for the conduct of business,
7 except as herein otherwise provided.

8 (d) Members of the Policy Council, Operations Com-
9 mittee, and Users Advisory Board shall serve without com-
10 pensation, if not otherwise officers or employees of the United
11 States, except that members of the Operations Committee
12 and Users Advisory Board shall, while away from their
13 homes or regular places of business in the performance of
14 services under this subtitle, be allowed travel expenses, in-
15 cluding per diem in lieu of subsistence, as authorized under
16 section 5703 of title 5 of the United States Code.

17 DIRECTOR—EXECUTIVE LEVEL V

18 SEC. 811. Section 5316 of title 5 of the United States
19 Code, as amended, is amended by adding at the end thereof
20 a new paragraph (141) as follows:

21 “(141) Director, Office of Research and Competi-
22 tive Grants, Department of Agriculture.”.

23 APPROPRIATIONS

24 SEC. 812. There are hereby authorized to be appro-
25 priated such sums as are necessary to carry out the provisions
26 of this subtitle.

1 Subtitle B—Food and Agricultural Research

2 Grants and Contingency Funds

3 RESEARCH GRANTS

4 SEC. 813. Section 2 of the Act of August 4, 1965 (79
5 Stat. 431; 7 U.S.C. 450i), is amended to read as follows:

6 “SEC. 2. (a) In order to promote research in food,
7 agriculture, and related areas, a research grants program is
8 hereby established in the Department of Agriculture.

9 “(b) The Secretary of Agriculture is authorized to
10 make competitive grants, for periods not to exceed five
11 years duration, to State agricultural experiment stations,
12 colleges, universities, other research institutions and orga-
13 nizations, and to Federal and private organizations or cor-
14 porations and individuals, for research to further the pro-
15 grams of the Department of Agriculture. Not less than 50
16 per centum of the funds extended for competitive grants
17 shall be allocated by the Secretary to high-priority research
18 taking into consideration the determinations made by the
19 Federal Food and Agricultural Research Operations and Ad-
20 visory Committee identifying high-priority research areas.

21 “(c) The Secretary of Agriculture is authorized to
22 make grants, for periods not to exceed three year' duration,
23 to agricultural and mechanical colleges eligible to receive
24 funds under the Act of July 2, 1862 (12 Stat. 503, as
25 amended; 7 U.S.C. 301-305, 307, and 308) or the Act

1 of August 30, 1890 (26 Stat. 419, as amended; 7 U.S.C.
2 321-326 and 328), including the Tuskegee Institute, and
3 State agricultural experiment stations, to facilitate or ex-
4 pand on-going State-Federal research programs that (1)
5 require funding in excess of normal program levels, (2)
6 promote excellence in research, (3) promote the develop-
7 ment of regional research centers, or (4) promote the
8 research partnership between the Department of Agriculture
9 and such colleges, or the State agricultural experiment
10 stations.

11 “(d) The Secretary of Agriculture shall make annual
12 grants to support the purchase of equipment and supplies
13 and the construction, alteration, or renovation of buildings
14 necessary for the conduct of food and agricultural research,
15 to—

16 “(1) each State agricultural experiment station in
17 an amount of \$100,000 or an amount which is equal
18 to 10 per centum of the funds received by such station
19 under the Act of March 2, 1887 (24 Stat. 440, as
20 amended; 7 U.S.C. 361a-361i), and the Act of Octo-
21 ber 10, 1962 (76 Stat. 806; 16 U.S.C. 582a-7), which-
22 ever is greater: *Provided*, That of any amount in excess
23 of \$50,000 made available under this paragraph during
24 any year for allotment to a State agricultural experiment
25 station, no payment thereof shall be made in excess of

1 the amount which the station makes available during
2 that year for the establishment and maintenance of
3 facilities; and

4 “(2) each accredited college of veterinary medi-
5 cine and State agricultural experiment station which
6 receives funds from the Federal Government for animal
7 health research, in an amount which is equal to 10 per
8 centum of the animal health research funds received from
9 the Federal Government during the previous fiscal year.

10 Any State agricultural experiment station or college eligible
11 for annual grants under this section may elect to defer the
12 receipt of an annual grant for any fiscal year for up to five
13 years: *Provided*, That the total amounts deferred may not
14 exceed \$1,000,000. Application may be made for receipt
15 of deferred grants at any time during the five years, subject
16 to the matching funds requirement of this section and the
17 availability of appropriations under this section.

18 “(e) Each recipient of assistance under this section shall
19 keep such records as the Secretary of Agriculture shall, by
20 regulation, prescribe, including records which fully disclose
21 the amount and disposition by such recipient of the proceeds
22 of such grants, the total cost of the project or undertaking
23 in connection with which such funds are given or used, and
24 the amount of that portion of the costs of the project or
25 undertaking supplied by other sources, and such other records

1 as will facilitate an effective audit. The Secretary of Agricul-
2 ture and the Comptroller General of the United States or
3 any of their duly authorized representatives shall have access
4 for the purpose of audit and examination to any books, docu-
5 ments, papers, and records of the recipients that are pertinent
6 to the grants received under this section.

7 “(f) The Secretary of Agriculture shall limit allowable
8 overhead costs, with respect to grants awarded under this
9 section, to those necessary to carry out the purposes of the
10 grants.

11 “(g) There are hereby authorized to be appropriated
12 such sums as are necessary to carry out the provisions of
13 this section.

14 “(h) The Secretary of Agriculture is authorized to pre-
15 scribe such rules and regulations as the Secretary deems
16 necessary to carry out the provisions of this section.”.

17 CONTINGENCY FUND

18 SEC. 814. A contingency fund for the Department of
19 Agriculture shall be established in the United States Treasury
20 to be called the “Department of Agriculture-Contingency
21 Research Fund”, and there are hereby authorized to be
22 appropriated such sums as are necessary to maintain such
23 fund at a minimum level of \$5,000,000. The fund shall be
24 available to the Secretary of Agriculture without fiscal year

1 limitation to meet irregular or unexpected research needs of
2 any service agency within the Department of Agriculture
3 and emergency food and agricultural research needs, includ-
4 ing national or regional conferences in connection with
5 emergency problems or situations.

6 Subtitle C—National Food and Human Nutrition Research
7 and Extension Program

8 FINDINGS AND DECLARATIONS

9 SEC. 815. (a) Congress hereby finds that there is in-
10 creasing evidence of a relationship between diet and many
11 of the leading causes of death in the United States; that
12 improved nutrition is an integral component of preventive
13 health care; that there is a serious need for research on the
14 chronic effects of diet on degenerative diseases and related
15 disorders; that nutrition and health considerations are im-
16 portant to United States agricultural policy; that there is
17 insufficient knowledge concerning precise human nutritional
18 requirements, the interaction of the various nutritional con-
19 stituents of food, and differences in nutritional requirements
20 among different population groups such as infants, children,
21 adolescents, elderly men and women, and pregnant women;
22 and that there is a critical need for objective data concerning
23 food safety, the potential of food enrichment, and means to
24 encourage better nutritional practices.

1 (b) It is hereby declared to be the policy of the United
2 States, for the promotion and protection of the general wel-
3 fare of its people, that the United States Department of Ag-
4 riculture conduct research in the fields of human nutrition
5 and the nutritive value of foods and conduct human nutri-
6 tion education activities, as provided in this subtitle.

7 AUTHORIZATIONS TO THE SECRETARY OF AGRICULTURE

8 SEC. 816. In order to carry out the policy of this sub-
9 title, the Secretary of Agriculture of the United States shall
10 develop and implement a national food and human nutrition
11 research and extension program that shall include, but not
12 be limited to—

13 (a) research on human nutritional requirements;

14 (b) research on the nutrient composition of foods
15 and the effects of agricultural practices, handling, food
16 processing, and cooking on the nutrients they contain;

17 (c) surveillance of the nutritional benefits pro-
18 vided to participants in the food programs administered
19 by the Department of Agriculture;

20 (d) research on the factors affecting food prefer-
21 ences and habits; and

22 (e) the development of techniques and equipment
23 to assist consumers in the home or in institutions in se-
24 lecting food that supplies a nutritionally adequate diet.

1 RESEARCH BY THE AGRICULTURAL RESEARCH SERVICE

2 SEC. 817. (a) The Secretary of Agriculture shall estab-
3 lish research into food and human nutrition as a separate
4 and distinct mission of the Agricultural Research Service,
5 and the Secretary shall increase support for such research
6 to a level that provides resources adequate to meet the policy
7 of this subtitle.

8 (b) The Secretary, in administering food and human
9 nutrition research within the Agricultural Research Service,
10 shall periodically consult with the administrators of the
11 Federal agencies that have responsibility for programs deal-
12 ing with human food and nutrition, as to the specific research
13 needs of those agencies.

14 (c) Not less than 2 per centum of the funds appro-
15 priated to the Agricultural Research Service for food and
16 human nutrition research in any fiscal year shall be allocated
17 and be available to carry out needed research to improve the
18 operations of the programs of the Food and Nutrition Serv-
19 ice, as jointly determined by the Administrators of the Agri-
20 cultural Research Service and the Food and Nutrition
21 Service.

22 STUDY

23 SEC. 818. The Secretary of Agriculture shall perform a
24 study assessing the potential value and cost of establishing

1 regional food and human nutrition research centers in the
 2 United States. This assessment shall examine the feasibility
 3 of using existing Federal facilities in establishing such centers.
 4 The Secretary shall complete this study and submit a report
 5 setting forth the findings of the study and recommendations
 6 for the implementation of these findings, as a part of the
 7 plan the Secretary is required to submit to Congress pur-
 8 suant to section 822 of this subtitle, not later than one year
 9 after the effective date of this Act.

10 RESEARCH BY STATE AGRICULTURAL EXPERIMENT
 11 STATIONS

12 SEC. 819. Section 3 (c) of the Act of March 2, 1887
 13 (24 Stat. 441, as amended; 7 U.S.C. 361c(c)) is
 14 amended—

15 (a) by redesignating paragraph 5 as paragraph 6
 16 and inserting immediately before redesignated paragraph
 17 6 a new paragraph 5 as follows:

18 "5. Not less than 15 per centum of any funds appro-
 19 priated pursuant to this subsection for distribution to States
 20 shall be used by State agricultural experiment stations for
 21 conducting food and human nutrition research projects ap-
 22 proved by the Secretary of Agriculture;"; and

23 (b) by striking out "20" in paragraph 4 and
 24 inserting "10".

NUTRITION EDUCATION

1

2 SEC. 820. (a) The Extension Service of the Department
3 of Agriculture shall establish a national education program
4 which shall include, but not be limited to, the dissemination
5 of the results of food and human nutrition research per-
6 formed by the Agricultural Research Service and the State
7 agricultural experiment stations under the direction of the
8 Cooperative State Research Service.

9 (b) In order to enable low-income individuals and
10 families to engage in nutritionally sound food purchasing and
11 preparation practices, the expanded Federal nutrition educa-
12 tion program conducted under section 3 (d) of the Smith-
13 Lever Act, as amended (7 U.S.C. 343 (d)), shall be
14 expanded to provide for the employment and training of
15 professional and paraprofessional aides to engage in direct
16 nutrition education of enrolled families. Funds for carrying
17 out the provisions of this subsection shall be allocated to each
18 State, in an amount which bears the same ratio to the total
19 amount to be allocated as the population of the State living
20 at or below 125 per centum of the income poverty guidelines
21 prescribed by the Office of Management and Budget (ad-
22 justed pursuant to section 625 of the Economic Opportunity
23 Act of 1964, as amended (42 U.S.C. 2971d)) bears to the
24 total population of all the States living at or below 125 per

1 centum of the income poverty guidelines, as determined
2 by the last preceding decennial census at the time each such
3 sum is first appropriated. To the maximum extent practica-
4 ble, program aides will be hired from the indigenous target
5 population. The provisions of this subsection shall not pre-
6 clude the Extension Service from developing educational
7 materials and programs for persons in income ranges above
8 the level designated in this subsection. As used in this section
9 and section 821 of this title, the term "State" means any
10 one of the fifty States and the District of Columbia, Guam,
11 Puerto Rico, and the Virgin Islands of the United States.

12 SEC. 821. In order to encourage nutrition education pro-
13 grams in the classrooms and lunchrooms of elementary and
14 secondary schools, the Secretary of Agriculture shall, in con-
15 sultation with appropriate officials in the Department of
16 Health, Education, and Welfare, develop and distribute to
17 State departments of education a comprehensive set of edu-
18 cational materials on food and nutrition education which
19 shall be appropriate for all levels of the elementary and sec-
20 ondary education system.

21 REPORT TO CONGRESS

22 SEC. 822. The Secretary of Agriculture shall submit a
23 comprehensive plan for implementing the National Food and
24 Human Nutrition Research and Extension Program provided
25 for by this subtitle to Congress within one year after the

1 effective date of this Act. The plan shall include, but not
2 be limited to, recommendations relating to research direction,
3 funding levels, needed facilities grants, and use of Federal
4 facilities in cooperation with States and others, necessary to
5 achieve the policy set forth in section 815 of this title.

6 RULES AND REGULATIONS

7 SEC. 823. The Secretary of Agriculture is authorized to
8 prescribe such rules and regulations as the Secretary deems
9 necessary to carry out the provisions of this subtitle.

10 Subtitle D—Animal Health Research

11 PURPOSE

12 SEC. 824. It is the purpose of this subtitle to promote
13 the general welfare through improved health and produc-
14 tivity of domestic livestock, poultry, and other income-pro-
15 ducing animals which are essential to the Nation's food
16 supply and the welfare of producers and consumers of animal
17 products; to facilitate the effective treatment of and, where
18 possible, prevent animal and poultry diseases that, if not con-
19 trolled, would be disastrous to the United States livestock
20 and poultry industries and endanger the Nation's food sup-
21 ply; to minimize livestock and poultry losses due to trans-
22 portation and handling; to protect human health through
23 control of animal diseases transmissible to humans; to im-
24 prove the health of companion animals which support an in-
25 dustry of major economic importance and which contribute

1 significantly to the quality of family life; to improve method
2 of controlling the births of predators and other animals; and
3 otherwise to promote the general welfare through expanded
4 programs of research to improve animal health. It is rec-
5 ognized that the total animal health research efforts of the
6 several State colleges and universities and of the Federal
7 Government of the United States would be more effective
8 if there were close coordination between such programs,
9 and it is further recognized that colleges of veterinary medi-
10 cine and departments of veterinary sciences and animal
11 pathology, and similar units conducting animal health re-
12 search in the State agricultural experiment stations, are
13 especially vital in training research workers in animal
14 health.

15

DEFINITIONS

16 SEC. 825. When used in this subtitle—

17 (a) the term “eligible institution” means those
18 State agricultural experiment stations eligible to receive
19 assistance under the Act of March 2, 1887 (24 Stat.
20 440, as amended; 7 U.S.C. 361a-361i), and accredited
21 colleges of veterinary medicine;

22 (b) the term “dean” means the dean of a college of
23 veterinary medicine;

24 (c) the term “director” means the director of a
25 State agricultural experiment station;

26 (d) the term “State” means any one of the fifty

1 States and the District of Columbia, Guam, Puerto Rico,
2 and the Virgin Islands of the United States;

3 (e) the term "Secretary" means the Secretary of
4 Agriculture of the United States;

5 (f) the term "Advisory Board" means the Animal
6 Health Science Research Advisory Board; and

7 (g) the term "animal health research capacity"
8 means the capacity of an eligible institution to conduct
9 research on animal health, as determined by the
10 Secretary.

11 AUTHORIZATION TO THE SECRETARY OF AGRICULTURE

12 SEC. 826. In order to carry out the purposes of this
13 subtitle, the Secretary is hereby authorized to cooperate
14 with, encourage, and assist the States in carrying out pro-
15 grams of animal health research at eligible institutions, in
16 the manner hereinafter described in this subtitle.

17 ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD

18 SEC. 827. (a) The Secretary shall establish a perma-
19 nent board to be known as the Animal Health Science Re-
20 search Advisory Board, composed of the following eleven
21 members—

22 (1) the Administrator of the Agricultural Research
23 Service of the Department of Agriculture;

24 (2) the Administrator of the Cooperative State Re-
25 search Service of the Department of Agriculture;

1 (3) the Administrator of the Animal and Plant
2 Health Inspection Service of the Department of Agricul-
3 ture;

4 (4) the Director of the Bureau of Veterinary Med-
5 icine of the Food and Drug Administration of the De-
6 partment of Health, Education, and Welfare;

7 (5) the following seven members appointed by the
8 Secretary—

9 (A) two persons representing accredited col-
10 leges of veterinary medicine,

11 (B) two persons representing State agricultural
12 experiment stations, and

13 (C) three persons representing national live-
14 stock and poultry organizations.

15 The members shall serve without compensation, if not other-
16 wise officers or employees of the United States; except that
17 while away from their homes or regular places of business in
18 the performance of services for the Advisory Board, members
19 of the Advisory Board shall be allowed travel expenses, in-
20 cluding per diem in lieu of subsistence, as authorized under
21 section 5703 of title 5 of the United States Code.

22 (b) The Advisory Board shall provide consultation
23 and advice to and assist the Secretary in administering this
24 subtitle.

25 (c) The Advisory Board shall meet at the call of the

1 Secretary, but at least once annually to advise the Secretary
2 with respect to the administration and implementation of
3 this subtitle and to recommend priorities for the conduct of
4 research programs authorized under this subtitle, under such
5 rules and procedures for conducting business as the Secretary shall, in his discretion, prescribe.

7 (d) Nongovernmental members of the Advisory Board
8 shall be appointed for three-year terms and may be re-
9 appointed only after an absence from the Advisory Board
10 of at least three years: *Provided*, That their original ap-
11 pointments shall be for one, two, and three years, on a pro-
12 portional basis, and any person appointed for less than a
13 full term may be reappointed after the expiration of such
14 term for a successive appointment for a full three-year term.

15 (e) (1) The Advisory Board shall elect a Chairperson
16 from its membership, and the Chairperson shall serve for a
17 term of one year.

18 (2) The Chairperson of the Advisory Board shall serve
19 as a member of the Federal Food and Agricultural Re-
20 search Operations and Advisory Committee.

21 APPROPRIATIONS FOR CONTINUING ANIMAL HEALTH

22 RESEARCH PROGRAMS

23 SEC. 828. (a) Congress is hereby authorized to ap-
24 propriate funds annually in such amount as Congress
25 may determine necessary to support continuing animal health

1 research programs at eligible institutions. Funds appropriated
2 under this section shall be used to meet expenses of conduct-
3 ing animal health research, publishing and disseminating
4 the results of such research, contributing to the retirement
5 of employees subject to the provisions of the Act of
6 March 4, 1940 (54 Stat. 39, as amended; 7 U.S.C. 331),
7 administrative planning and direction, and to purchase equip-
8 ment and supplies necessary for conducting such research.

9 (b) Funds appropriated under subsection (a) of this
10 section for any fiscal year shall be apportioned as follows:

11 (1) Four per centum shall be retained by the
12 United States Department of Agriculture for adminis-
13 tration, program assistance to the eligible institutions,
14 and program coordination.

15 (2) Forty-eight per centum shall be distributed
16 among the several States to the eligible institutions in
17 each State in the proportion that the value of and income
18 to producers from domestic livestock and poultry in the
19 State where the eligible institution is located, bears to
20 the total value of and income to producers from domestic
21 livestock and poultry in the United States. The Secretary
22 shall determine the total value of and income from
23 domestic livestock and poultry and the proportionate
24 value of and income from domestic livestock and poultry
25 for each State, based on the most current inventory of

1 all cattle, sheep, swine, horses, and poultry, published
2 by the United States Department of Agriculture.

3 (3) Forty-eight per centum shall be distributed
4 among the eligible institutions of the several States in
5 proportion to the animal health research capacity of
6 the eligible institution or institutions in each State. The
7 Secretary shall determine the animal health research
8 capacity of an eligible institution, with the advice of
9 the Advisory Board.

10 (c) In those States with accredited colleges of veteri-
11 nary medicine, the deans of the accredited college or colleges
12 and the director of the State agricultural experiment sta-
13 tion for the State, shall develop a comprehensive animal
14 health research program based on the animal health research
15 capacity of each eligible institution in the State, which shall
16 be submitted to the Secretary for approval and shall be used
17 for the allocation of funds available for the State under this
18 section.

19 (d) Whenever a new college of veterinary medicine
20 is established in a State and is accredited, the Secretary,
21 after consultation with the dean of such college, and, where
22 applicable, deans of other accredited colleges in the State
23 in which the new college is established, and the director of
24 the State agricultural experiment station, shall provide for
25 the reallocation of funds available to institutions in the

1 State pursuant to subsection (b) (2) of this section between
2 the new college and other eligible institutions in the State,
3 based on the animal health research capacity of each eligible
4 institution.

5 (e) Whenever two or more States jointly establish
6 a regional college of veterinary medicine or jointly support
7 a college of veterinary medicine serving the States involved,
8 the Secretary is authorized to make funds available to such
9 institution pursuant to subsection (b) (2) of this section
10 in such amounts that reflect the combined relative value of
11 and income from livestock and poultry in the cooperating
12 States, such amount to be adjusted, as necessary, pursuant
13 to the provisions of subsections (c) and (d) of this section.

14 APPROPRIATIONS FOR RESEARCH ON NATIONAL OR

15 REGIONAL PROBLEMS

16 SEC. 829. (a) Congress is hereby authorized to appro-
17 priate funds annually in such amount as Congress may deter-
18 mine necessary to support research on specific national or
19 regional animal health problems. Funds appropriated under
20 this section shall be used to pay costs of conducting research
21 and other costs provided for in section 828 (a) of this title.

22 (b) Funds appropriated under this section shall be
23 allocated by the Secretary to eligible institutions for work
24 to be done, as mutually agreed upon between the Secretary
25 and the applicable eligible institution or institutions. The

1 Secretary shall consult the Advisory Board in developing
2 plans for the use of these funds.

3 AVAILABILITY OF APPROPRIATED FUNDS

4 SEC. 830. Funds available for allocation under the terms
5 of this subtitle shall be paid to each eligible institution at
6 such times and in such amounts as shall be determined by the
7 Secretary. Funds shall remain available for payment of un-
8 liquidated obligations for one additional fiscal year following
9 the year of appropriation.

10 WITHHOLDING OF APPROPRIATED FUNDS

11 SEC. 831. If the Secretary determines that an eligible
12 institution is not entitled to receive its allocation of the annual
13 appropriation because of its failure to satisfy requirements of
14 this subtitle or regulations issued under it, the Secretary shall
15 withhold such amount. The facts and reasons concerning the
16 determination and withholding shall be reported to the
17 President; and the amount involved shall be kept separate
18 in the Treasury until the close of the next Congress. If the
19 next Congress shall not direct such sum to be paid, it shall
20 be carried to surplus.

21 REQUIREMENTS FOR USE OF FUNDS

22 SEC. 832. (a) With respect to research projects on
23 problems of animal health to be performed at eligible institu-
24 tions and supported with funds allocated to the institutions
25 under this subtitle, the dean or director of each eligible insti-

1 tution shall cause to be prepared and shall review proposals
2 for such research projects, which contain data showing com-
3 pliance with the purpose in section 824 of this title and the
4 provisions for use of funds specified in section 828 (a) of this
5 title, and with general guidelines for project eligibility to
6 be provided by the Secretary with the advice of the Advisory
7 Board. Such research proposals that are approved by the
8 dean or director shall be submitted to the Secretary prior to
9 assignment of funds thereto with a brief summary showing
10 compliance with the purpose of this subtitle and the Secre-
11 tary's general guidelines.

12 (b) Each dean or director shall also submit an annual
13 report stating the accomplishments of research projects
14 funded under this subtitle on a project-by-project basis and
15 shall account for all funds allocated to the institution under
16 the provisions of this subtitle at such times and on such forms
17 as the Secretary shall prescribe. If any portion of the allotted
18 moneys received shall by any action or contingency be
19 diminished, lost, or misapplied, it shall be replaced by the
20 State concerned and until so replaced, no subsequent appro-
21 priation shall be allotted or paid to such institution.

22

MATCHING FUNDS

23 SEC. 833. The amount paid by the Federal Govern-
24 ment to any eligible institution for assistance under this
25 subtitle during any fiscal year, exclusive of the funds paid

1 for research on specific national or regional animal health
2 problems under the provisions of section 829 of this title,
3 shall be in an amount not to exceed \$100,000 in addition
4 to an amount not to exceed the amount available to and
5 budgeted for expenditure by such institution during the same
6 fiscal year for animal health research from non-Federal
7 sources. The Secretary is authorized to make such payments
8 in excess of \$100,000 on the certificate of the appropriate
9 official of the institution having charge of the animal health
10 research for which payments under this subtitle are to be
11 made. If any institution certified for receipt of matching
12 funds under this subtitle fails to make available and budget
13 for expenditure for animal health research in any fiscal year
14 sums at least as much as the amount for which it is certified,
15 the difference between the Federal matching funds available
16 and the funds made available and budgeted for expenditure
17 by the institution shall be reapportioned by the Secretary to
18 other eligible institutions of the same State if there be any
19 which qualify therefor, and, if there be none, the Secretary
20 shall reapportion such difference to the qualifying eligible
21 institutions of other States.

22 ALLOCATIONS UNDER THIS SUBTITLE NOT SUBSTITUTIONS

23 SEC. 834. The sums appropriated and allocated to eligi-
24 ble institutions under this subtitle shall be in addition to, and
25 not in substitution for, sums appropriated or otherwise made

1 available to such institutions pursuant to other provisions of
2 law.

3

RECORDS

4 SEC. 835. Each recipient of Federal assistance under this
5 subtitle, pursuant to grants, subgrants, contracts, subcon-
6 tracts, loans, or other arrangements, entered into other than
7 by formal advertising, and which are otherwise authorized
8 by this subtitle shall keep such records as the Secretary shall
9 prescribe, including records which fully disclose the amount
10 and disposition by such recipient of the proceeds of such as-
11 sistance, the total cost of the project or undertaking in con-
12 nection with which such assistance is given or used, the
13 amount of that portion of the cost of the project or undertak-
14 ing supplied by other sources, and such other records as will
15 facilitate an effective audit.

16

ACCESS TO RECORDS

17 SEC. 836. The Secretary of Agriculture and the Comp-
18 troller General of the United States, or any of their duly au-
19 thorized representatives, shall, until the expiration of three
20 years after completion of the project or undertaking referred
21 to in section 835 of this title, have access for the purpose
22 of audit and examination to any books, documents, papers,
23 and records of such recipients which in the opinion of the
24 Secretary or the Comptroller General may be related or per-

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1 tinent to the grants, subgrants, contracts, subcontracts, loans,
2 or other arrangements referred to in section 835.

3 RULES AND REGULATIONS

4 SEC. 837. The Secretary is authorized to prescribe such
5 rules and regulations as the Secretary deems necessary to
6 carry out the provisions of this subtitle, and to furnish such
7 advice and assistance as will best promote the purposes of
8 this subtitle.

9 TITLE IX—PUBLIC LAW 480

10 CONFORMING AMENDMENT

11 SEC. 901. Section 103 (b) of the Agricultural Trade
12 Development and Assistance Act of 1954, as amended, is
13 amended by striking out "in section 106 (b) (2)" and insert-
14 ing in lieu thereof "in section 106 (b) (2) and section 112",

15 MODIFICATION OF TITLE I ALLOCATION FORMULA

16 SEC. 902. Section 111 of the Agricultural Trade Devel-
17 opment and Assistance Act of 1954, as amended, is amended,
18 by inserting "(a)" immediately after the section designa-
19 tion, and by adding at the end thereof a new subsection (b)
20 as follows:

21 "(b). If the President determines that the quantity of
22 commodities otherwise required to be allocated under sub-
23 section (a) of this section to countries with an annual per
24 capita gross national product of \$300 or less cannot be effec-

1 tively used to carry out the humanitarian purposes of this
2 title, the President may reallocate such commodities.”.

3 FACILITIES TO AID DISTRIBUTION AND CONSUMPTION
4 OF UNITED STATES FARM COMMODITIES

5 SEC. 903. Title I of the Agricultural Trade Develop-
6 ment and Assistance Act of 1954, as amended, is amended
7 by adding at the end thereof a new section 112 as follows:

8 “SEC. 112. (a) Notwithstanding any other provision
9 of this Act, the President is authorized to enter into com-
10 modity sales agreements with foreign countries or interna-
11 tional organizations, and to use foreign currencies, including
12 principal and interest from loan repayments, derived from
13 such sales for the purposes described in subsection (b) of
14 this section.

15 “(b) From the sales proceeds and loan repayments
16 under this title not less than the equivalent of 5 per centum
17 of the total value of all agreements shall be set aside and
18 made available to the Secretary of Agriculture to finance
19 projects, in cooperation with other appropriate agencies, that
20 will aid in the utilization, distribution, storage, transporta-
21 tion, or otherwise increase foreign consumption of and mar-
22 kets for all United States agricultural commodities: *Pro-*
23 *vided*, That the Secretary of Agriculture may release such
24 amounts so set aside as he determines cannot be effectively
25 used to carry out the purposes of this section.”.

1 MODIFICATION OF TITLE II MINIMUM QUANTITY

2 REQUIREMENT

3 SEC. 904. Section 201 (b) of the Agricultural Trade De-
4 velopment and Assistance Act of 1954, as amended, is
5 amended to read as follows:

6 “(b) The quantity of agricultural commodities made
7 available under this title to foreign governments and the
8 agencies described under section 202 of this Act for any
9 fiscal year shall not be less than one million five hun-
10 dred thousand tons, unless the President determines and
11 reports to Congress together with his reasons, that such
12 quantity cannot be used effectively to carry out the purposes
13 of this title: *Provided*, That such minimum quantity shall
14 not exceed the total quantity of commodities determined to
15 be available for disposition under this Act pursuant to sec-
16 tion 401, less the quantity of commodities required to meet
17 famine or other urgent or extraordinary relief requirements.”.

18 REIMBURSEMENT OF TRANSPORTATION COSTS

19 SEC. 905. Section 203 of the Agricultural Trade De-
20 velopment and Assistance Act of 1954, as amended, is
21 amended as follows:

22 (a) by striking out the comma after the words
23 “ports of entry abroad” and inserting in lieu thereof
24 a semicolon;

1 (b) by striking out "or, in the case of landlocked
2 countries,"; and

3 (c) by inserting immediately after "points of
4 entry abroad" the following: "in the cases of (a) land-
5 locked countries, (b) where ports cannot be used effec-
6 tively because of natural or other disturbances, (c)
7 where carriers to a specific country are unavailable, or
8 (d) where a substantial savings in costs or time can be
9 effected by the utilization of points of entry other than
10 ports".

11 INCREASED APPROPRIATION LIMIT FOR TITLE II

12 SEC. 906. Section 204 of the Agricultural Trade De-
13 velopment and Assistance Act of 1954, as amended, is
14 amended by striking out "\$600,000,000" and inserting in
15 lieu thereof "\$900,000,000".

16 REVISION OF REPORTING REQUIREMENTS

17 SEC. 907. Section 408 of the Agricultural Trade Devel-
18 opment and Assistance Act of 1954, as amended, is amended
19 as follows:

20 (a) Subsection (b) is amended to read as follows:

21 "(b) Not later than July 1 of each calendar year, the
22 Secretary of Agriculture shall submit to Congress a global
23 assessment of food production and needs and planned pro-
24 gramming of food assistance for the coming fiscal year."

1 (b) Subsection (c) is amended by striking out "Presi-
2 dent" and inserting in lieu thereof "Secretary of Agriculture".

3 EXTENSION OF THE PROGRAM

4 SEC. 908. Section 409 of the Agricultural Trade Devel-
5 opment and Assistance Act of 1954, as amended, is amended
6 by striking out "1977" and inserting in lieu thereof "1982".

7 TITLE X—FOOD STAMPS

8 SHORT TITLE

9 SEC. 1001. This title may be cited as the "National
10 Food Stamp Reform Act of 1977".

11 DEFINITIONS

12 SEC. 1002. Section 3 of the Food Stamp Act of 1964,
13 as amended, is amended as follows:

14 (a) Subsection (e) is amended to read as follows:

15 "(e) The term 'household' means a group of individuals
16 who are sharing common living quarters, but who are not
17 residents of an institution or boardinghouse, and who have
18 access to cooking facilities and for whom food is customarily
19 purchased in common. Residents of federally subsidized
20 housing for the elderly, built under either section 202 of
21 the Housing Act of 1959 (12 U.S.C. 1701q) or section
22 236 of the National Housing Act (12 U.S.C. 1715z-1),
23 shall not be considered residents of an institution or board-
24 inghouse. The term 'household' also means (1) a single

1 individual living alone who has access to cooking facilities
2 and who purchases food for home consumption; (2) an
3 elderly person who meets the requirements of section 10 (h)
4 of this Act; or (3) any narcotics addict or alcoholic who
5 lives under the supervision of a private nonprofit organiza-
6 tion or institution for the purpose of regular participation in
7 a drug or alcoholic treatment and rehabilitation program.
8 Notwithstanding any other provision of this subsection,
9 households in which a member is eligible to participate in
10 the nutrition program for the elderly under title VII of the
11 Older Americans Act of 1965, or is authorized by section
12 10 (h) of this Act to use coupons for meals on wheels, shall
13 not be required to have cooking facilities.”.

14 (b) Subsection (f) is amended by striking out the
15 period at the end of the second sentence and inserting in lieu
16 thereof the following: “, or any private nonprofit coopera-
17 tive food purchasing venture in which the members pay for
18 food purchased prior to receipt of such food. Such private
19 nonprofit cooperative is authorized to redeem members’ food
20 coupons prior to receipt by the members of the food so pur-
21 chased. Organizations and institutions specified in section 10
22 (i) of this Act are not authorized to redeem coupons through
23 banks.”.

24 (c) Subsection (l) is amended to read as follows:

25 “(1) The term ‘elderly person’ means a person sixty

1 years of age or over who is not a resident of an institution or
2 boardinghouse.”.

3 (d) Section 3 is amended by adding at the end thereof
4 a new subsection (p) as follows:

5 “(p) The term ‘nutritionally adequate diet’ means a
6 diet having the value of the food required to feed a family
7 of four persons consisting of a man and a woman twenty
8 through fifty-four; a child six through eight; and a child
9 nine through eleven years of age, determined in accordance
10 with the thrifty food plan developed in 1975 by the Secre-
11 tary. The cost of such diet shall be the basis for uniform
12 coupon allotments for all households regardless of composi-
13 tion, except for household size adjustments and adjustments
14 to reflect economies of scale set forth in the thrifty food
15 plan.”.

16 DISTRIBUTION OF FEDERALLY DONATED FOODS

17 SEC. 1003. Section 4(b) of the Food Stamp Act of
18 1964, as amended, is amended to read as follows:

19 “(b) In areas where the food stamp program is in
20 operation, there shall be no distribution of federally donated
21 foods to households under the authority of any other law,
22 except that distribution may be made for such period of
23 time as the Secretary determines necessary to effect an
24 orderly transition on an Indian reservation on which the
25 distribution of federally donated foods to households is being

1 replaced by a food stamp program, or where distribution is
2 made on a temporary basis under separately authorized pro-
3 grams to meet disaster relief needs, or where distribution
4 is for the purposes of any supplemental food program.”.

5 ELIGIBLE HOUSEHOLDS

6 SEC. 1004. Section 5 of the Food Stamp Act of 1964, as
7 amended, is amended as follows:

8 (a) Subsection (b) is amended to read as follows:

9 “(b) (1) The Secretary shall establish uniform national
10 standards of eligibility for participation by households in the
11 food stamp program and no plan of operation submitted by
12 a State agency shall be approved unless the standards of
13 eligibility meet those established by the Secretary.

14 “(2) The income standards of eligibility in every State
15 shall be the nonfarm income poverty guidelines prescribed by
16 the Office of Management and Budget adjusted annually pur-
17 suant to section 625 of the Economic Opportunity Act of
18 1964, as amended (47 U.S.C. 2971d) for the forty-eight
19 States and the District of Columbia, Alaska, Hawaii, Puerto
20 Rico, the Virgin Islands of the United States, and Guam,
21 respectively: *Provided*, That in no event shall the standards
22 of eligibility for Puerto Rico, the Virgin Islands, and Guam
23 exceed those in the fifty States.

24 “(3) The Secretary shall utilize the thirty-day period
25 preceding the date of application or recertification in determ-

1 ining income for purposes of eligibility and benefit levels of
2 households: *Provided*, That a longer period may be used as
3 determined by the Secretary for households who regularly
4 derive their annual income in a period of time substantially
5 shorter than one year.

6 “(4) Notwithstanding the provisions of paragraph (3) of
7 this subsection, a household that has suffered a substantial loss
8 of earned income may immediately make application for par-
9 ticipation in the food stamp program. Such application shall
10 be processed in the same manner as that for other applicants
11 except for the determination of the applicant household’s
12 income. At the time of such application, members of the
13 household (who are not otherwise exempt) must register for
14 employment under subsection (c) of this section and shall
15 receive the same services under such subsection as any other
16 applicant. At the end of the thirty-day period after the loss
17 of income, the applicant household may present the verifica-
18 tion of its income to the certifying authority and such author-
19 ity shall issue the applicant household its authorization to
20 purchase card immediately thereafter. The certifying author-
21 ity shall verify the household’s eligibility again within thirty
22 days after the issuance of the authorization to purchase card.

23 “(5) The Secretary shall also prescribe additional
24 standards of eligibility with respect to the amounts of liquid
25 and nonliquid assets a household may own.

1 “(6) Household income for purposes of the food stamp
2 program shall be the gross income of the household, as
3 defined in paragraph (7) of this subsection, less (i) a
4 standard deduction of \$70 a month applicable to all house-
5 holds, except that the standard deduction for Puerto Rico,
6 the Virgin Islands, and Guam shall be \$35 a month; (ii)
7 an additional deduction of \$25 a month for any household
8 in which there is at least one elderly person, or any house-
9 hold which has at least \$150 a month in earned income; and
10 (iii) Federal, State, and local income taxes and social secu-
11 rity taxes paid by employees under the Federal Insurance
12 Contributions Act or mandatory retirement withholdings
13 under section 8334 of title 5, United States Code.

14 “(7) Notwithstanding any other provision of law, gross
15 income for purposes of the food stamp program shall include,
16 but not be limited to, all money payments (including pay-
17 ments made pursuant to title I of the Domestic Volunteer
18 Services Act of 1973 and Federal, State, and local income
19 tax refunds, and Federal income tax credits) and payments
20 in kind, excluding:

21 “(A) payments for medical costs made on behalf
22 of the household;

23 “(B) income received as compensation for services
24 performed as an employee or income from self-employ-
25 ment by a child residing with the household who is

1 a student and who has not attained his eighteenth
2 birthday;

3 “(C) payments received under title II of the Uni-
4 form Relocation Assistance and Real Property Acquisi-
5 tion Policies Act of 1970;

6 “(D) income of a household in a quarter which is
7 received too infrequently or irregularly to be reasonably
8 anticipated: *Provided*, That such infrequent or irregu-
9 lar income of all household members does not exceed
10 \$30 during any three-month period;

11 “(E) all loans, except deferred educational loans
12 to the extent they are not used for tuition and mandatory
13 fees at an institution of higher education or school for
14 the handicapped;

15 “(F) all scholarships, fellowships, grants, and vet-
16 erans’ educational benefits, except to the extent they
17 are not used for tuition and mandatory fees at an insti-
18 tution of higher education or school for the handicapped;

19 “(G) training allowances to the extent they are
20 used for tuition and mandatory fees in a training pro-
21 gram recognized by any Federal, State, or local govern-
22 mental agency which is preparatory to or associated
23 with employment;

24 “(H) housing vendor payments made directly to

1 landlords under programs administered by the Depart-
2 ment of Housing and Urban Development;

3 “(I) payments received under the special supple-
4 mental food program for women, infants, and children
5 authorized by section 17 of the Child Nutrition Act;

6 “(J) vendor or in kind payments derived from
7 government benefit programs including, but not limited
8 to, school lunch, medicare, and elderly feeding programs,
9 and any payments in kind which cannot reasonably and
10 properly be computed;

11 “(K) any income that any other law specifically
12 excludes from consideration as income for the purposes
13 of determining eligibility for the food stamp program;
14 and

15 “(L) the cost of producing self-employed income.

16 “(8) The Secretary may also establish temporary
17 emergency standards of eligibility for the duration of the
18 emergency, without regard to income and other financial
19 resources, for households that are victims of a disaster which
20 disrupts commercial channels of food distribution when he
21 determines that (A) such households are in need of tempo-
22 rary food assistance, and (B) commercial channels of food
23 distribution have again become available to meet the tem-
24 porary food needs of such households.”.

25 (b) Subsection (c) is amended to read as follows:

1 “(c) (1) Notwithstanding any other provision of law,
2 the Secretary shall include in the uniform national standards
3 of eligibility to be prescribed under subsection (b) of this
4 section a provision that each State agency shall provide that
5 a household shall not be eligible for assistance under this Act
6 if it includes an able-bodied adult person between the ages
7 of eighteen and sixty (except a parent or other member of
8 the household who has the responsibility of care of a depend-
9 ent child under the age of twelve or of an incapacitated per-
10 son; a parent or other caretaker of a child or of an incapaci-
11 tated person in households where there is another able-bodied
12 parent who is subject to the requirements of this subsec-
13 tion; bona fide students (enrolled at least half-time) in any
14 school or training program recognized by any Federal, State,
15 or local governmental agency; or persons employed and
16 working at least thirty hours per week) who without good
17 cause—

18 “(A) fails to register for employment at a State
19 employment service office or, when impractical, at such
20 other appropriate State or Federal office designated by
21 the Secretary of Labor;

22 “(B) fails to inquire regularly about employment
23 with prospective employers or otherwise fails to engage
24 regularly in activities directly related to securing em-
25 ployment;

1 “(C) refuses to accept employment or public work
2 at not less than the highest of (i) the applicable State
3 minimum wage; (ii) the applicable Federal minimum
4 wage; (iii) the applicable rates established by a valid
5 regulation of the Federal Government authorized by
6 existing law to establish such regulations; or (iv) if
7 there is no applicable wage as described in subdivision
8 (i), (ii), or (iii) of clause (C) of this paragraph, a
9 wage which is not substantially less favorable than the
10 wage normally paid for similar work in that labor
11 market, but in no event less than three-fourths of the
12 Federal minimum wage rates specified in section 6 (a)
13 (1) of the Fair Labor Standards Act; or

14 “(D) voluntarily quits any job unless the house-
15 hold of which such person is a member was certified for
16 benefits under this Act immediately prior to such un-
17 employment.

18 “(2) In carrying out its responsibilities under this
19 subsection, the State employment service shall comply with
20 regulations issued jointly by the Secretary and the Sec-
21 retary of Labor. The regulations shall take into account
22 the diversity of the food stamp work registrant population
23 and varying registrant needs, and shall conform as closely
24 as possible to the policies of the work incentive program

1 as determined appropriate by the Secretary and the Sec-
2 retary of Labor.

3 “(3) In the event of a failure of the State employ-
4 ment service to comply with the regulations issued under
5 paragraph (2) of this subsection, the Secretary of Labor is
6 authorized to assume the responsibilities of such State em-
7 ployment service. From the sums appropriated to carry out
8 this Act, there are authorized to be allocated for transfer to
9 the Secretary of Labor (A) for fiscal year 1978 not more
10 than \$100,000,000 and (B) for each succeeding fiscal year
11 such sum as may be jointly determined by the Secretary and
12 the Secretary of Labor to be necessary for the Secretary of
13 Labor to carry out his responsibilities under this section.
14 The Secretary shall transfer such sums as are allocated
15 for transfer to the Secretary of Labor. The Secretary of
16 Labor is authorized to make grants to, and enter into agree-
17 ments with, public or private agencies or organizations in
18 order to carry out his responsibilities under this Act.

19 “(4) Refusal to work at a plant or site subject to a
20 strike or lockout for the duration of such strike or lockout
21 shall not be deemed to be a refusal to accept employment.

22 “(5) For the purposes of this section, the term ‘able-
23 bodied adult person’ shall not include any narcotics addict
24 or alcoholic who regularly participates, as a resident or

1 nonresident, in any drug addiction or alcoholic treatment
2 and rehabilitation program for whom the chief administra-
3 tive officer of the rehabilitation program has certified in writ-
4 ing to the State agency that the work registration require-
5 ment would interfere with rehabilitation.

6 “(6) The exception provided in paragraph (1) with
7 respect to bona fide students shall not apply in the case
8 of any student during any period such student is not attend-
9 ing the school or training program in which he is enrolled
10 because of a break in the school year (or between school
11 years) or training programs if the duration of such break
12 is thirty days or more.”.

13 (c) Section 5 is amended by adding at the end thereof
14 new subsections (e) through (j) as follows:

15 “(e) No individual shall be eligible to participate in
16 the food stamp program unless he is a resident of the United
17 States, and is either (1) a citizen or (2) an alien lawfully
18 admitted for permanent residence or otherwise permanently
19 residing in the United States under color of law (including
20 any alien who is lawfully present in the United States as a
21 result of the application of the provisions of section 203 (a)
22 (7) or section 212 (d) (5) of the Immigration and Nation-
23 ality Act). If, in the application process it becomes known,
24 or the State agency has reason to believe, that an alien has
25 entered or remained in the United States illegally, the State

1 agency shall submit to the Department of Justice information
2 indicating that the applicant may be an illegal alien.

3 “(f) No household shall be eligible to participate, or to
4 continue to participate, in the food stamp program, if it
5 refuses to submit to the State agency necessary information
6 for a determination as to the household’s eligibility to par-
7 ticipate in the program. No household shall be eligible to
8 participate in the food stamp program for a period of up to
9 one year after it has been found either by a court of appro-
10 priate jurisdiction to have been guilty of a crime involving
11 fraud in connection with its participation in the food stamp
12 program, or by a State agency, after hearing and notice, to
13 have fraudulently obtained coupons.

14 “(g) The Secretary shall require every participating
15 household (except those participating households in States
16 which implement, at State option, a monthly reporting of
17 changes in the household’s circumstances, including, but not
18 limited to, income, household size, and resources) that
19 experiences changes affecting its eligibility or benefit status
20 to report to the State agency, within ten days of the date
21 upon which such changes become known to the household,
22 any change in monthly income in excess of \$25 and any
23 other change deemed appropriate by the Secretary. If a
24 household fails to fulfill this reporting requirement, or fails
25 to report a change as part of its monthly report in a State

1 which implements monthly client reporting, its coupon allot-
2 ment for the next certification period shall be reduced to re-
3 flect the impact of the changes at the time when they should
4 have been reported.

5 “(h) No individual shall be considered a household
6 member for food stamp program purposes if such individual
7 (1) has reached his eighteenth birthday; (2) is enrolled in
8 an institution of higher education, and (3) is properly
9 claimed or could properly be claimed as a dependent child
10 for Federal income tax purposes by a taxpayer who is not
11 a member of an eligible household.

12 “(i) No household that knowingly transfers liquid or
13 nonliquid assets for the purpose of qualifying or attempting
14 to qualify for the food stamp program shall be eligible to
15 participate in the program for such period of time as may
16 be determined in accordance with regulations issued pursuant
17 to this Act, but in no event shall such period of time be less
18 than thirty days from the date of discovery of the transfer.

19 “(j) No individual who receives supplemental security
20 income benefits under title XVI of the Social Security Act,
21 State supplementary payments described in section 1616 of
22 such Act, or payments of the type referred to in section 212
23 (a) of Public Law 93-66, as amended, shall be considered
24 to be a member of a household or an elderly person for pur-
25 poses of this Act for any month, if, for such month, such

1 individual resides in a State which provides State supplemen-
 2 tary payments (1) of the type described in section 1616 (a)
 3 of the Social Security Act, and (2) the level of which has
 4 been found by the Secretary of Health, Education, and Wel-
 5 fare to have been specifically increased so as to include the
 6 bonus value of food stamps.”.

7 VALUE OF THE COUPON ALLOTMENT AND CHARGES
 8 TO BE MADE

9 SEC. 1005. Section 7 of the Food Stamp Act of 1964,
 10 as amended, is amended as follows:

11 (a) Subsection (a) is amended to read as follows:

12 “(a) The face value of the coupon allotment which
 13 State agencies shall be authorized to issue to any households
 14 certified as eligible to participate in the food stamp program
 15 shall be in such amount as will provide such households a
 16 coupon allotment sufficient to allow them to purchase a
 17 nutritionally adequate diet as defined in section 3 (p) of
 18 this Act: *Provided*, That in no event shall the face value
 19 of the coupon allotments used in Puerto Rico, the Virgin
 20 Islands, and Guam exceed those in the fifty States. The
 21 face value of the coupon allotment shall be adjusted semi-
 22 annually by the nearest dollar increment that is a multiple
 23 of two to reflect changes in the prices of food published
 24 by the Bureau of Labor Statistics in the Department of
 25 Labor. Such changes* shall be made in January and July

1 of each year based upon the cost of food in the preceding
2 August and February, respectively. In no event shall such
3 adjustments be made for households of a given size unless
4 the increase in the face value of the coupon allotment for
5 such households, as calculated in accordance with this sub-
6 section, is a minimum of \$2.”.

7 (b) Subsection (b) is amended to read as follows:

8 “(b) Households shall be charged for the coupon allot-
9 ment issued to them, and the amount of such charge shall be
10 27.5 per centum of the household’s income, as determined in
11 accordance with section 5 (b) of this Act: *Provided*, That for
12 single-person households and two-person households the mini-
13 mum benefit shall be \$10 per month. The Secretary shall
14 insure that each eligible household receives four authoriza-
15 tion to purchase cards in a timely manner at the outset of
16 each month in which it is eligible so that it can continue to
17 purchase food with the use of coupons without interruption,
18 each card shall represent one-fourth of that household’s
19 monthly coupon allotment.”.

20 (c) Subsection (d) (5) (A) is amended by inserting
21 the words “, which may include the State agency” immedi-
22 ately after the word “designee”.

23 (d) Subsection (d) (6) is amended by striking out “or
24 his designee,”.

81

ADMINISTRATION

1

2 SEC. 1006. Section 10 of the Food Stamp Act of 1964,
3 as amended, is amended as follows:

4 (a) Subsection (a) is amended by inserting "(1)"
5 immediately after the subsection designation and adding at
6 the end thereof a new sentence and a new paragraph (2)
7 as follows: "To encourage the purchase of nutritious foods,
8 the Extension Service of the Department of Agriculture,
9 with the technical assistance of the Food and Nutrition Serv-
10 ice, shall extend its food and nutrition education program to
11 the greatest extent possible to reasonably reach food stamp
12 program recipients. The program shall be further supple-
13 mented by the development of printed materials designed
14 to teach low-income persons how to buy and prepare more
15 nutritious and economical meals. From the funds appropri-
16 ated to carry out this Act, the Secretary is authorized to
17 allocate to the Extension Service such sums as the Secretary
18 determines necessary to implement the program of nutrition
19 education.

20 "(2) Federal agencies that administer programs for
21 needy people, including, but not limited to, supplemental
22 security income and social security programs, shall make
23 every reasonable attempt to inform recipients of those pro-
24 grams (who are potentially eligible for the food stamp

1 program) of the existence of the food stamp program and
2 its income and resource guidelines.”.

3 (b) Subsection (e) is amended by revising clause (5)
4 to read as follows: “(5) that the State agency shall under-
5 take effective action, including the use of services pro-
6 vided by other federally funded agencies and organizations,
7 to inform low-income households concerning the availability
8 and benefits of the food stamp program;”.

9 (c) Subsection (e) is further revised (1) by inserting
10 in clause (7) after the word “law”, the following: “, and
11 at the option of the State agency”; (2) by deleting “and”
12 preceding clause (8) and striking the period at the end of
13 clause (8); and (3) by adding the following new clauses
14 (9) and (10): “; (9) for the prompt payment to house-
15 holds of the bonus value of any coupon allotment which has
16 been wrongfully denied, delayed, or terminated as a result
17 of any administrative error on the part of the State agency:
18 *Provided*, That application for such payment shall be filed
19 not later than three months after the household has knowl-
20 edge of such error and any such payment shall not exceed
21 the bonus value of any such coupon allotment to which the
22 household is determined to be entitled for a three month
23 period: *Provided further*, That the period for which such
24 coupon allotment may be paid shall be extended by such
25 time, in excess of three months, as may be required to com-

1 plete administrative review of the alleged wrongful denial;
2 and (10) the institution of procedures under which the
3 State agency shall undertake effective action to (A) deter-
4 mine promptly the eligibility of applicant households by
5 providing an opportunity for each household to receive and
6 file an application for participation in the food stamp pro-
7 gram on the same day of such household's first reasonable
8 attempt to make an oral or written request for such applica-
9 tion, and (B) complete the certification of all eligible house-
10 holds and provide an authorization to purchase card to such
11 households not later than thirty days after the filing of such
12 applications."

13 (d) Subsection (f) is amended to read as follows:

14 "(f) (1) If the Secretary determines that in the admin-
15 istration of the program there is a failure by a State agency
16 to comply with the provisions of this Act, or with the regu-
17 lations issued pursuant to this Act, or with the State plan
18 of operation, he shall inform such State agency of such failure
19 and allow the State agency a specified period of time for the
20 correction of such failure. If the State agency does not correct
21 such failure within the specified period of time, the Secretary
22 may alternatively or concurrently (A) refer the matter to
23 the Attorney General with a request that an injunction be
24 sought to require compliance by the State agency and, at the
25 suit of the Attorney General in an appropriate United States

1 district court the State agency may be so enjoined, or (B)
2 direct that there be no further issuance of coupons in the po-
3 litical subdivisions where such failure has occurred until such
4 time as satisfactory corrective action has been taken.

5 “(2) If any State fails substantially to carry out the
6 State plan of operation under section 10 (e) of this Act
7 (including any quality control plan) approved by the Secre-
8 tary for such State for such year, the Secretary shall withhold
9 from the State an amount equal to 10 per centum of the funds
10 which would otherwise be payable to such State under section
11 15 (b) for such fiscal year for administrative expenses.”.

12 (e) Subsection (g) is amended by striking out the word
13 “gross” in the first sentence thereof.

14 (f) Subsection (h) is amended by striking out the first
15 sentence and inserting in lieu thereof the following: “Subject
16 to such terms and conditions as may be prescribed by the
17 Secretary in the regulations issued pursuant to this Act,
18 household members who are elderly, housebound, feeble,
19 physically handicapped, or otherwise disabled, to the extent
20 that they are unable to prepare adequately all of their
21 meals, may use coupons issued to them to purchase meals pre-
22 pared for and delivered to them by a political subdivision or
23 by a private nonprofit organization which (1) is operated
24 in a manner consistent with the purposes of this Act; and

1 (2) is recognized as a tax-exempt organization by the
2 Internal Revenue Service.”.

3 (g) Subsection (i) is amended by striking out “, (2)
4 and (3)” in the first sentence thereof and inserting in lieu
5 thereof “and (2)”.

6 (h) Section 10 is amended by adding at the end thereof
7 new subsections (j) and (k) as follows:

8 “(j) The Secretary, in conjunction with the Secretary
9 of Health, Education, and Welfare, is authorized to prescribe
10 regulations permitting applicants and recipients of supple-
11 mental security income benefits under title XVI of the Social
12 Security Act to apply for food stamps at supplemental secu-
13 rity income certification offices. In accordance with the reg-
14 ulations issued by the Secretary, certification of food stamp
15 eligibility in such offices shall be conducted by State agency
16 personnel, and employees of the Social Security Administra-
17 tion in such offices shall refer supplemental security income
18 applicants and recipients to the appropriate State agency per-
19 sonnel in order that the application and certification for food
20 stamp assistance may be accomplished as efficiently and con-
21 veniently as possible.

22 “(k) In areas where there are numerous persons who
23 speak a language other than English, multilingual personnel

1 and printed material shall—where necessary—be used in the
2 administration of the food stamp program.”.

3 SETTLEMENT AND ADJUSTMENT OF CLAIMS

4 SEC. 1007. Section 12 of the Food Stamp Act of 1964,
5 as amended, is amended by adding at the end thereof the
6 following new sentence: “Such claims include, but are not
7 limited to, claims arising from fraudulent and nonfraudulent
8 overissuances to recipients.”.

9 CRIMINAL PENALTIES

10 SEC. 1008. Subsections (b) and (c) of section 14 of the
11 Food Stamp Act of 1964, as amended, are amended by
12 striking out “\$5,000” and inserting in lieu thereof “\$1,000”.

13 ADMINISTRATIVE EXPENSES

14 SEC. 1009. Section 15 of the Food Stamp Act of 1964,
15 as amended, is amended as follows:

16 (a) Subsection (b) is amended—

17 (1) by striking out “The” and inserting in lieu
18 thereof the following: “Except as provided in subsection
19 (c) of this section, the”; and

20 (2) by inserting at the end of clause (1) and
21 immediately before the semicolon the following: “, ex-
22 clusive of those households in which all members are
23 receiving cash assistance under part A of title IV of the
24 Social Security Act”.

1 (b) Section 15 is amended by adding at the end thereof
2 new subsections (c) and (d) as follows:

3 “(c) Notwithstanding any other provision of this Act,
4 the Secretary is authorized to pay to each State agency an
5 amount equal to 75 per centum of all direct costs of State
6 food stamp program investigations, prosecutions, and State
7 activities related to recovering losses sustained in the food
8 stamp program, except for the costs of such activities with
9 respect to households in which all members are receiving
10 cash assistance under part A of title IV of the Social
11 Security Act.

12 “(d) Notwithstanding any other provision of this Act,
13 the administrative costs incurred by a State plan for aid and
14 services to needy families with children, approved under
15 part A of title IV of the Social Security Act, in conducting
16 public assistance withholding procedures under section 10 (e)
17 (7) of this Act shall be paid from funds appropriated to
18 carry out this Act.”.

19 APPROPRIATIONS

20 SEC. 1010. Subsection (a) of section 16 of the Food
21 Stamp Act of 1964, as amended, is amended by striking out
22 “June 30, 1977” and inserting in lieu thereof “Septem-
23 ber 30, 1982”.

1 PILOT PROJECT AUTHORITY; EARNINGS CLEARANCE

2 SYSTEM STUDY; ASSETS STUDY

3 SEC. 1011. The Food Stamp Act of 1964, as amended,
4 is amended by adding at the end thereof new sections 18
5 through 21 as follows:

6 "PILOT PROJECT AUTHORITY

7 "SEC. 18. In carrying out the provisions of this Act,
8 the Secretary is authorized to carry out on a trial basis, in
9 one or more areas of the United States, but in no event for
10 more than 10 per centum of the participating population
11 of any State, experimental projects for purposes of increasing
12 the program's efficiency and delivery of benefits to eligible
13 households. Except for the pilot project required by section
14 21 of this Act, no project shall be implemented which would
15 lower or further restrict the resource and income limitations,
16 or increase the purchase requirement, provided for under this
17 Act.

18 "STUDY OF EARNINGS CLEARANCE SYSTEM

19 "SEC. 19. The Secretary is authorized and directed to
20 conduct a study of the feasibility and advisability of the
21 establishment of an earnings clearance system (which sys-
22 tem shall be consistent with the Privacy Act of 1974 (5
23 U.S.C. 552a), insofar as it provides for the use of informa-
24 tion from records of Federal agencies, and with any other
25 applicable privacy law insofar as it provides for the use of

1 information from non-Federal records) for the purpose of
2 checking the actual income and assets of a household against
3 those reported by such household. The Secretary shall sub-
4 mit a written report to the Congress within one year after
5 the date of enactment of this section, disclosing the results of
6 such study. The report shall include such explanations and
7 comments as the Secretary deems appropriate.

8 "ASSETS STUDY

9 "SEC. 20. The Secretary shall conduct a survey of house-
10 holds participating in the food stamp program for the pur-
11 pose of determining the average assets and distribution of
12 assets held by participants. The Secretary shall submit a
13 written report to the Congress within one hundred and
14 eighty days after the date of enactment of this section, dis-
15 closing the results of such survey. The report shall include
16 such explanations and comments as the Secretary deems
17 appropriate.

18 "PILOT PROJECT ON ELIMINATION OF PURCHASE

19 REQUIREMENT

20 "SEC. 21. Within ninety days after the date of enact-
21 ment of this section, the Secretary shall implement a pilot
22 project testing the effect of elimination of the purchase re-
23 quirement specified in section 6 of this Act. Such project
24 shall be carried out in a statistically significant number of
25 project areas, or parts of project areas, not fewer than ten,

1 in geographically dispersed urban and rural regions, and
2 shall employ a benefit reduction ratio of not higher than 30
3 per centum of household income. Not later than March 1,
4 1978, the Secretary shall report to the Congress on the
5 progress of such project, including statistical information on
6 participation rates, changes in food consumption patterns,
7 impact on benefit costs and administrative costs, and other
8 observations and recommendations which he may deem
9 appropriate. From the sums appropriated to carry out this
10 Act, the Secretary is authorized to allocate not more than
11 \$20,000,000 to carry out his responsibilities under this
12 section.”.

13

CONFORMING AMENDMENTS

14

SEC. 1012. (a) Section 3 (b) and section 4 (c) of
15 Public Law 93-86 are repealed.

16

(b) The last sentence of section 416 of the Act of
17 October 31, 1949 (as added by section 411 (g) of Public
18 Law 92-603), is repealed.

19

(c) Section 8 (c) of Public Law 93-233 is amended
20 by striking out “section 3 (e) of the Food Stamp Act of 1964
21 (as amended by subsection (a) of this section)” and insert-
22 ing in lieu thereof “section 5 (j) of the Food Stamp Act of
23 1964, as amended.”.

24

(d) Section 8 (f) of Public Law 93-233 is amended by
25 striking out everything through “during such period,” and

1 inserting in lieu thereof "The amendment made by subsec-
2 tion (e) shall not".

3 **ESTABLISHMENT OF ADDITIONAL ASSISTANT SECRETARY**
4 **OF AGRICULTURE**

5 **SEC. 1013.** (a) There shall be hereafter in the Depart-
6 ment of Agriculture, in addition to the Assistant Secretaries
7 now provided by law, an Assistant Secretary of Agriculture
8 with jurisdiction for food and nutrition programs who
9 shall (1) be appointed by the President, by and with the
10 advice and consent of the Senate, and (2) receive compen-
11 sation at the rate now or hereafter prescribed by law for
12 Assistant Secretaries of Agriculture.

13 (b) Section 5315 of title 5 of the United States Code
14 is amended by striking out "(5)" at the end of paragraph
15 (11) and by inserting in lieu thereof "(6)".

16 **TITLE XI—RURAL DEVELOPMENT**

17 Subtitle A—Rural Community Fire Protection Program

18 **DISPOSITION OF SURPLUS FEDERAL PROPERTY TO RURAL**

19 **FIRE FORCES**

20 **SEC. 1101.** Section 402 of the Rural Development Act
21 of 1972 (7 U.S.C. 2652) is amended by inserting "(a)"
22 before the first sentence and by adding at the end thereof
23 new subsections (b) and (c) as follows:

24 "(b) The Secretary, with cooperation and assistance
25 from the Administrator of General Services, shall encourage

1 the use of excess personal property (within the meaning of
2 the Federal Property and Administrative Services Act of
3 1949) by rural fire forces receiving assistance under this
4 title.

5 “(c) To promote maximum program effectiveness and
6 economy, the Secretary shall closely coordinate the assist-
7 ance provided under this title with assistance provided under
8 other fire protection and rural development programs admin-
9 istered by the Secretary.”.

10

REPORTS TO CONGRESS

11 SEC. 1102. Section 403 of the Rural Development Act
12 of 1972 (7 U.S.C. 2653) is amended by (1) striking out
13 “REPORT.—” and inserting in lieu thereof “REPORTS.—
14 (a)” ; and (2) adding at the end thereof new subsection
15 (b) as follows:

16 “(b) Not later than March 1 of each year, beginning
17 in the calendar year 1978, the Secretary of Agriculture shall
18 submit a report to the Congress regarding the operation,
19 during the preceding fiscal year, of the program provided for
20 under this title. The Secretary shall include in such report the
21 number of applications for assistance filed by each State
22 during such fiscal year, the number of such applications ap-
23 proved by the Secretary, the amounts allocated to each State
24 and the purposes for which such allocations were made. The
25 Secretary shall also include in the report any comments

1 and recommendations for improving the program he deems
2 appropriate.”.

3 EXTENSION OF APPROPRIATIONS AUTHORITY

4 SEC. 1103. Section 404 of the Rural Development Act of
5 1972 (7 U.S.C. 2654) is amended by adding at the end
6 thereof the following new sentence: “There is further au-
7 thorized to be appropriated to carry out the provisions of
8 this title not to exceed \$7,000,000 for each of the fiscal
9 years ending September 30, 1978, September 30, 1979, and
10 September 30, 1980.”.

11 Subtitle B—Congressional Approval of Watershed Projects

12 SEC. 1104. The Watershed Protection and Flood Pre-
13 vention Act, as amended, is amended as follows:

14 (a) Section 2(3) is amended by striking out
15 “\$250,000” and inserting in lieu thereof “\$750,000”.

16 (b) Section 5(3) is amended by striking out
17 “\$250,000” and inserting in lieu thereof “\$750,000”.

18 (c) Section 5(4) is amended by striking out
19 “\$250,000” and inserting in lieu thereof “\$750,000”.

20 Subtitle C—Congressional Approval of Resource Conserva-
21 tion and Development Project Loans

22 SEC. 1105. The third sentence of section 32 (e) of title
23 III of the Bankhead-Jones Farm Tenant Act, as amended
24 (7 U.S.C. 1011 (e)), is amended by striking out “\$250,-
25 000” and inserting in lieu thereof “\$500,000”.

94

1 TITLE XII—EXTENSION OF THE FEDERAL IN-
2 SECTICIDE, FUNGICIDE, AND RODENTICIDE
3 ACT

4 SCIENTIFIC ADVISORY PANEL

5 SEC. 1201. Section 25 of the Federal Insecticide, Fungi-
6 cide, and Rodenticide Act, as amended (7 U.S.C. 136w),
7 is amended by adding at the end of subsection (d) a new
8 sentence as follows: "The advisory panel established by this
9 subsection shall be permanent."

10 EXTENSION OF FEDERAL INSECTICIDE, FUNGICIDE, AND
11 RODENTICIDE ACT

12 SEC. 1202. Section 27 of the Federal Insecticide, Fun-
13 gicide, and Rodenticide Act, as amended (7 U.S.C. 136y),
14 is amended by striking out "and for the period beginning
15 October 1, 1976, and ending March 31, 1977, the sum of
16 \$23,600,000." and inserting the following: "and for the
17 period beginning October 1, 1976, and ending September 30,
18 1977, the sum of \$37,000,000. There are hereby authorized
19 to be appropriated for the fiscal year ending September 30,
20 1978, the sum of \$65,000,000; for the fiscal year ending
21 September 30, 1979, the sum of \$70,000,000; and for the
22 fiscal year ending September 30, 1980, the sum of
23 \$75,000,000."

1 TITLE XIII—MISCELLANEOUS PROVISIONS

2 INCLUSION OF AQUACULTURE AND HUMAN NUTRITION
3 AMONG THE BASIC FUNCTIONS OF THE DEPARTMENT
4 OF AGRICULTURE

5 SEC. 1301. (a) Section 520 of the Revised Statutes (7
6 U.S.C. 2201) is amended by striking out the phrase “agri-
7 culture and rural development” and inserting in lieu thereof
8 the phrase “agriculture, rural development, marine and fresh
9 water aquaculture, and human nutrition”.

10 (b) Subsection (a) of section 526 of the Revised
11 Statutes (7 U.S.C. 2204 (a)) is amended by striking out
12 the phrase “agriculture and rural development” and inserting
13 in lieu thereof the phrase “agriculture, rural development,
14 marine and fresh water aquaculture, and human nutrition”.

15 BEEKEEPER INDEMNITY PROGRAM

16 SEC. 1302. Section 804 (f) of the Agricultural Act of
17 1970, as amended, is amended by striking out “December 31,
18 1977” and inserting in lieu thereof “December 31, 1982”.

19 MULTIYEAR SET-ASIDE CONTRACTS

20 SEC. 1303. Section 1005 of the Agricultural Act of
21 1970 is amended by striking out “1977” and inserting in
22 lieu thereof “1982”, and by striking out “1974 through
23 1978” and inserting in lieu thereof “1974 through 1982”.

1 COMMODITY DISTRIBUTION PROGRAM

2 SEC. 1304. Section 4 (a) (2) of the Agriculture and
3 Consumer Protection Act of 1973, as amended, is amended
4 by striking out "two", and by striking out "July 1, 1975, and
5 ending September 30, 1977" and inserting in lieu thereof
6 "July 1, 1975, and ending September 30, 1982".

7 RESCUE OPERATIONS BY THE SECRETARY OF AGRICULTURE
8 ON NATIONAL FOREST SYSTEM LANDS

9 SEC. 1305. Section 3 of the Act of May 27, 1930 (46
10 Stat. 387; 16 U.S.C. 575), is amended to read as follows:

11 "SEC. 3. (a) The Secretary of Agriculture is authorized
12 in cases of emergency to utilize personnel and equipment and
13 incur such expenses as may be necessary in—

14 " (1) searching for persons lost within the National
15 Forest System;

16 " (2) providing emergency medical services for per-
17 sons seriously ill or injured within the National Forest
18 System and while in transit to the nearest medical
19 facility;

20 " (3) transporting persons seriously ill or injured
21 within the National Forest System to the nearest medi-
22 cal facility or to the nearest place where the sick or
23 injured person may be transferred to interested parties
24 or local authorities; and

25 " (4) transporting persons who die within the Na-

1 tional Forest System to the nearest place where the body
2 may be transferred to interested parties or local authori-
3 ties.

4 “(b) The Secretary of Agriculture may cooperate with
5 any State or political subdivision thereof in conducting activi-
6 ties under this section, and he may reimburse cooperators
7 under terms of a written agreement for expenditures incurred
8 in connection with services and materials provided under this
9 section.

10 “(c) There are authorized to be appropriated such
11 amounts as may be necessary to carry out the provisions of
12 this section.”.

13 OTHER RESCUE OPERATIONS BY THE SECRETARY OF
14 AGRICULTURE IN CASES OF EMERGENCY

15 SEC. 1306. (a) The Secretary of Agriculture is author-
16 ized, when called upon by local or State authorities, in cases
17 of emergency, to utilize personnel and equipment and incur
18 such expenses as may be necessary in—

19 (1) searching for lost persons;

20 (2) providing emergency medical services for
21 persons seriously ill or injured at the place where such
22 persons are located and while in transit to the nearest
23 medical facility;

24 (3) transporting persons seriously ill or injured
25 to the nearest medical facility or to the nearest place

1 where the sick or injured person may be transferred to
2 interested parties or local authorities; and

3 (4) transporting dead persons to the nearest place
4 where the body may be transferred to interested parties
5 or local authorities.

6 (b) There are authorized to be appropriated such
7 amounts as may be necessary to carry out the provisions of
8 this section.

Senator ALLEN. Our first witness this morning is Senator Albert McDonald, a member of the Alabama State Senate and a cotton farmer. Albert, it is good to see you, we will appreciate your comments.

**STATEMENT OF HON. ALBERT McDONALD, ALABAMA STATE
SENATOR, HUNTSVILLE, ALA.**

Mr. McDONALD. Good morning, Senator. Senator, before we begin, I would like to thank you and Charlie Mitchell for arranging things so that I might appear first on the program. The State Senate is in session today and I will have to leave here shortly. Of course, I did what I could last week when we adjourned to be sure we didn't convene until 2 o'clock this afternoon. So, I still have some time and will stay around for some of the testimony this morning.

Senator ALLEN. Good.

Mr. McDONALD. But, I want to thank you again for making those arrangements, Charlie. I have a prepared statement that I will read. And, it is brief, because I know we have quite a few people to hear from today and I think many of them can give you better information than I can.

Senator Allen, I am grateful that you have come to the Tennessee Valley to receive testimony before the Senate Agriculture and Forestry Committee takes action on new farm legislation. Your dedication to responsible legislative action in the agricultural field, based on research and input from a knowledgeable constituency, has enabled you to make a valuable contribution in the field of agriculture.

My testimony will be brief in commenting on present farm law and how it affects farmers in this area. Others who have given this more thought than I are to talk to you today and will be able to give you good information. I will say that present cotton loan levels and target prices are not high enough to provide the price floor that is needed to encourage adequate financial arrangements from lending institutions and do not encourage cotton farmers to make adequate long-term plans for cotton production. Higher loan levels and target prices are needed in new farm legislation. Agricultural research and crop insurance are two subjects receiving much attention by interested farm groups and legislators when new legislation is discussed. I shall comment on these two subjects.

I feel that an increased effort is needed in agricultural research. Yield declines in cotton have occurred for the past 3 years in our area. There is a need for a crash research program to determine if present technology is "keeping up" with development of available chemicals and equipment. I think solar energy may have its most practical application in the agricultural field. A vast research effort is needed in this area. New research is needed in old farm practices which used legumes and green manure crops for fertilization in order to provide a major portion of plant nutrient requirements. Since large amounts of energy are used in chemical fertilizer production, new farm cropping practices could become a great energy saver.

Since we farmers in the Tennessee Valley have had 3 years of disastrous cotton yields we know the value of the past disaster provision of farm law. The following will give you an idea of the economic impact this provision of law has had on some of our counties. The

following figures are from Lauderdale, one of the smaller cotton producing counties in the Tennessee Valley.

Senator, in 1974, there were 193 farms with crop cotton disasters, which is 32 percent of the cotton farms in Lauderdale County. The disaster payment was \$136,000 and some odd dollars that year. Approximately the same in 1975, except 48 percent of the farms received disaster payments amounting to \$278,000 in Lauderdale. In 1976, it was estimated that 111 farms will receive disaster payments amounting to \$201,000. Figures for Madison County are somewhat similar, except on a larger scale. In 1974, there were 333 farms receiving disaster payments in Madison County, amounting to \$426,902. In 1975, the number of farms was 501 accounting for \$824,717. In 1976, it is estimated that 1,000 farms in Madison County will draw disaster payments amounting to \$1,600,000. As you can see, the problems have become progressively worse over the last 3 years.

It bothers me that there are many detractors of the disaster provision of present farm law and some have made known intentions to remove the provisions. The argument is that an all-risk, all-crop insurance program would be better. It is entirely possible that an accurately sound crop insurance program could be devised, with Federal involvement allowing for Government payment to a matching share of the premium, which would provide adequate protection against farm disaster. However, it is very important that present disaster provisions of farm law remain in force until such time as an all-risk crop insurance program for all counties is actually operational.

Senator, that is all of my prepared statement, but there is the one point that I would like to stress, disaster provisions, because as I talk to people over the country, it seems that the Southeast and the Midwest are the only people who are going to be protective of this present measure of the farm law. The Mid West and Far West, it appears, they haven't been getting any payments from the provision and they are going to seek to try to have it removed. So, I would alert you to that and just try to point out how important it has been to us until we can get a sound insurance program moving.

Senator ALLEN. What about the disastrous weather conditions that we have had all over the Southeast, how do you feel that is going to affect disaster payment applications?

Mr. McDONALD. Well, of course, I think the weather is the reason that we have had this—I certainly hope we don't require these type payments next year if it is retained in farm law, but this we never know. And, for the cotton industry as a whole, I can't say that it makes a lot of difference. But, for specific individuals—there are individuals that have had three straight disastrous years, good cotton farmers, they would not be in the business today if it wasn't for these disaster payments.

Senator ALLEN. What about this \$20,000 limit, is that adequate, or should that be raised?

Mr. McDONALD. Of course, I would recommend that it be eliminated from the disaster payments, no limitations on the disaster payments. And, then, I think we could ask that on sound ground, we could say that because of inflation, that this limit should be lifted to \$25,000 or \$30,000 for any other Government payments that might

be made. But, I would recommend that we push that it be entirely eliminated from the disaster payment provision of the bill.

Senator ALLEN. Are you satisfied with the present law until such time as when they shift to the all-risk crop insurance? Do you think the present law is adequate, except possibly for the limit?

Mr. McDONALD. Yes, sir, with the exception that in the first year or so of its administration, there was some abuses. I believe that those abuses of that law can be worked out administratively and probably have been worked out the past year. So, I personally know of no problem with the legislation that is on the books.

Senator ALLEN. You know, in the last 5 years, the cost of support payments by the Government to farmers has gone down from about \$4 billion down to about three-quarters of \$1 billion. I guess it is about the only Federal program—the only one I know of—that has gone down in cost to the taxpayer in the last 5 years. So, I think our farm community ought to be commended for the fact that they have taken this reduction in Federal payments in stride. And, relying now on the marketplace more than at any time in the last 45 years.

Mr. McDONALD. I think most of our farmers are relatively pleased with the present farm law we have. It is very flexible. By administrative measures, you can either push for a market-oriented program emphasizing exports, or if in the unlikely case of vast amounts of overproduction, we can move back to the set-aside program to bail us out of trouble. It is very flexible and I don't see much opposition to extending the present bill. As you know, the price support and loan payments are set by law. And, when it is extended, they must be reset. I would recommend that they be raised at that time. I think they are not realistic now because of inflation and increased cost of production.

Senator ALLEN. How much would you estimate—of course, the committee has some figures, the Agriculture Department has figures—how much would you estimate, here in the Tennessee Valley, is the production cost of a pound of cotton?

Mr. McDONALD. Well, of course, it would vary. If I had to give you an average figure, I would have to say in the area of 54 or 55 cents a pound in a good year.

Senator ALLEN. Now, in areas where they have smaller farms and can't have as much mechanization of the farms, it would run higher than that; would it not?

Mr. McDONALD. It certainly would; yes, sir. I was trying to give you what I thought would be an average price in an average crop year.

Senator ALLEN. What do you think the target price of cotton—at what figure do you feel that should be set and at what figure do you feel the loan should be set?

Mr. McDONALD. I think the loan is most important, because that is what is going to give us the firm underpinning of our prices. I think it should be not quite up to cost of production. I don't want us to get back into the business of encouraging everyone just to grow cotton to go into the loan and probably building our stocks to the point higher than we could sell them. So, I would say in the area of 50 cents basis, Middling one inch, that would mean about 51½ cents to the farmer.

Senator ALLEN. On one loan.

Mr. McDONALD. On the loan. And, the target price, I don't think should be any more than 10 percent over that. I don't think we can expose the Treasury to possibility of too great a cash payment to farmers. If we stretch it to 15 cents a pound and expose them to a \$6 or \$7 billion payment for cotton, I don't think they will buy it. So, I think we should try to get the loan as high as possible and then the target price no more than 10 percent over the loan.

Senator ALLEN. Another important consideration, as you know, is that it is not advisable to get the loan so high that we would be pricing ourselves out of the world market, because if the loan is more than the world market price, well, the farmer is going to put his cotton in the loan and we will not be selling anything in the world market, And, if we lose our world market, we are certainly ruining the cotton farmer here at home.

Mr. McDONALD. I agree with that, Senator. That is the reason I am cautious about setting the loan too high. That is the reason I say 51 cents or something near that, returned to the farmer.

Senator ALLEN. For the loan and then the target price 10 percent above that.

Mr. McDONALD. Yes, sir.

Senator ALLEN. I had thought of going the other way to have the target price set at one figure and then the loan a percentage of that. That is the same thing, of course.

Mr. McDONALD. Same thing, yes, sir.

Senator ALLEN. We appreciate very much your contribution, Albert.

Mr. McDONALD. Thank you very much.

Senator ALLEN. And, certainly your testimony will be of great benefit to the committee in its deliberations. We appreciate it. You are always an outstanding and knowledgeable witness, Albert. You are a mighty fine spokesman for Alabama cotton producers.

Mr. David Ozment, please. Mr. Ozment, welcome to the Senate Agriculture Committee, we look forward to hearing your testimony.

**STATEMENT OF DAVID D. OZMENT, EXECUTIVE VICE PRESIDENT,
ALABAMA POULTRY AND EGG ASSOCIATION, CULLMAN, ALA.**

Mr. OZMENT. You will have to excuse me, Senator, I have got a terrible cold, so if I have to cough, I hope you will understand. I do have a prepared statement. It is fairly brief, so I will just go through it. I may skip part of it, but it will be for the record.

I am David D. Ozment, executive vice president of the Alabama Poultry and Egg Association, a nonprofit trade association of members of the poultry industry. Our 3,000 members include broiler growers, egg producers and handlers, poultry processors, hatcherymen, and allied industry firms providing equipment, supplies, and services to the poultry industry.

Our members sincerely appreciate the opportunity to present our views to Congress on issues facing our industry. This hearing reflects Senator Allen's continuous efforts to serve Alabama agriculture.

The cash farm value of the State's broilers, eggs, and turkeys in 1976 was over \$500 million dollars. Poultry is Alabama's largest

food industry accounting for over 36 percent of all Alabama farm income.

In general, we believe the Agriculture and Consumer Protection Act of 1973 has been beneficial to farmers and consumers. Our association congratulates you and Senator Talmadge on the development and introduction of the Food and Agriculture Act of 1977.

The following are our comments regarding the 1977 act:

FARM AND FOOD POLICY

A most critical need in the poultry industry is an equitable policy regarding the exporting of U.S. agricultural and food industry. The countries that purchase our feed grains, arbitrarily exclude our finished products—broilers, eggs, and turkeys. They have excluded our products through trade barriers such as variable levies and supplemental fees.

These countries have practically no restrictions on U.S. feed grains. They realize it is much more economically advantageous to take our grain and produce their own poultry and eggs than to allow us to ship U.S. poultry and eggs directly to their consumers. These same economic advantages could serve the United States if we utilized our surplus grain to produce more meat, poultry, and eggs, and exported these finished food products rather than just the feed grains. It would certainly help the United States balance our trade deficit if we sold more of our finished consumer products rather than the lower priced raw products.

FARM PROGRAMS

The cost of feed grains totals about 60 percent of the cost of producing chickens and eggs. We urge Congress to consider that our industry must purchase feed grains that are covered by "target prices" to produce products that are not covered by any type of Government support programs. We sell our products based on "supply and demand" and cannot simply raise the price of broilers and eggs if the Government decides to increase the target price on feed grains.

FOOD STAMPS

We enthusiastically endorse the effort to reform the food stamp program to eliminate those features that have allowed the nonneedy to participate.

FOOD FOR PEACE

Public Law 480 has been effective in helping our industry conduct market development programs for the U.S. poultry and egg products. We would urge the continuation and expansion of Public Law 480.

PESTICIDE REGULATION

The bill will continue the indemnity program to dairy farmers and beekeepers for losses because of pesticide residues. If these two indemnity programs remain in effect, then we strongly urge that poultry and egg producers be indemnified for losses as a result of pesticide residues also.

Senator ALLEN. Do you have much of that?

Mr. OZMENT. We have had, in several other States, real substantial losses. Now, we have been fortunate in Alabama, we probably have the finest pesticide residue laboratory in the United States, in conjunction with the State Department of Agriculture at Auburn University. We utilize it very much in our industry. Our products are regularly tested and we have not had a severe problem in Alabama. But, in other States, it has cost the poultry industry millions of dollars.

AGRICULTURAL RESEARCH

Research is an area of utmost concern to our industry. We certainly agree with you and Senator Talmadge that Congress has not sufficiently supported agricultural research.

A variety of corn that can be abundantly and efficiently produced in the South is desperately needed. Approximately 95 percent of all feed grains used in the Alabama poultry industry are produced in the Midwest. With the ever-increasing problems and cost of transporting these grains to the South, we believe the future of the southern poultry industry will largely depend on a good, reliable supply of feed grains. We're concerned about the future of our Nation's transportation system.

An increase in corn, soybean, and feed grain production in Alabama would be most beneficial to all farmers and the economy of the State.

For several years, Senators Allen and Talmadge have led an effort to obtain additional funds for animal health research. We are pleased the Food and Agriculture Act of 1977 includes an increase of funding for animal health research. However, we urge the funds for animal health research be available for both the agricultural experiment station and schools of veterinary medicine. The successful production of chickens and eggs requires a team of scientists working to produce the most efficient product possible. We believe the most efficient research unit utilizes nutritionists, geneticists, pathologists, management specialists, et cetera. For example, it would be a misuse of funds and duplication of effort to separate all poultry health research to be conducted within the schools of veterinary medicine and other poultry research projects conducted by the agricultural experiment station. Currently all poultry health research at Auburn University is conducted by the poultry science department within the agricultural experiment station. This department has the facilities to conduct poultry health research.

It is urged that Congress direct the agricultural experiment stations and schools of veterinary medicine to develop cooperative research programs that can most efficiently utilize current research facilities and animal health scientists. Also, the available funds should be used on research involving animals that are utilized for food and clothing and not for companion animals, such as cats and dogs. We recommend the available research funds be distributed to eligible institutions in proportion to the income value of the animal industries in each State.

The rigid requirements by Government has made it almost impossible for private industry to introduce new drugs to be used to

prevent and treat poultry diseases. Because of the tremendous expense of gaining Government approval, very few new drugs are being made available to the industry, but at the same time the Federal Food and Drug Administration is continually eliminating the availability of drugs and pesticides to our industry.

Before our entire food industry is jeopardized by the increase of disease and pests because of the nonavailability of effective drugs and pesticides, we urge Congress to study the funding of research and development costs for new drugs and pesticides to be used in food production.

We are very appreciative of Senator Allen's efforts to secure a grant from the Energy Research and Development Administration for a research project at Auburn University to study the utilization of solar energy in the production of poultry. Our industry uses a tremendous amount of fuel, especially liquefied petroleum gas to heat the broiler houses. The tremendous price increases in all fuels, especially LP gas, and the periodic fuel shortages are of major concern to our members.

Hopefully, Congress will not overlook food production when allocating funds to find alternate and new energy sources, and to more efficiently utilize our current energy sources.

Some of our other concerns not related to the act, Senator, is regarding the fuel situation. We would like to see some type of priority allocation of natural gas and liquefied petroleum gas if a shortage crisis does occur.

Senator ALLEN. Now, I might say when we passed this emergency natural gas bill just a few days ago, the legislative history was such that it was understood that agriculture would be a priority user in this effort to shift natural gas from one area to another. Agriculture ranks right there with homes and hospitals, nursing homes and other facilities for the protection of life and health. It is necessary that agriculture be prosperous if we are to protect the life and health of our people. So, that was part of the legislative history of that bill.

Mr. OZMENT. Well, that should be very helpful to the industry, if and when, or if we should get into a crisis situation. We would like to see the same type of allocation on LP gas.

Senator ALLEN. Yes.

Mr. OZMENT. We have found that several of the firms, when they were cut off of natural gas, they went to the alternate source, which was propane. And, it dried up several supply sources to the poultry industry. So, we are concerned that we are going to be running short of propane gas. And, LP gas is practically the only fuel that almost all of the broiler producers have available to use.

Senator ALLEN. Yes; in a sense, it is the farmers' natural gas, propane.

Mr. OZMENT. It is.

Senator ALLEN. Very important, certainly. Of course, we remember when the price of propane shot up so several years ago and we found that the refineries were allocating so much of their costs over in their division of a breakdown of how much went to this distilled portion of the oil and they assigned a greater cost to the propane. We were able to get that adjusted where they applied just the pro rata part to the propane.

Mr. OZMENT. Another concern of ours, I know you have heard it many times, and that is increasing costs of just complying with all the Government regulations.

Senator ALLEN. Yes.

Mr. OZMENT. Our industry is literally drowning in a Government alphabet soup, between OSHA, EPA, FDA, USDA, FTC, and HEW. It has reached a point where the Government, in trying to be the solution, has become a part of the problem. We know that legislation was introduced during this past Congress which would require Congress to review and approve all proposed rules and regulations by various Government agencies before the proposed rules and regulations can be enforced. We feel like that might be a step in the right direction.

Senator ALLEN. I am certainly inclined to agree with you.

Mr. OZMENT. And, again, we certainly support your efforts in opposing the creation of a superbureaucratic costly Government agency under the guise of protecting consumers.

Senator ALLEN. We need really to protect consumers from consumer protection.

Mr. OZMENT. I will agree. And, then, finally, our association wholeheartedly endorses the Tennessee-Tombigbee Waterway. We believe the completion of this project will be very helpful to the continuing growth of our industry here in the South. And, again, we commend you, Senator, for scheduling these hearings to determine "firsthand" the opinions of farmers and agriculture, agribusiness people in the State.

Senator ALLEN. Thank you very much, David. One thing that impressed me in your statement, you pointed out some countries will not accept our broilers, our poultry production and they prefer the grain to raise their own poultry. But, I believe you stated that we needed over here to produce the poultry ourselves rather than to ship the grain over there. If we are not able to sell overseas on account of these restrictions, would it not be counter-productive to increase production here and hope for overseas sales?

Mr. OZMENT. Right. What we believe, we would like to see the State Department and our Government work just as hard to remove some of these levies and duties and restrictions they have against poultry. Certainly, we wouldn't want to speculate—the grain producer to speculate and produce an abundance and we produce an abundance of products, hoping we can sell it overseas. We would want those barriers removed.

Senator ALLEN. Is that largely these common market countries?

Mr. OZMENT. Almost entirely the common market countries. They have tremendous levies against any kind of a U.S. product. We have been working on it for several years and we study what we consider to be loopholes maybe in their barriers and any time we start increasing a shipment of parts or of chicken or anything else into these countries, they immediately will increase the levies or come up with some kind of barrier against that product to keep us out.

Senator ALLEN. Well, these ongoing trade talks that we have, do we have adequate representation for agriculture in those talks?

Mr. OZMENT. We do not think so, we definitely don't looking at it from a biased viewpoint, just strictly the poultry industry. We

have worked on it for years, but I can honestly say we haven't made that much of an impact.

Senator ALLEN. Aren't you able really to deliver dressed poultry to European countries at a whole lot less cost than they are able to produce it over there?

Mr. OZMENT. Very much so, very much so. The levies on these countries, some of them are as high as what the cost of the product is in the United States to produce it. We could ship products around the world, we could feed the world on broilers and eggs if they would just let us.

Senator ALLEN. How are you coming along with advertising in your egg problem?

Mr. OZMENT. It is going very well. This is the national egg checkoff program, which Senator Allen sponsored for the egg industry in the Senate and was able to pass that bill, I guess 2 years ago. We have just got the program going about 4 months ago and they have accumulated, I think almost \$3 million now. And, the program actually kicked off and got started January 1st. And, exceptionally well acceptance by the egg producers across the United States.

Senator ALLEN. Now, as I understand it, any egg producer who wants his money back, in other words, doesn't want to participate, can receive his money back. Is that right?

Mr. OZMENT. That is exactly right. Five cents per 30 dozen check-off program. He is required to pay the 5 cents, but he can get all of that 5 cents back in a refund. And, the refunds so far have been very, very small, just practically none.

Senator ALLEN. Well, now, the target prices that we have in the present law, they have not had any effect on your cost of production, have they? Because, the market price is way above the target price.

Mr. OZMENT. That's right. The market price has been above that. And, we understand the grain producers' position on this, and again, we don't want to do anything that would deter the production of grain, because we have got to have it to produce broilers and eggs. Our only concern is to make sure again that Congress realizes that if the target prices are too high, then it will have an effect on the cost of production of our products and naturally the cost of our products to the consumer.

Senator ALLEN. Well, I remember back several years ago, soybean meal went up to above \$500 a ton, or something, but now it is down to around what, \$214 or something like that?

Mr. OZMENT. Right. Soybean meal right now, it dropped down to about \$125 or \$130. It is back up to about \$200.

Senator ALLEN. That price doesn't put any great burden on you, does it?

Mr. OZMENT. Well, you know, it is certainly higher than what it was, but it is something that we recognize for the soybean producer, his cost has gone up, just like it has to produce broilers and eggs. And, that he is going to have to have more than what he had several years ago to remain in business. So, we recognize that increase in price. Our cost of producing a pound of broiler meat ready to cook, wholesale price of the dressed chicken now is around probably 40 cents per pound, where before we had less expensive feed grains and

soybean meal, you know, it was in the lower thirties. So, it has had an effect, but it is something we recognize we have to live with and adjust our production schedules.

Senator ALLEN. Where does Alabama stand in broiler production among the States? I know that we are near the top.

Mr. OZMENT. We are third in broiler production and fifth in egg production nationwide.

Senator ALLEN. Egg consumption; is it on the downgrade; or is it coming back slightly?

Mr. OZMENT. Well, we hope through this national program and from what we have seen within the last several months, we feel like egg consumption has definitely stabilized and hopefully it is on the increase. We did see a decline in egg consumption for several years for several reasons that we can identify with the consumers. We hope we can turn this around with this national program.

Senator ALLEN. But, you think that the present farm law has served the agricultural community throughout the Nation well. Is that correct?

Mr. OZMENT. Yes, yes, we do. We certainly agree with the concept of returning production back to the farmers and removing as many restrictions on him as possible.

Senator ALLEN. In other words, speaking of all of the regulatory bodies and all of the regulations, under the farm bill, we are really moving in a direction where the farmer can manage his own affairs a whole lot better than he could in the past. Isn't that correct?

Mr. OZMENT. Yes. We agree with that concept.

Senator ALLEN. Thank you very much, we appreciate your fine testimony. It is always good to see you, David.

Mr. OZMENT. Thank you.

Senator ALLEN. Mr. W. A. Reid, Jr., please. Mr. Reid, we appreciate you coming over here from Colbert County to testify.

STATEMENT OF W. A. REID, JR., TUSCUMBIA, ALA.

Mr. REID. If I may, I have a tape recorder here. I have two little girls in school and I think it might be good that they see what blunders or what I might do here before you, Senator. So, I will turn this on. It might be educational to them.

Senator ALLEN. You go right ahead.

Mr. REID. Thank you. I am a little bit at awe about appearing here. I guess I could do a better job at home on the tractor getting land prepared ready to plant cotton. But, I will go through this process of what I have prepared here.

Senator ALLEN. You will do a good job.

Mr. REID. After I did get here looking around and seeing some of these State agency men, I might be dealing on some subjects I might should omit. But, I am going to let the chips fall where they may and go through with it.

Senator ALLEN. That is precisely what we want.

Mr. REID. I appreciate this opportunity to speak out and upon the subject of Federal crop insurance. I think Senator Albert McDonald dealt in context of that awhile ago. But, I have had some experiences

that are kind of unpleasant, and the way I have to deal with it, I hope it doesn't become boresome in reading the letters and the data which I have here. So, as I progress through with my story and my comments, I will refer to the Federal Crop Insurance Corporation in the abbreviated form of FCIC. There are indications that many farmers have had or are having satisfactory business relationships with the FCIC. And, I am sure farmers will continue this status until, down the road somewhere, they will experience that which I have encountered and that which did happen to me in April of last year in 1976. And, I will refer now direct to correspondence related to this subject from an individual named Mr. J. S. Smith, who is head of the contract service office down in Jackson, Miss., at the Federal Crop Insurance Regional Office. And, this letter is dated March 19, 1976, and it goes like this:

DEAR MR. REID: Reference is made to Crop Insurance contract 01-033-641, cotton and soybeans, in Colbert County. Reference is also made to the Form FCIC-12B, Insurance Unit Agreement, which you signed on March 10th, 1976.

Here comes the matter that kind of got me upset.

Your experience record over ten years is that you paid \$4,644.00 premium and you have collected \$12,069.00 indemnities. So, based on your record, the Corporation has determined that approval of the Unit Agreement would further extend the risk on your crops; therefore, the Insurance Unit Agreement which you submitted has been rejected, copy of which is attached.

Mr. Smith says, he appreciates the interest that I had shown in the crop insurance program, and he regretted that it was necessary for him to reject the insurance unit agreement.

And, he went on to say if I had any questions concerning the rejection of the unit agreement, I could contact this office, or the county office located in the Agricultural Service Center at Hartselle, Ala.

At that time, the center was located in Hartselle, now I understand it has been moved to Huntsville. So, that is the context of his letter and what got me disturbed. And, he invited me to reply and I did.

Senator ALLEN. In other words, he is treating you sort of like a car owner who can't get insurance; is that right? because of his poor experience record there?

Mr. REID. Yes, sir. I am getting to that.

Senator ALLEN. Excuse me for interrupting.

Mr. REID. That is all right, I am glad you brought it out so we will be prepared to hear it if I make a blunder. So, this is my letter back to Mr. J. S. Smith, I will call him Chief Smith at Contract Service Branch down in Jackson, Miss. And, I wrote this letter April 5, 1976. I say:

DEAR MR. SMITH: In reply to your letter of March 19, 1976, with reference to my record of experience of coverage under the protective rights of Federal Crop Insurance Corporation and of a decision of yours to not allow my units agreements to become effective as I wished. First, it is documented proof within my geographic location and should be unquestionable, that adverse weather conditions are the cause of cotton crop losses. Therefore, it is and was only good business that I availed myself with Federal Crop Insurance protection as we have known and know same today. Nevertheless, said program needs improved upon and certainly in it's present form cotton producers should not be entirely dependent upon same.

And, I go on to say this, I guess I might have been fired up a little bit at this time, but bear with me.

No farmer should become perpetually interested in Federal Crop Insurance Program in it's entirety as the one and only recourse for monetary losses incurred due to adverse weather circumstances or other validated cause, when such factors are not given all proper perspective. In addition to this statement, I am motivated to believe that as long as you, Mr. Smith, or powers that are, can be allowed to make conclusives and/or final decisions without consideration of all viewpoints and documentary proof of cause, then, I believe a high degree of change within the Federal Crop Insurance program should be made.

I said:

Mr. Smith, you have demonstrated to me that said Federal Crop Insurance program in it's present form can become as any automobile insurance company repeatedly is doing in our present day of time, and that is, your insurance, Mr. Doe, is cancelled, the risk too great, you are uninsurable and therefore, you are cast out and away from any protective force.

And, at that time a year ago, I said:

This appears to me to be just over the horizon.

Not knowing I was going to get this letter, but it was there upon me at that time. I also stated to him:

That in this above paragraph, in a fact I shall at any and all times speak out upon it with genuine sincerity.

And, I told him:

Be advised here and now that through proper channels, I will bring forth the message that Federal Crop Insurance program in the present form is not the solution to the cotton producer's protection in a through coverage as now available.

At that time, I stated to him—it is even to this day:

I am aware of promotion by the higher echelons of the Department of Agriculture to delete many of the other present protective agency for farm programs, such as disaster aid, low-yield payments and these are coming from the ASCS offices and to concentrate on the FCIC.

I also stated to him:

I will comment on the terms and means certain regions within my county of Colbert, is set forth as to payment yields. For instance, in my particular region

And, this is directed to my farm here, and just right across the line the other guy could get insurance, but I couldn't. The way they set forth payment yields—

for instance, in my region an adjusted down yield payment rate was made and as I understand, this action was made completely without applicant being informed of the fact. And, he was alarmingly made aware of this at the time for filing a lost claim.

And, at the request, I spoke to him of this—of a prominent leader of cotton promoters within my area locally, I would forward to this person a copy of Mr. Smith's letter and a copy of my reply.

I went on to tell him that I had been a promoter of the crop insurance program and I really believed in it and I still do yet if it could be changed. And, I told him I would be assured of alining myself back to the program if it could get some ideas of changes that would assist us in getting proper coverage essentially when we need it.

Senator ALLEN. What year was this? When was this that you had the correspondence?

Mr. REID. 1976, April of 1976.

Senator ALLEN. Did you get any crop insurance?

Mr. REID. On one of my contracts. On one they deleted me and to my sorrow, the one they didn't cover me on, I needed help there better than the other one. It would have been of little monetary value to me to assist in payments of debts and whatnot. I would like to make reference here, Senator, I will show this to you. This is a Congressional Record of a Senate bill, title S. 2717. And, this dates back to December 4, 1967. It looks like the struggle for an improved Federal crop insurance program goes back to this date. And, as I have proof there as you just saw, it is referring to this bill and this bill was directing the Secretary of Agriculture to make a study and investigation of ways and means to provide a more effective crop insurance program for farmers. And, this bill was introduced December 4, 1967, by Senator Sparkman. So, we see that the situation has been going on for 10 years and we don't have a satisfactory program yet. And, let's hope we don't revert solely to FCIC until a thorough program is carried out. If I may, sir, I have some ideas here, they may not amount to anything, but according to the way I have been treated, or the way that things have happened, I have these ideas. I would like to project them, they might bring a little laughter or a little humor. But, anyway, I will bring them out. In a serious vein of thought, these might be considered. I recommend a program to those farmers who choose the FCIC, to be of one which is noncancellable and the second, better amounts in dollars and cents for coverage and this to be at the option of the applicant, a choice of high coverage or a minimum. And, third, by all means, strike down the power of one man, or a group, to mandate an opinion of his own to say, we farmers who are participating in this crop insurance are at fault on crop losses and place this responsibility or decision to local authority, or more so to farmers residents there to get a majority opinion and rule to say whether or not that guy needs it or not. And, I emphasize this very strong, the day should not come to a program of Federal crop insurance alone as a resource to a disaster loss.

[The Congressional Record article follows:]

[Reprinted from Congressional Record of Dec. 4, 1967]

PROVISION OF A MORE EFFECTIVE CROP INSURANCE PROGRAM FOR FARMERS

Mr. SPARKMAN. Mr. President, last Friday I introduced a bill to amend the Consolidated Farmers Home Administration Act of 1961. The purpose of that bill was to provide some relief to farmers generally who suffer crop losses as a result of a natural disaster. I was prompted to introduce my bill by the terrible plight of the cotton farmers in the northern half of my State, and those in other States of the Southeast, whose crops have been virtually totally destroyed by a hard freeze several weeks ago.

My bill would make available to farmers adequate long-term credit for the purpose of paying off their creditors and continuing to function as an operating farm.

Mr. President, for myself and for Senator Hill, Senator Talmadge, Senator Jordan of North Carolina, and Senator Hollings, I introduce now for appropriate reference a bill which hopefully will result in some long-range solution to the problems faced by farmers who suffer crop losses. Mr. President, the bill I now introduce calls for a study by the Department of Agriculture which

may provide a long-range solution to the problem of crop losses. My bill authorizes and directs the Secretary of Agriculture to undertake a study of the Federal crop insurance program in an effort to identify ways in which crop insurance can be provided for farmers at rates that they can afford to pay. The farmers of my State tell me that crop insurance is simply too expensive.

It is my feeling that a thorough evaluation and study of our existing program of crop insurance may very well turn up ways in which it can be improved and made more economical. I am told that in Canada the central government shares a part of the cost of crop insurance. This would, of course, be an expensive undertaking for our Government.

Senator ALLEN. I believe you said that you paid around \$4,000 in premiums and got back around \$10,000 over a 10 year period. Is that right?

Mr. REID. \$12,000, yes.

Senator ALLEN. \$12,000. Well, now, during that time, did you receive any disaster payments under the farm bill?

Mr. REID. Year before last, I did, prior to that, no, sir.

Senator ALLEN. Well, would you not have been eligible for both?

Mr. REID. Yes, you would. In fact, that is one of the things that pulled me through in 1976—1975, sir. I was wise enough—I think that I had the option and I did choose Federal Crop Insurance. And, the weather factor brought our yield down and I think we had a—got a price of 30 cents cotton—some of us who were stupid enough to sell our cotton in advance for 30 cents when it might have jumped to 80. Along with the price of the cotton that we received on our yield, plus the Federal Crop Insurance and the low-yield payments from the ASCS program, it kind of helped keep the bread on the table.

Senator ALLEN. Well, now, it looks to me like as you go to the Federal Crop Insurance, you are paying approximately \$400 a year. Is that right?

Mr. REID. Well, it depends on the number of acres.

Senator ALLEN. How many acres of cotton do you plant?

Mr. REID. Around 200.

Senator ALLEN. Around 200. And, you are paying in the neighborhood of \$2 an acre for your crop insurance?

Mr. REID. No, I think it is greater than that. It seems like it is—might be a degree more than that, but that is close by, yes, sir.

[The following letter was submitted by Mr. Reid:]

UNITED STATES DEPARTMENT OF AGRICULTURE,
FEDERAL CROP INSURANCE CORPORATION,
Huntsville, Ala., February 23, 1977.

Mr. W. A. REID, JR.,
Tuscumbia, Ala.

DEAR MR. REID: This letter is in reply to your request for information on your cotton acreage for the 1977 crop year.

You will find enclosed a cotton information sheet based on your 1976 acreage estimate of 125 acres of cotton under Q-211, which is in Area 3. For the 1977 crop year, coverages in Colbert County were lowered in all areas about 20 lbs. to the acre, as were premiums lowered by approximately \$.20 to the acre. Your farm will be guaranteed at 320 lbs. to the acre at a rate of \$7.10 per acre as the sheet shows. Your premium will seem slightly higher than last years' because you received a 4% discount on premium for having over 100 acres in a unit. This 4% discount has been discontinued in all counties beginning with the 1977 crop year.

You will also see a reference at the bottom of the sheet to stages. The first stage of cotton is from planting until the first bloom comes. The second is from bloom to maturity, and the third stage is from maturity until 20% is harvested. The planting periods are concerned with what date you plant your cotton.

Senator ALLEN. Well, now, if you go to the Federal Crop Insurance, it looks to me like you are putting a burden on the farmer, whereas the disaster payments, of course, come under the law without any payment by the farmer. So, it looks like if you went fully to crop insurance and forced the farmer to buy it, you would be adding to his production cost, would you not?

Mr. REID. Yes, sir. I think they are talking about the Government to subsidize the premiums of 25 percent. But, I am afraid of that program. With my experience in the bureaucratic way that they are going to administer this FCIC, if it is going to be the only recourse we have, it is going to be burdensome and scary. Speaking of the low-yield payments, we have experienced so many years of low yields, that it is almost impossible now to get a low-yield payment because the low-yield payment is on record at that office.

Senator ALLEN. Yes.

Mr. REID. And, you almost have to make 100 pounds to qualify. And, most of the times we fortunately do better. If you will allow me, sir, to go on through here, this will probably bring on some humor and laughter, but these are some things that have passed through my mind. And, I say this because on a lot of occasions, I have experienced some unpleasanties doing business with these agriculture offices. And, these are primarily dealings direct to the USDA subjects. And, I have titled these things, "Projected Ideas and Thoughts of Changes in the Agriculture Office Personnel":

Install time clocks in all Agricultural Offices. Many Agriculture employees work in office in Colbert or in County Court Houses. Leave the functioning of time clocks and employees time cards in care of County Commissioner's office. Set up Chairman of the County Commission Board to issue paychecks and this under the scrutiny of the full County Commission. In short, have the ACSC, SCS, FHA, and the FCIC personnel under the auspices of local control.

No. 2, take steps to get rid of unsatisfactory employees who are in the marginal or sub-marginal persons line up. It is known or estimated a 5% marginal deadwood type employees to exist, inclusive of chronic hang-ons to their jobs. One's age limit or medical history would reveal a need for his or her layoff, retire them.

I think, sir, this is an article which I had picked up out of the Birmingham Post-Herald which would substantiate that fact that I am just speaking of, that is brought on by a bunch of young executives up in Washington that sent out this census. And, also it states down there, most of the bureaucratic members of that program were against it.

[The material follows:]

[Reprint of an article submitted by Mr. Reid]

USDA EXECS LEERY OF FIRINGS

Washington—Agriculture Department executives think most of their workers are high caliber, but agree at least five per cent may be "marginal" deadwood, a USDA committee said Sunday.

Many officials shy away from trying to fire poor workers because they think their hands are tied by government regulations, said the report by the depart-

ment's 1976 Young Executives Committee. It recommended training managers to "eliminate apparent misunderstandings" about those rules.

The committee studied several phases of agency operations and departmental policy making machinery last year.

It said 61 per cent of officials questioned in a survey think at least 5 per cent of their employees are at "a marginal or submarginal level."

Steps should be taken to get rid of unsatisfactory employees if the department is unable to make them improve, the committee said.

"In accordance with their rights, employees performing at an unsatisfactory level after they have been given adequate counseling, training and an opportunity to improve should be terminated," it said.

The survey polled a cross section of middle- and upper-level department executives, and got 633 responses mainly from career bureaucrats.

Senator ALLEN. You say they just have a "deadwood" factor of 5 percent there?

Mr. REID. That is what they say, I could probably elevate it up.

Senator ALLEN. I believe this should go in for the Agriculture Department, rather than for you. I believe it would be assumed it would be a whole lot worse than that.

Mr. REID. Yes. The No. 3:

Decision making procedures, as to a user of various governmental programs, on the subject if one is qualified for this or that or say for indemnity claim of crop loss and so forth, to be decided upon by the involved individual's neighbors to get a fixed opinion as to his or her qualifying for the applied program. Do not let this decisionmaking procedure be made by one in an office in a regional headquarters and this person being completely unaware of local problems. This mandate of such person remotely away, can cause needy citizens much distress and hardship.

And, now, this No. 4 item I have got listed, I think we call it the leap-frogging process:

In many counties of the State of Alabama, you can find chronic committee serving people. It seems Uncle So and So serve a three year term and passed it on to Nephews Son-in-law, then son-in-law back to Uncle's nephew and nephew back to uncle. And, these people often times become yes men to many of the office managerial personnel. This in turn perpetrates supreme power to the man in charge of government agency. I suggest a stop to this practice of service and in my judgment, this does exist.

So, I am going to delete this No. 5, it is in my record and you can use it for your value. No. 6, the last part up here:

Place all phases possible concerning local issues to local control or home rule. Any town, village, city, or place, including the immediately adjacent densely settled area, which is not part of or associated with an urban area; and

That is my presentation, sir, and I thank you for this opportunity and attention given to it.

Senator ALLEN. Thank you very much, Mr. Reid, we appreciate your testimony. And, certainly the matter of insurance protection that requires a great deal of consideration and we do not want to force the farmer over into paying for his protection, when the present law gives him some measure of protection under the disaster payments.

Mr. REID. Yes, sir.

Senator ALLEN. Obviously, we could not have a crop insurance program that could pay its way, there would have to be a subsidy and a large subsidy, to take care of it. Of course, we are going to pay a tremendous sum, some estimated as much as \$1 billion for disaster payments under the present law as a result of some of the bad

weather and all. So, I would certainly agree with you that we should not eliminate the disaster payments certainly at this time. It needs a whole lot more study before we put that added burden on the farmer. As it is now, as I see it, he can buy his crop insurance and still get the benefit of the disaster program.

Mr. REID. Certainly.

Senator ALLEN. So, that would give him some protection as it is. I don't know that the new system is improved. And, certainly, there would have to be a substantial portion of the cost paid by the Government to make it worthwhile for the farmer, in my judgment.

Mr. REID. I have a great fear of the bureaucratic form that they may come up with, if anything, it looks feasible to assist us. And, by all means, I repeatedly stress having it where it could be under some form of local control.

Senator ALLEN. The ACSC committee?

Mr. REID. Well, I spoke of the County Government Commission, they are elected by a majority of the votes cast within the county by all people, where your ASCS is elected by farmer vote.

Senator ALLEN. Well, the farmer would really know more about it possibly than your County Commission.

Mr. REID. That is true, too, but we have a full representative force of the majority of people with our county commission in my viewpoint, sir.

Senator ALLEN. Thank you, Mr. Reid, I appreciate your testimony very much. Well, we have covered the testimony of three witnesses in about 1 hour and 5 minutes. So, in fairness to everyone, we are going to have to put a limit on the time of the testimony. And, those who have prepared statements, if they would just condense it by word of mouth, rather than read the whole statement. And, I am going to ask Mr. Giltmier to be the villain to call time at 10 minutes. So, that is what a staff is for, you know, is to take some of the load off of the Senator. Mr. James E. Horton, Jr., please. Ed, we are glad to have you here.

STATEMENT OF JAMES E. HORTON, JR., MADISON, ALA.

Mr. HORTON. I have got your permission, sir, to make this announcement—

Senator ALLEN. Yes sir.

Mr. HORTON [continuing]. About this special farm meeting on February 25, 8:30 a.m. at the Mutual Savings Building. If you recall, we had a brand new tax law last year, I believe they call it the Tax Reform Act of 1976, and the Senator knows far more about this than I do. But, generally, it has changed all your approaches to estate taxes, liabilities and so forth. And, I hope that we can go and support this meeting. They are bringing an expert from Illinois who has lectured all over the Midwest on the subject of estate taxes, and so forth. It is at the Mutual Savings Building, 31 South at Decatur, 8:30 a.m. on February 25.

Senator ALLEN. I might say that this revision in the estate tax laws is one of the best things for the agricultural community that Congress has done in an awfully long time. It allows farms to be kept in families, it prevents the forced sale of a farm to pay the inheritance tax

and gradually it is going to get the exemption on up to some realistic figure. It was entirely unrealistic at \$60,000 and the method of handling it now is to be a credit, rather than an exemption. But, it works—and, also on the amount of the marital exemption can be up as high as a quarter of a million dollars. So, that is fixing it so the estate tax liability on farmers and owners of small businesses will be greatly reduced for the families of the decedents. Ed, we are delighted to have you testify and look forward to hearing your testimony.

Mr. HORTON. Thank you, sir. Senator, it is my opinion that the farm problems must, of necessity, be divided into different categories. Sometime we try to treat the farm bill, the farm problem, in one fell swoop, but you can't do it, particularly those that affect farms here in Alabama. The first category would be the cotton crop; the second—and, I put these together—soybeans and feed grains, because they are very similar in so many ways. And, the third, beef cattle. I am not qualified to speak on the problems of the dairy or the poultry farmer, and I was delighted that Mr. Ozment was here to deal with the problems posed in producing chickens, and hopefully, there will be some dairy farmers that will be here later on. And, Senator, I know you are anxious to get into this controversy in Alabama on the milk control board, I know you are looking forward to jumping into that.

Senator ALLEN. Well, you know, I made it a policy to let the legislature look after those problems, you know, and I will try to look after some of the Federal problems.

Mr. HORTON. I can understand why you have been in Washington as long as you have. However, these three categories that I mentioned, represent a great number of producers, particularly here in the Tennessee Valley. And, Government participation, or lack of it, has a great effect on the welfare of these farmers. First, let me mention cotton. Undoubtedly, it requires more input to produce, and consequently more expense, than any crop we raise here in the Tennessee Valley, excluding land rent. It is safe to say that out-of-pocket production costs for an acre of cotton can reach \$200 per acre or more, depending on the costs of fuel and fertilizer and the insect control measures that, of course, vary from year to year. This does not take into account the equipment investment and the farm machinery costs that are now astronomical. For instance, one tractor in the 125 horsepower range now sells for over \$20,000; basic tillage and planting tools to accompany this tractor can easily cost another \$20,000. Cotton harvesters, and I talk about the standard two-row self-propelled cotton picker, sell for over \$40,000. Additional equipment, such as high clearance sprayers, are also a necessity, plus all the production tools that are just too numerous to detail. Add all these together, plus all the costs already enumerated, and it is easy to see that a bale to acre yield at 60 cents a pound, or \$300 gross, leaves little or nothing for the producer to live on. Now, cotton is one of the most necessary of fibers. We know our people want it, we know they need it, we want to produce it. But, because of the gyrations of the market prices, all we ask is a vehicle of protection in support prices and target prices. Senator, I believe they should be high enough to tide us through periods of stress, but low enough to keep Government participation at the lowest possible level. We prefer our income be derived entirely from the proceeds of the crop, not from the old sys-

tem of Government set asides and Government payments. And, I might add here the target prices for cotton have never had to be implemented under the Farm Act of 1973, since the program was enacted.

And, I may stand corrected here, but I see that the only crop that has been supported is rice and this was for the last year's crop. So, the target prices haven't been too high.

Senator ALLEN. It is just insurance, really is what it amounts to, isn't it?

Mr. HORTON. Yes, sir. Now, soybeans, wheat, and feed grains follow much the same pattern. Although expenses for producing these crops are less than those required for cotton, gross income is also less. Soybeans have been the miracle crop of the last decade and present indications are that they will continue in strong demand in the future. However, target and support prices for this crop would give a psychological crutch to those who are producing it, even though all of us hope they would never have to be used. Corn and wheat are both underpriced now in relation to their production costs and loan supports, gentlemen, are the only thing keeping many wheat farmers, particularly in the Midwest, going now. The support price concept is undergoing a crucial test in the present wheat situation and many farmers are using the loan as a means of keeping their wheat off the market until there is some improvement in the price situation. Senator, I think what few people understand is the fact that these programs serve well both the consumer and the farmer. For instance, an additional 10 cents a pound for cotton adds only a few cents to the cost of a cotton shirt. An additional \$1 a bushel for wheat might add 2 cents to the cost of a loaf of bread, that's all. And, yet, that \$1 a bushel would be the difference between failure and success for the wheat farmer. But, most important, the consumer is guaranteed a stable supply of these necessities of life.

Now, the beef cattle industry is the second largest income wise agricultural product in the State of Alabama, but it requires a different approach. Beef differs from cotton and soybeans in that the latter can be stored for indefinite periods of time, while meat is a perishable product that must be consumed in a short period of time. When a steer reaches 1,000 to 1,100 pounds in weight on foot, he has to be slaughtered, there is no alternative. We recognize there can be no price support on a perishable commodity. To put it another way, if all the cattlemen in this country withheld their animals for 2 weeks, you couldn't buy beef in the retail store. It is hard to believe, but it is true. Now, the tragedy of the price freeze on beef 3 years ago, many of you remember, only accentuated the calamity of interfering with the marketing process. It was a disservice to consumers and the cattle industry is still trying to work out of the disaster that it provoked. It is my opinion that most cattlemen feel that the industry is best served by no price supports, no target prices and no Government interference with the production or the flow to market of beef products. The only protection they ask is from this flow of foreign beef produced in foreign countries with much lower standards of living. We need to be protected from too much imported beef.

In summary, I feel that you have an excellent foundation with the old farm bill of 1973. I want to congratulate you and Senator

Talmadge for your sponsorship of it. And, I believe if you raise your target and supports in proportion, we will have a fine act on which we can build.

Thank you, sir.

Senator ALLEN. Thank you, very much, Mr. Horton. I appreciate this fine testimony. Of course, you have given us a fine analysis of the situation of the farmer producing a full range of agricultural products. What you say about the cattle industry, it is certainly interesting that the cattle producers have always been a free enterprise people. They just say, leave us alone, we will work the thing out.

Mr. HORTON. Yes, sir.

Senator ALLEN. But, you are really in a tremendous bind at this time and this bad weather that we have had has just almost ruined a large number of cattle producers. We have knowledge of cattle producers who have lost even hundreds of thousands of dollars this year, not just tens of thousands. It is really an alarming situation. I just wonder how in the world you are going to work out of it.

Mr. HORTON. Well, I don't know, sir. The cattle business—really, beef cattle is in the worst recession I have ever seen. And, we have been looking for improvement the last year, but it hasn't come. And, the drought in California and the West is only making it worse, because they are having to go to market with more animals than normal. So, Senator, I don't know, but the cyclical nature of beef cattle—when prices are low, we don't ask for help, but when they get up where they should be, then they put a freeze on the beef prices.

Senator ALLEN. No doubt what that was a calamity to the consumer and to the producer as well.

Mr. HORTON. We haven't recovered yet from that.

Senator ALLEN. Well, I appreciate your fine support of the bill. And, I think it is a tribute to farmers throughout the country that they do support the concept of the farm bill, which has changed in its nature in the last 5 years. As I have pointed out, it is one of the few Federal programs that has gone down in cost to the taxpayers in recent years.

Mr. HORTON. Well, Senator, in addition, we have been allowed freedom to plant what acres we want to in each crop, in addition to the great benefit that you pointed out that Government payments are at the lowest level I ever remember.

Senator ALLEN. Yes, they are.

Mr. HORTON. So, you can't beat that; just build on it.

Senator ALLEN. That's right. Well, thank you very much, Ed. You gave us some splendid testimony.

Mr. HORTON. Thank you.

Senator ALLEN. Mr. Dennis Bragg. Mr. Bragg, we appreciate you coming and giving us the benefit of your views and your experience as a cotton farmer as we consider what needs to be done with the farm bill. And, we look forward to hearing your testimony.

STATEMENT OF DENNIS BRAGG, TONEY, ALA.

Mr. BRAGG. I may not know what needs to be done to it, but I do have a few recommendations.

Senator ALLEN. Yes, sir.

Mr. BRAGG. I am not going to use all of that, but I did use it at home and I wanted to let you know that I did a little research.

Senator ALLEN. I know you did, and we appreciate that.

Mr. BRAGG. I have a letter here that says you would like to talk off of the cuff. So, that suits me, but I would like to either follow Senator Talmadge's bill, or follow my recommendations, one or the other.

Senator ALLEN. Either way you want to do it. I would rather have your recommendations, because we know what Senator Talmadge's are.

Mr. BRAGG. I am a little more familiar with mine. Let me open by trying to qualify myself as a farmer.

Senator ALLEN. Have a seat and make yourself at home.

Mr. BRAGG. Let me get a little closer to you, because I am hard of hearing and I want to hear what you have to say, too.

Senator ALLEN. You are going to be testifying, now, you have just 10 minutes, you know.

Mr. BRAGG. I was in here awhile ago and I believe somebody took 20.

Senator ALLEN. I know, but that made the reason for the rule, the 10 minutes, the filibuster.

Mr. BRAGG. Let that take effect after I get through.

Senator ALLEN. We will try to accommodate you, go ahead.

Mr. BRAGG. I farm with my son, Allen Bragg, and my son-in-law Kermit Nord. We operate as Bragg Farms.

We produce cotton on 900 to 1,000 acres, soybeans on 1,600 to 1,700 acres, wheat on 450 to 500 acres with small acreages used for other crops.

Senator ALLEN. Do you all own all of this land, or do you rent some of it?

Mr. BRAGG. We own about half of it and we lease about half of it.

A small herd of beef cattle is also a part of our operation.

Senator ALLEN. You are not making anything on that, are you, on the beef cattle?

Mr. BRAGG. Didn't make anything on cotton. We made a little bit on soybeans, but we have hopes with cotton and have hopes of a good cotton program. This year I am serving as chairman of the Alabama Farm Bureau Cotton Division; I am a director in farm bureau; a member of the American Cotton Advisory Committee; and, delegate and member of the Producer Steering Committee of the National Cotton Council. Being active in these organizations helps me to be acquainted with the policy and kind of farm program we want and need for the coming years. Senator, a large percentage of our farmers that I have talked to in the meetings that I have been in, favor an extension of the 1973 farm bill with improvements, some changes and some additions. Some of my comments will be from me and my operation and some will be from farm bureau and some from the National Cotton Council. Being a member of the Producer's Steering Committee, I am on the cotton council that makes the policy for the producer. As Ed Horton said, the target price hasn't been much benefit as far as this area is concerned, and I believe as far as maybe the cotton producer is concerned. But, we do need a raise in the target price. And, more important than the target price is the

CC loan. To us, when we go to the bank to borrow money, they ask what is the loan going to be this year, they don't care about what the target price is going to be, because that is not definite. But, the CC loan is definite and we feel that it should be high enough so that a producer would be able to be financed by the financing agencies and not high enough to encourage excessive planting where we would be overplanted and have a surplus of cotton. Of course, that always depresses the market. In my opinion, and in the opinion of many that I have talked to, the loans should not be cheaper than 48 cents a pound. And, I believe in Senator Talmadge's bill it probably would be. But, I hope that you all will reconsider that and reconsider what it is costing the farmer to grow an acre of cotton.

Senator ALLEN. I believe the committee is willing to set the loan at the highest possible figure that would not make it so high that the loan would be well above the world market. Because, if it gets above the world market price, then none of it is going to go into foreign markets and we will lose our foreign market for the cotton. Now, that is the big holdback on setting that figure, as I see it. And, I believe you understand that too.

Mr. BRAGG. I agree with that. And, of course, I am very much interested in export.

Senator ALLEN. It just about saved our economy one year. Year before last we had a \$12 billion agricultural surplus. I don't know what it ran last year, I don't believe it was that high. But, it has just about kept us out of a deficit position.

Mr. BRAGG. I believe about a third of the cotton we grow goes into export. As far as soybeans, it would be more than 50 percent of the soybeans that go into export.

Senator ALLEN. Yes, sir.

Mr. BRAGG. I would like to see, any many of the other cotton growers would like to see, an extension of the loan. We have a 10-month loan and we would like to see that loan extended another 8 months.

Senator ALLEN. We had that in the farm bill that we passed up there, you remember, to extend that loan period.

Mr. BRAGG. We weren't given advantage of it, were we?

Senator ALLEN. It didn't clear the President, he vetoed the bill.

Mr. BRAGG. Maybe it will clear this new President.

Senator ALLEN. I hope so. Excuse me, go ahead. We won't charge my comments against your time.

Mr. BRAGG. Well, good, I hope you comment a whole lot, then, because I want more time. We feel that this loan should be announced by November 1. That will give farmers the opportunity to make their plans for the coming year. And, we like this part in your bill that extends it to a 5-year bill. That part is very desirable.

Senator ALLEN. Even in a 5-year bill, we would have to have some escalated provision, of course, on the cost of production, because we know it is going to continue to go on up.

Mr. BRAGG. Every year.

Senator ALLEN. We would have to do that, we couldn't freeze it at the level of the first year.

Mr. BRAGG. We want it flexible, yes, sir.

Senator ALLEN. Yes, sir.

Mr. BRAGG. The next thing I would like to mention would be disaster. And, I heard someone before me talk about disaster. Disaster payments should be figured on a graduated scale according to the amount of the disaster. Many producers have produced a few bales or just a few pounds above the amount that was eligible for disaster payments. They still had a disaster, but were not able to collect. I think maybe you need two scales of disaster and two amounts to pay on that disaster. I hope that something will be done about this, because we are having people that have a disaster, and I believe it was Ed said—or, someone before me said—the production of cotton through this area has been so low that our projected yield is low. We need to figure our disaster on our projected yield and on the allotted acres and not be penalized when we overplant. Yet, I don't think we ought to get paid for disaster on overplanted cotton, but I do think we should get disaster on our allotment. And, the limitation of pay should not affect disaster. I have a comment about energy.

We have all been affected by the energy this winter, and some before this winter. And, we realize the need of conserving and the reserve of energy. And, you know it takes five times as much power or energy to produce a pound of manmade fiber than it does a pound of cotton. And, that fact should be known by the people and it should help the farmer to get more energy.

Senator ALLEN. A very significant fact, and I think that is going to result in the use of more cotton, because it takes so much more energy on the manufactured fiber.

Mr. BRAGG. If the farmers produce the food and fiber that the people of this country need and some to send to the less fortunate people around the world, we must have energy to produce that fiber and food on the farm to send to them.

Senator ALLEN. I am glad to say that Congress does recognize that agriculture and the production of food and fiber must be considered a priority user of energy.

Mr. BRAGG. I believe that will be known by everyone in the United States before too many years.

Senator ALLEN. Yes, sir, I think you are right.

Mr. BRAGG. Exports, you mentioned exports awhile ago. Exports of farm commodities are essential to the producer and to our Government so we can have a balance of trade. Farm products are about the only thing we are able to sell to foreign countries, because they make most everything else cheaper than we do and sell it to us, rather than us being able to sell it to foreign countries, other than farm products. There is one thing that you worked on last year for the people of Alabama and for the whole cotton industry, was the credit rating that Japan had with the United States. And, the Export-Import Bank, you know, would not release the money for Japan to buy cotton from the United States. And, I came by your office and Senator Sparkman's office and made that report, and in 3 weeks' time the export bank had let Japan have the money that they wanted to buy cotton from the United States. And, that was enough money to buy some 250,000 bales of cotton.

Senator ALLEN. That's right.

Mr. BRAGG. That is about two-thirds of what Alabama made this year.

Senator ALLEN. You know, the Export-Import Bank, that is what it is supposed to be for. But, one thing we had to beat up there in the Senate was a bill that would have permitted the Export-Import Bank to help finance the development of Russian gasfields, natural gasfields, to produce gas to sell to Japan. And, we would not have gotten a bit of it. Yet, the Export-Import Bank was going to hazard hundreds of millions of dollars in that enterprise, and here they were not lending Japan, which is a good credit risk, the money to buy southern cotton. So, it was just an outrageous position that they had and we were able to show them that this loan ought to be approved. And, they did go ahead and approve it.

Mr. BRAGG. I was glad that you felt as strongly about it as you did, because you and Senator Sparkman—

Senator ALLEN. Yes, sir, Senator Sparkman worked on it hard.

Mr. BRAGG [continuing]. Got this \$75 million, it was released in 3 weeks time after you were contacted. This is a touchy subject, Environmental Protection Agency. When EPA regulations adversely affect the production of food and fiber or threaten our energy resources, its power should be restricted by law. The Agency officials should be instructed to be more tolerant in their decisions when much decisions jeopardize the production of a crop, closing of an industry or greatly affecting the economy of our Nation. I have five grandchildren and I would like to see them grow up in a clean air and clean water environment. I used to go swimming in the river and I would like for the rivers to get clean enough that they could go swimming in them. But, we cannot farm without chemicals. And, we can't dig coal without getting dirt off of it. I would like to see that dirt smoothed back out so those coalfields could be used later and wouldn't hurt the looks of the country. But, I think there is going to have to be a limit somewhere in what power they have. And, I just feel like we need some restrictions on what they do.

Senator ALLEN. Well, I certainly agree.

Mr. BRAGG. In 1970, there were 700 new chemicals discovered or perfected, or whatever they might do to them. And, in 1975, after EPA's restriction came in, there were less than 25 new chemicals discovered. From 700 down to 25. It costs millions and millions now to get a chemical recertified.

Senator ALLEN. That is true.

Mr. BRAGG. And, some of these good old chemicals we have been using for years, I think they need testing to see how dangerous they are. And, I think the people need to be more educated on how to use them. But, without any research, I believe that some of them have been taken off of the market. I know DDT has been discussed time after time after time. And, the person who held that hearing advised them to let DDT stay on the market, yet it was taken off by EPA. That is some of my research.

Senator, if I take up too much time, just call my hand and I will get with you later.

Senator ALLEN. All right, go ahead, Dennis.

Mr. BRAGG. Agriculture conservation programs. I think conserving of our land and water is very important, and it conserves energy—

it is an important, or more important than conserving energy. And ACP not only builds land for future use, but also helps the environment by controlling water runoff, controlling dust, establishing vegetation on unused land and improving forest management.

The ACP program should be continued, expanded and adequately funded. Most farmers need the financial help and the experienced supervision to carry out conservation practices.

I would like to encourage you, Senator, to add strengthening points to this bill that will put more emphasis on soil conservation and conservation practices.

I have a little more over here, but I am going to quit because I know I have taken up my time. And, I know you want to hear from others and I want to hear from others, too.

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

Mr. BRAGG. Any questions that you would like to ask me about any of these?

Senator ALLEN. I believe I questioned you as we went along.

Mr. BRAGG. I appreciate the opportunity to get to come before you.

Senator ALLEN. Thank you, sir. Suppose we take about a 10-minute break.

[A brief recess was taken.]

Senator ALLEN. Mr. Raymond Marsh, please.

Raymond, we appreciate your coming before the Committee to testify and we look forward to hearing your testimony.

STATEMENT OF RAYMOND MARSH, MADISON, ALA.

Mr. MARSH. Thank you, Senator Allen. I am Raymond Marsh from Limestone County. I want to thank you for giving me this opportunity to express my opinion on the past and upcoming farm bill. I raise 400 acres of cotton, 350 acres of soybeans, 50 acres of wheat and 175 acres of corn, and 12 acres of strawberries. I also raise some beef cattle and some hogs.

Senator, I have seen the good times and I have seen the bad. I have never made enough money farming to carry me from one year to finance the next. Most of the time I had to borrow money to live through the winter. Now, the point I want to make here is that the weather has always been a factor at these times. And, it is something that I can't control. I would like to comment a little bit now on this subject.

Our present farm bill is not bad, but I do believe some changes would help. And, first I would like to point out our Government is involved in so many ways in our life and in the economy of our Nation, that it is a must that farmers have some help to survive. Now, I think we need a loan program. I don't want to see the loan rate too high. I think it should guarantee our cost of production and I state that at between 55 to 60 cents. I think that maybe the loan should be for farmers only and not allow mills and other markets to buy from it. This would give farmers a chance to delay their sales and market it when prices are right. I make this point to let you know, in the past we have had the loan over our head and the people could go to the loan and buy and not buy from the farmer. And, I don't want to see this happen anymore if I could help it.

Now, I want to comment on the length of the farm bill. I think a farm bill should be short, 2 to 4 years. The way things are changing and the economy has changed in the last few years, I think 5 years is too long. I think the Secretary of Agriculture should have the authority to extend it for 2 more years. Make it for 2 years and if it needs it, he could extend it for 2 more and maybe if it needed it, he could extend it again; if it is a good bill.

Senator ALLEN. Well, now, how would you go about resetting target prices and loan amounts?

Mr. MARSH. Well, this would be a little bit hard to do, but I want to comment on that in just a minute, I have got that in my testimony here.

Senator ALLEN. All right, excuse me.

Mr. MARSH. I think the disaster part of the cotton program should be changed. If the weather does not cooperate and we have a disaster, regardless of yield per acre, a disaster is a disaster. Some farmers have a high yield average and when a disaster occurs, he cannot get any help. A few pounds of cotton should not keep a farmer from getting some help.

Now, to go back to the loan part. I don't know if we need a loan and a target price. I have thought about this quite a bit and I am not sure. Maybe we could use a target price and do without a loan. I have some doubts if we need both. It has been presented here today, we haven't used the target price and I think if the loan was raised a little bit, maybe wouldn't need a target price.

Senator ALLEN. In other words, that would more or less make the loan amount the target price. That would be about what that amounts to; wouldn't it?

Mr. MARSH. Yes, sir.

Senator ALLEN. As someone said, the banker always asks what is the loan amount, and he is not too concerned with the target price.

Mr. MARSH. I don't want to see a loan too high, because I have experienced in the past that prices tend to stay at a loan if it is too high. And, I don't want to see that happen anymore. But, I think we need a loan high enough to keep us from going into debt so far we can't get out.

Senator ALLEN. Well, if the loan is in effect to replace the target price, the danger of pricing yourself out of the world market that is the disadvantage of that.

Mr. MARSH. Yes, sir.

Senator ALLEN. And, you need to have a target price up above the loan to guarantee against a precipitant drop in the price on the spot market; on the scene.

Mr. MARSH. Yes, sir, I agree with you on that. Senator, I think we have to have controls on production through allotments and set-aside programs. I also think—and, this is something that we have had for quite a while, but I think the law that froze allotments to each farm should be rewritten or redone to update it. We cotton farmers should not have to buy or lease cotton allotments from people that are making a living elsewhere. I stated this for years. Now, the last 2 years we haven't had to do this, we have had an open market and we have planted what we wanted to. Or, these people would release the allotments back to the county office and reapportion

them. But, in the past, it has been an expense to the cotton farmer to have to buy or lease cotton allotments.

Senator ALLEN. True.

Mr. MARSH. There is another side to that, I am sure, I know it. If a man has one on his farm, he doesn't want to give it up because it is worthwhile to his farm. Senator, I don't know too many changes we need in the soybean or corn programs. Loan rates of about \$4 for soybeans and \$2.50 for corn would insure the farmers' cost of production. But, the price soybeans are right now, I don't think many soybean growers would want anybody to fool with the market at this time or try to change it. I know the farmers that I have talked to don't want any.

Senator ALLEN. What are soybeans selling at now, about \$7.25 a bushel?

Mr. MARSH. Yes, sir, somewhere over \$7. I sold some of my beans last week for \$7.30.

Senator ALLEN. Did you make a profit on that at that figure?

Mr. MARSH. Yes, sir.

Senator ALLEN. What is a break-even figure on your soybean production?

Mr. MARSH. I believe we can break even at \$4.

Senator ALLEN. Is that right?

Mr. MARSH. Yes, sir, on my average that I had.

Senator ALLEN. That is a little lower than I had thought.

Mr. MARSH. Weather still depends on this production of yield per acre.

Senator ALLEN. I would say I believe you are a very efficient farmer, I will tell you that, Raymond.

Mr. MARSH. I have been lucky and I have had a little bit better yield than some of the farmers. This is not an average yield for the county, I am sure. Now, another point I would like to point out is that in the past, we have had a little trouble. I think we should be able to sell our products without interference from anyone. If people in other countries can pay more for our products than we can get at home, something is wrong. I don't think my living should be controlled by the consumer, for he has no idea of my cost of production and most of the time he doesn't care. I am a consumer as well as anybody else. But, a lot of the times they would like to say that is too high. But, I think a lot of them are seeing the light that maybe it is not as high as it is going to be.

Now, we must export our products to make a living. Ways must be found to stop the unions from interfering with production, harvesting, or selling of our products. I make this comment to know that the unions refused to ship our products overseas when we had a market for them, and this hurt us. Now, I would like to get in another point that hasn't been brought out today, and it is the food stamp program.

I think it is wrong. I had rather give commodities to the needy. The large supermarkets make more money off of our products than we do. And, I have a comment I would like to make as a solution to this and maybe one of them would be a Government-owned PX, or food stamp store to sell these commodities at the lowest possible cost or give them away. But, get them out of the public, I don't see

that supermarkets should make a profit off of something we are going to give to somebody that needs it.

Senator ALLEN. Well, of course, Raymond, a lot of the corner groceries, you know, sell too on the food stamp program. I mean, it is not just the big supermarkets, of course.

Mr. MARSH. Yes, sir, that's right. You are right.

Senator ALLEN. And, it might have a whole lot of kick from private industry if the Government goes into the commissary business.

Mr. MARSH. Well, I make this recommendation, the arsenal over here is real close to us and I think everybody belongs to the reserve, or ever has belonged to the Armed Forces, can go over there and buy stuff cheaper than anybody else and I don't think that is right.

Senator ALLEN. I understand your feelings.

Mr. MARSH. And, I think maybe a store set up to serve two or three counties or maybe a big city and let the people that have the food stamps go to that one place and buy his stuff.

Senator ALLEN. It might be inconvenient.

Mr. MARSH. It would be, yes, sir. But, we have enough people in our offices to issue these food stamps that are already on payroll and maybe this would put some of these unemployed people to work in building some places.

Now, I am against the Government-controlled food reserve. And, I think part of our revenue which Congress appropriates should be set aside in a fund to purchase food for an emergency when needed. Any time you have a food reserve, it tends to lower our prices for our products.

Senator ALLEN. Puts a damper on the market, no doubt about that. That is what we fought through the years is to get rid of some of these tremendous surpluses, of course.

Mr. MARSH. Yes, sir. And, if this builds back up, we will be in the same boat with a big food reserve. I would like to sum it up. Senator, we can produce only if we have a reasonable return on our labor and investment.

Senator ALLEN. Yes, sir. That is the whole concept of the bill, to keep the farmer in business, to guarantee that he can stay in business.

Mr. MARSH. Yes, sir.

Senator ALLEN. And, I believe you support the concept of the bill even though you have made some interesting observations about possible changes in the law, you still support the general thrust of the bill.

Mr. MARSH. I do.

Senator ALLEN. Thank you very much.

Mr. MARSH. Thank you.

Senator ALLEN. Mr. David LeCroix, please. Mr. LeCroix, it is good to see you.

STATEMENT OF DAVID LeCROIX, BELLE MINA, ALA.

Mr. LeCROIX. It is good to see you, Senator Allen. I have a prepared statement here. My statement will be briefer than people that have appeared before me. Of course, I am here to testify in reference to the cotton farmer, because I am 100 percent cotton farmer, I grow no other product.

Senator ALLEN. Is that right?

Mr. LECROIX. First, I would like to submit to you my statement of cost of producing an acre of cotton in 1972 versus the cost in 1975.

Senator ALLEN. That will be an interesting figure.

Mr. LECROIX. I broke it down out of my records. In 1972, seed cost is \$3 per acre; 1975, seed cost was \$5.40 an acre. Fertilizer cost me \$20 per acre in 1972, to \$39 per acre in 1975.

Senator ALLEN. Almost double.

Mr. LECROIX. Yes, sir. Herbicides, \$8.20 per acre in 1972, versus \$14.20 in 1975. Insecticides and fungicides, \$22.50 in 1972, versus \$45 in 1975. Now, I need to make a little comment here. I had more insect problem in 1975, than I did in 1972, which I had to make about three more applications. So, the insecticides did not go up that much per application. Fuel, oil, and grease, \$7.90 in 1972; 1975, \$20.89 per acre. Repairs, 1972 was \$15.06 per acre; in 1975, was \$12 per acre. Probably the reason that was different in some years you have a major repair on a cotton picker and other years you wouldn't have that, which will make a big difference in your per acre cost on repairs.

Senator ALLEN. Yes, sir.

Mr. LECROIX. Labor, \$31.94 per acre in 1972, versus \$45.32 per acre in 1975. Interest on capital, money borrowed to produce this crop, \$2.56 in 1972 per acre, versus \$11 per acre in 1975.

Senator ALLEN. That is terrific.

Mr. LECROIX. Of course we had to use so much more input cost per acre of cotton now than it was in 1972.

Senator ALLEN. Did you borrow considerably more?

Mr. LECROIX. Yes, sir, it took more to produce.

Senator ALLEN. As well as the interest rate. What about the interest rate?

Mr. LECROIX. The interest rate was up. Of course, the most I have paid is 8½ percent. And, I think it was up from 7 to 8½. From 1972 until now.

Senator ALLEN. Most of the increase came from borrowing larger sums?

Mr. LECROIX. Yes, larger sums to buy equipment with the production costs. Supplies, \$5.87 per acre in 1972, versus \$3.33 in 1975. In 1972, leased cotton acreage, \$26.10; 1975, it was zero. Which, of course, we did not have to lease this cotton acreage. Utilities, \$1.05 per acre in 1972, versus \$1.45 in 1975. Insurance, \$4.80 in 1972, versus \$12.14 per acre in 1975. You know, we have to cover ourself now against liabilities. If you have an accident on the highway, you might lose all you have worked for all your life.

Senator ALLEN. In other words, a lot of this came by increased coverage?

Mr. LECROIX. That's right, increased coverage. I think we had increased coverage and I carry the Federal Crop Insurance on my crop. And, I believe we increased from 20 cents a pound to 30 cents a pound coverage there, which brought this insurance up.

Machinery depreciation, \$16.60 in 1972, versus \$32.80 in 1975. Now, the expense in 1976 is approximately \$40 an acre more than

it was in 1975, to produce this acre of cotton. Now, I lease all my land that I farm, I pay one-fourth of the production as rental cost, which is not included in the above cost. Nor, does the statement include any provision for payment of my services as manager of the farming operation. All of my 500 acres of cultivatable land is planted in 2 x 1 standard skip-row cotton, which would be 335 actual acres of cotton.

Senator ALLEN. Could you give me some idea of the revenue increase per acre during that same period?

Mr. LECROIX. Well, in 1972 I contracted my cotton at 31½ cents per pound. Of course, then we had the 15 cent Government subsidy in 1972, which gave us 45 cents a pound less the \$26 per acre it took to lease this cotton acreage.

Senator ALLEN. In other words, what I was wondering, has your income had pretty well the same increase. It looks to me like you had an increase of 50 to 60 percent.

Mr. LECROIX. Yes, sir. Well, that was in 1972. In 1975, averaged 52 cents a pound for my cotton, I sold it at different times from 50 cents up to 60, but the bulk of my crop was sold at 50 cents before the price rise in 1975. So, I averaged 52 cents a pound.

Senator ALLEN. 52 cents against the 32 cents?

Mr. LECROIX. Against the 32 cents in 1972.

Senator ALLEN. Plus the 15?

Mr. LECROIX. Plus the 15, yes, sir. Any more questions on this?

Senator ALLEN. No, sir. I might comment, from 1972, the overall difference between 1972 and 1974 nationwide, farm production costs increased 38 percent. And, I guess if you extended it on 2 more years, I am sure it would be up over 50 percent for the production costs.

Mr. LECROIX. Yes.

Senator ALLEN. All of this, of course, proves that the present target and loan prices have to be raised considerably.

Mr. LECROIX. I have this further down in my statement. In the crop year 1975, my yield per acre was 980 pounds.

Senator ALLEN. Nine hundred and eighty pounds per acre?

Mr. LECROIX. Yes, sir. Now, of course, when I am talking about an acre of cotton, you are talking about an acre and a half of land, when you skip-row cotton. My yield was 980 pounds per acre average over the overall farm. Of course, the average price was 52 cents, as I stated before. In the crop year 1976, my yield was 732 pounds per acre average. The average price I received for the 1976 crop was 62½ cents per pound.

Senator ALLEN. You didn't have any forward contracts?

Mr. LECROIX. I had a contract with W. B. Dunham, a call contract, with a guaranteed 51 cent price. And, I called my price about 2 weeks too early each time. I called half of it before the big rise in May, and June and then before the second rise, I believe was in July. I missed out by about 2 weeks on both rises, which cost me about 10 to 12 cents per pound. Of course, I don't want to try to get the high dollar on the cotton. When you do, if you hold too long, you are going to be taking the low dollar.

Senator ALLEN. That's right. Well, now, you have got such interesting figures there. Do you have a figure on your production cost in 1976 per pound of cotton?

Mr. LECROIX. Well, it cost me approximately \$40 an acre more to produce the 1976 crop than it did the 1975. And, of course, my 1975 expenses were approximately \$280 per acre, actual production cost before land rent.

Senator ALLEN. How does that translate into cost per pound, could you break it down to that?

Mr. LECROIX. Well, an average of 732 pounds per acre in 1976, so I did not figure that price there, but it could be figured there if I divide the 732 pounds into the 65½ cents that I received for the cotton.

Senator ALLEN. I believe Senator McDonald testified that he felt production costs—I forget exactly what he said—around 54 or 55 cents a pound.

Mr. LECROIX. At least that much.

Senator ALLEN. Yes, sir.

Mr. LECROIX. The target price for 1975 would have covered my production costs since I made a yield of 980 pounds of cotton per acre. The price would not have been sufficient to have covered my other expenses, however.

Senator ALLEN. What suggestion would you make on a possible target price and loan amount in the new farm bill?

Mr. LECROIX. I think the target price should be geared to our production costs.

Senator ALLEN. Yes, sir.

Mr. LECROIX. Adjusted yearly.

Senator ALLEN. But, geared to it, do you mean the target price cover the production cost?

Mr. LECROIX. Yes, sir, cover our production cost.

Senator ALLEN. I think that is fair. Now, what about the loan amount?

Mr. LECROIX. Well, I wouldn't want to see it too high, because if we got our loan price too close to the market price, then we would wind up growing cotton for the Government and putting it into the loan like we had in the past.

Senator ALLEN. I think that's true. We have to learn from the lessons of history on this legislation.

Mr. LECROIX. That's right. Maybe 70 or 80 percent of the target price—loan price of the target price. The target price of 1976, even though it was increased from 1975, would have not covered my production costs this year. This was due in part to unfavorable weather conditions which lowered my yield to 732 pounds per acre. Another factor was higher cost in production, especially labor, machinery, and fertilizer. Since the market price for cotton in the years 1975-76 was good, this enabled me to make a profit on my cotton crops this year. I think the last 4-year program—last 4-year crop program would have been a good program and a fair one if inflation hadn't hit us in 1974. In my opinion, your proposal to move to actual cost of production as a basis for target prices would be a great improvement in the new program.

And, also I would like to see the disaster payments continued as a protection against losses caused by adverse weather conditions and other conditions beyond our control.

Senator ALLEN. Let a farmer have the option of further insuring himself with crop insurance. Isn't that right?

Mr. LECROIX. Yes, sir. I think the \$20,000 disaster limit should be raised, because if the larger cotton farmer has the complete crop loss, the limited payment would be just a fraction of his production cost.

Another thing that I think should be in the farm program is the continuation of the leasing and selling of cotton allotments within the State.

Senator ALLEN. I agree.

Mr. LECROIX. Maybe some of us farmers might want to purchase some more cotton acreage to insure that we would have cotton acreage on our farms when we get a surplus supply of cotton in the future.

Senator ALLEN. Mr. LeCroix, you have certainly given us some interesting figures there. And, I might comment in passing, I believe you are not only a good farmer, you are a good businessman and you are also a good bookkeeper and accountant.

Mr. LECROIX. That goes partly to my wife.

Senator ALLEN. Those are some real fine and interesting figures there, in comparing the years of your cotton production and cost of it.

Mr. LECROIX. I am sort of like Mr Marsh's comment, I have been lucky with the weather, of course, I have helped myself as much as I could. I tried to do the best job I could do with every phase of the cotton crop when I put it in.

Senator ALLEN. They say the Lord helps those who helps themselves, that is a pretty good philosophy.

Mr. LECROIX. Yes, sir. A lot of times a little rain 2 miles away will make a difference from whether you are a good cotton farmer or a sorry cotton farmer.

Senator ALLEN. Much obliged, it has been real fine. You gave us some splendid testimony.

Mr. LECROIX. Thank you.

Senator ALLEN. Mr. W. J. Lee, III. I don't know why I mispronounced the middle initial, his father and I were down at the university together a few years back. And, my brother was named William and my name, of course, is James. And his is William James Lee, so I knew his middle initial was J, all right, I have been knowing that for 30 or 40 years. Bill, I appreciate your coming and look forward to hearing your testimony.

STATEMENT OF W. J. LEE III, TOWN CREEK, ALA.

Mr. LEE. Thank you, Senator Allen. I want you to know that I am completely out of character up here this morning, and not used to doing this kind of thing. I take this opportunity, Senator Allen, to thank you for your interest in our farm problems. I am sure the Alabama farmer as well as the American farmer can rest assured that their views through you will be heard.

First, I feel I should acquaint you with myself and my farming operation. My farm is located in the Tennessee Valley region of northern Alabama near Town Creek. This region, as you know, is well adapted for cotton production. Of the 1,200 acres on this farm,

about half is devoted to cotton production and the remainder cattle. About half is rented and about half we own.

I am a 1966 graduate from Auburn University with a major in agricultural education. After teaching for 1½ years, I started farming in 1968.

Farming is my chosen occupation. After living and working on a farm all of my life, I have learned to know, love and appreciate both the joys and the discomforts of farm life. And, I hold a fondness for those associations which even in hours of discouragement I cannot deny.

I believe, Senator Allen, in less dependence on begging and more power in bargaining. I believe in less need for charity but more of it when needed.

I will limit most of my remarks to cotton, because cotton is my primary source of income.

I am one who believes the world market price should dictate planted acreage. Care should be taken that the target price, or any Government regulation, does not interfere with the supply-demand relationship.

The target price concept is a good one, in my opinion, but care should be taken when determining the correct target price. The target price should never be set above the cost of production. Such a program would only result in oversupply and in the end, program failure.

On the other hand, a target price set too low would not provide the downside protection needed. Farmers do not desire a guaranteed profit, but would like to be assured against an economic disaster.

The suggested target price of 51 cents, suggested in the Talmadge bill, seems to be reasonable and in line with our present cost of production. A target price less than 50 cents, in my opinion, would not provide the downside protection needed. A target price approaching 60 cents could put us back in an oversupply situation.

Farmers, unlike most workers, have no guaranteed retirement. We have to invest our savings usually in land or cattle. And, near the end of each production year, this retirement is heavily mortgaged. If we have a good year, we pay the bank, satisfy the mortgage and our retirement is secure once again. If we have a bad year, if we are able to, we mortgage our retirement more heavily. If we have a total disaster, as we did in 1967, we lose everything we have ever worked for.

Again, Senator Allen, we do not want the Government to guarantee the cotton farmer a profit. Yet, we do feel the new program should protect us against a total disaster. In my opinion, the \$20,000 disaster limitation does not provide sufficient protection.

Senator ALLEN. What would you suggest setting that at, Bill?

Mr. LEE. I don't know, Senator Allen. The different sizes of operators varies so much, I think it is important to protect the family farm, but at the same time, large operators on a pro rata basis has just as much invested as a small farmer.

Senator ALLEN. That is true. Someone testified and suggested it be set at 25 and maybe someone said as high as 30. You would not go over 30 on it, would you, or would you? I believe someone said no limit.

Mr. LEE. Well, the thing, see, we have a \$20,000 limit and a farmer may go along for 10 years and never apply. But, when he finally needs help, he may need \$200,000 or \$300,000. And, \$20,000, if a man has a total disaster, \$20,000 is not going to help.

Senator ALLEN. It wouldn't be a drop in the bucket.

Mr. LEE. It wouldn't be a drop in the bucket, no, sir.

Senator ALLEN. I wonder how it would be to make that accumulative during the bill, the life of the bill.

Mr. LEE. That would be a good idea, yes, sir.

Senator ALLEN. If you didn't draw on it, then it would double up then for the next year and if you got a 4-year bill, it would go on up to something realistic. That might be one way of handling it.

Mr. LEE. Yes, sir, a good farm program, in my opinion, should also include a section on soil stewardship. Regardless of whether we own land or rent it, we are its caretakers. Productive land is an exhaustible natural resource when measures are not taken to conserve it. Farmers, because they happen to hold title to or rent land, should not be asked to carry the financial burden of soil conservation. All Americans, regardless of occupation or geographic location, have a stake in protecting our soil. It is our single-most important natural resource, and must be protected.

Therefore, the thrust of the ACP program should be prevention of soil erosion. Land mistreated for only a few years will be felt for generations to come.

Most water retention practices are too expensive for many farmers. Such practices as diversions, terraces, and watershed lakes are permanent-type structures. Benefits from practices of this nature will be reaped by generations to come. For this reason, I think the cost share should be increased from 50-50 to 80-20, on these permanent-type practices. Even at this rate, the taxpayer would be getting a bargain.

Benefits from other ACP programs, such as improving soil pH and winter cover crops, are more readily felt. Cost share on temporary programs such as these could remain at 50-50.

Senator Allen, as you can tell from the different views that have been expressed here today, are being expressed and will be expressed here today, farmers have an independent nature. Attempts to organize successful farm unions have failed for this reason. We have never been able to agree, really, on anything. We always have and always will take what is offered at the marketplace.

So, independence, our greatest weakness, is also our greatest strength. Each time a small farm is forced out of farming we lose a portion of that independence that has made us great.

Anything that can be done in the new farm bill to protect the family farm will be a big plus for this country.

In closing, I want to say that I believe that rural America will hold true to the best traditions of our national life; and, we as farmers will exert an influence in our homes and our communities that will stand true to that task.

Senator ALLEN. Thank you very much, that is a real fine statement. You say this is a little bit new to you, I believe you need to testify a whole lot more. A real fine statement, with a whole lot of good philosophy in it and a whole lot of good advocacy of the free enter-

prise system and individual rights and liberties and freedoms. That is something we certainly need to preserve here in this country, as well as preserve our soil. The real value of these hearings here in Alabama is that we just get some good everyday Alabama thinking input into these proceedings. We hear a whole lot up there in Washington, we hear from the Secretary of Agriculture and several assistant secretaries, but we don't hear enough from people who have personal relationships with these problems. I just think we are getting testimony here that we couldn't get there in Washington. So, it is of great benefit to the committee. We are going to not only have the testimony of a part of the full hearings, we are going to reduce it and synopsize it to turn over to the committee. So, I feel like we are having some real fine input here in Alabama. Thank you very much, we appreciate it. You made a mighty fine contribution.

Mr. LEE. Thank you, Senator Allen.

Senator ALLEN. Dr. Richard David Morrison, please.

**STATEMENT OF DR. RICHARD D. MORRISON, PRESIDENT, ALABAMA
A. & M. UNIVERSITY, HUNTSVILLE, ALA.**

Dr. MORRISON. I would like to change just a little. I am here mostly in the interest of one very important resource that we have in the United States, and that is education. Senator Allen, and other distinguished citizens here assembled, my name is Richard David Morrison. I am president of Alabama A. & M. University, in Huntsville, Ala. Before becoming president in 1962, I served as director of agriculture at Alabama A. & M. University for 25 years.

The university is one of the land-grant institutions that was brought into being by the Second Morrill Act of 1890. Its mission follows very closely the mandates of the land-grant system; namely, teaching, research, and extension.

Like all land-grant institutions, we at Alabama A. & M. are vitally interested in agricultural research and in agricultural extension work. More specifically, we are interested in the welfare and the well-being of the people of Alabama and the Nation.

We support the idea of devising new legislation that will make it possible for us to meet people's needs in a fuller, more adequate manner than is presently the case. The content of the proposed Food and Agricultural Act of 1977 has merit and is comprehensive.

My deep concern and my reasons for wanting to testify before this committee are:

First: To further acquaint this committee with the fact that Alabama A. & M. University does exist as a land-grant institution. It has worked with one segment of the farm population for 102 years, especially in north Alabama. Often this work has been attempted without financial support, from the Federal or State level, that usually is provided for the 1862 land-grant institutions. For example, it was not until 1972 that we received funds for research and extension work in an amount above \$17,000 per year.

Second: We have become of age in the land-grant system, so much so that we are now able to do quality research and conduct, in cooperation with the Alabama Extension Service, productive meaningful programs for the benefit of all people.

Third: We would like to suggest that the architects of the new agriculture legislation do not forget to make it possible for the 1890 land-grant institutions and Tuskegee Institute to be specifically made a part of the land-grant college community by folding them into the funding process of the Hatch Act of 1887 and the Smith-Lever Act of 1914.

Presently, we are receiving funds for research under Public Law 89-106. This source of funding may be discontinued at any time the Secretary of Agriculture deems it necessary to do so. Therefore, for the protection of the 1890 land-grant colleges and their programs in research and extension work, we deem it most important that they be included in the regular Federal funding processes enjoyed by the 1862 land-grant colleges.

Finally, if this is not done, the 1890 land-grant institutions will continue to be neglected financially and, thus relegated to a minor role of ineffective contributions, rather than having the opportunity to contribute fully to the good of our people and our Nation.

We are presently, as you know, Senator, working on some statements that we would like to see included in the language of the proposed Food and Agricultural Act of 1977.

Senator ALLEN. You let us have those as quickly as you can, and we will insert them in the record.

Dr. MORRISON. We will do that, sir. Unless there are further questions, I have made my point.

Senator ALLEN. Thank you very much. You made it very clear. Now, when the 1890 schools were set up, why did they put them on a level below the land-grant colleges set up in 1862? I mean, what good was done by giving you such a low status?

Dr. MORRISON. Well, 28 years after the passing of the first Morrill Act, as you know, they looked around in the South and said: "We have established an education system for people, but we forgot that there is a separation of the races in the South. Black people can't go to these schools; they are not eligible by law to attend a white college. Let's pass another law." And, they passed a law in 1890 which was the Second Morrill Act. Now, I will grant you, perhaps, that back in 1890, we did not have many people in the black race who probably could have taken full advantage of research. But, don't forget that we had a Carver who came along soon after this time, who probably was the most outstanding agriculture scientist that the South has ever had. And, this is just to show you what can happen if there is opportunity. But, back in those days they said: "Blacks don't have the capability." Somehow along the line they forgot that capability had been developed at black institutions and that, through Carver's teachings and Booker T. Washington's teachings, black people had developed to the point that we could do research work.

Presently, Senator, we have the only research of any note in the United States on the new grain Triticale. This is just a part of our research. Now, let me make it perfectly clear, because I know a lot of you are Auburn people; a lot of you are oriented toward Hatch money only coming to Auburn. We do not propose to duplicate anything that Auburn has done, because this is clearly set forth in the language of the memorandum of understanding—that we work co-operatively, and that we do not duplicate any research that Auburn

is doing. That is why we are working with Triticale. It is so new, Auburn didn't know how to spell it. Consequently, they did not become aware of it until after we had begun research on it; and they helped make the law so they couldn't duplicate what we were doing. I wish I had time to go into some of the things that we are doing at Alabama A. & M. Incidentally, all the other black land-grant institutions, including Tuskegee Institute, are engaged in research. For example, in the sweet potato research, we have developed two new varieties. We had a symposium in Washington in November 1976, in which we presented results of our research work. What hurts me is we still have people who believe that the black institutions are just about what they were 50 years ago. But, we know change comes about and we can do anything that anybody else can do. And, nobody can tell me that I can't do anything that anybody else can do. I can even go up to Senator Allen's office and twist his arm just like you twisted it to get something done.

Senator ALLEN. Now, the 1890 schools, they are all what we formerly call black colleges. Is that right?

Dr. MORRISON. That's right.

Senator ALLEN. Now, how many such institutions are there, first, in the South; and, second, nationwide? Do you have those figures?

Dr. MORRISON. We have only 16 now, 16 black land-grant institutions. Let me say predominately black, or traditionally black.

Senator ALLEN. Sixteen throughout the country. How many in the South?

Dr. MORRISON. All of them in the South.

Senator ALLEN. In the South.

Dr. MORRISON. All of them in the South. Now, we include Tuskegee in these, because of the pioneer work that Carver and Booker T. Washington did with research and extension work.

Senator ALLEN. Well, now, if the 1890 schools are put on the same basis as the 1862 schools, need that necessarily result in less funds for the 1862 schools?

Dr. MORRISON. Not at all. In fact, when I fought this battle to get some money about 10 years ago, this question was asked me. "Now, you know, Morrison, that you are not going to be able to get any of Auburn's money." I said, I don't want any of Auburn's money. What I want—I was talking to the Secretary of Agriculture—what I want you to do is to pass some legislation that will provide some money for the 1890 institutions. And, really, that is when CSRC came into being. They passed a bill for \$2 million, and do you know how much we received for 17 institutions? Two hundred and eighty-three thousand dollars to do research, that is all we got. We went back in 1972 and we did a little better through Congressman Jamie Whitten's committee, and we came up with about \$8 million for the 17 institutions. A little has been added to that since. What we would like to see done is this: to go in the Hatch Act with a base of what we are presently getting, without having to match it—you know, Hatch funds have to be matched—to go in at that base and then anything subsequently that comes to Hatch that we share in it on the same basis as the other institutions; but, that the State would do the matching rather than the institutions, because we don't have any money as it is.

Senator ALLEN. Well, I hope you will get some of those liberal Senators up there to support us on this effort.

Dr. MORRISON. Well, we are working on it, as you know.

Senator ALLEN. All right, thank you.

Senator ALLEN. We wouldn't feel that an agriculture committee hearing was complete without hearing from Mr. Ed Mauldin. He is always on hand to give us the benefit of his expertise and his views and we always welcome hearing from you, Ed, you always make a good contribution to any occasion.

**STATEMENT OF EDWARD F. MAULDIN, CHAIRMAN OF THE BOARD,
FIRST COLBERT NATIONAL BANK, MUSCLE SHOALS, ALA.**

Mr. MAULDIN. Thank you, Senator, you are very kind. But, I would like to say at the outset, about 10 years ago it was my real privilege to serve on a national committee with Doctor Morrison and I got to know him in that capacity very well. And, since that time, I have been on his campus and observed his work and I would like to say to you that an investment in Doctor Morrison is certainly a good investment in Alabama, and our country. I would like to commend you and your colleagues in the U.S. Senate for coming to rural America on occasions such as this, and seeking the thinking and experience of farmers like those you are hearing from today whose purpose it is to continue to supply this Nation with an abundant supply of food and fiber, if allowed by public policy to do so, Senator.

The past 8 years, however, of Republican administration have been characterized, as you have heard today, from David LeCroix, from Ed Horton and others, about wildly fluctuating commodity prices in the marketplace, from which only a few speculators and giant trading corporations have profited. During this boom or bust climate, created by a roller-coaster atmosphere of so-called free markets, the administration has allowed unconscionable speculative profiteering on food and fiber, while letting prices to farmers rise as they are now, at planting time and fall during the harvest season. Both the farmer and the consumer have been exploited, ripped-off if you please, by these gyrations in the marketplace.

Fortunately, this Nation in the past has been blessed with a God-given abundance of the ability to create new food and fiber resources to meet every demand.

Now, however, our consumers and our producers alike have come to realize that America must, in the future, have a long-range national food and fiber policy. This policy, we believe, must be in the total national interest and also must assure our consumers that they will always have, by plan rather than by accident, adequate supplies of food and fiber at prices they can afford. To accomplish this, farmers must be assured of fair prices for their commodities commensurate with the normal cost of production.

Anything less is certain to bring about an ultimate national crisis caused by inadequate farm production and the resulting unreasonable prices at consumer levels.

The Department of Agriculture has just recently estimated gross farm sales during 1976. These figures show once again the great

uncertainties in farming. Gross returns from some commodities increased, others did not. Unit prices for some increased, others did not. Harvested acreage for some increased, others did not. And, per acre yields showed wide variations with increases in some commodities and drastic reductions in others. That the cost of production and the problems of marketing vary widely, should be obvious to all. Yet, somehow this variability so characteristic of agriculture is a phenomenon which most nonagriculturists cannot conceive.

No farmer ever knows at planting time precisely what his cost of production for a bushel of soybeans, a bushel of wheat, a pound of beef or a bale of cotton will be. With good weather, with good yields and with stable prices for nonfarm inputs, as we have heard today, per unit production costs this year could be as low as \$5 a bushel for soybeans; \$3.50 a bushel for wheat; 40 cents a pound for beef, or \$300 for a bale of cotton. But, with bad weather, with low yields, with high fuel and fertilizer prices during crop time, the unit cost of production will increase drastically.

Parity prices, so-called fair prices, are currently at around \$7.25 a bushel for soybeans; \$4.80 a bushel for wheat; 57 cents a pound for beef, and \$400 for a bale of cotton. With the possible exception of soybeans, no farmer receives such prices at the farm gate during 1976, nor can he expect to during the current crop year.

Nevertheless, our consumers rightfully expect an adequate and uninterrupted supply of all their food and fiber needs.

With luck, maybe they won't be disappointed this year. But, any responsible person who is aware of recent history, cognizant of current world conditions and concerned about the future, would have to conclude that a long-range national food and fiber policy, along with a national energy policy, should be among this Nation's priorities. Such a policy should embrace a coordinated approach utilizing all the appropriate tools unique to each important food and fiber commodity, including but not limited to, production goals, acreage targets, price supports, marketing orders, international agreements, export marketing and above all, adequate strategic reserves to assure a safeguard against any shortage or disaster.

Just as the consumer has been ripped off in recent months and years, by high retail prices resulting from the commodity market gyrations, so has the producing farmer been ripped off when prices fell at harvest time to levels below his cost of production, due to mismanagement of Government policy; the mishandling of export markets and the previous administration's inconsistent and unpredictable actions regarding foreign agricultural trade. The result has been serious economic losses to our producers, unnecessary inflation of retail food prices and a breach of faith along with the loss of traditional international customers for our surplus commodities.

Senator Allen, we urge as one of the highest priorities of your committee, that the new Democratic administration be directed to commit itself to the development of a long-range national food and fiber policy.

We further submit that our consumers should expect to be protected by the establishment of strategic reserves as necessary to cover any emergencies and all contingencies, including the vagaries of weather, national, and even international disasters.

Public policy must also provide the stability of fair minimum commodity price levels to producers with long-range provisions that can be clearly defined and easily understood and upon which the farmer can once again depend. It is our thinking that in order for the farmers' faith to be reestablished in their Government, support prices should reflect a specific percentage, or at least the normal cost of production of sound farmers, such as David LeCroix, who we have heard today, and Ed Horton and others, sound farmers who energetically employ their labors and prudently manage their resources. The target price should be at a higher level, which would provide them the opportunity for a profit incentive so that the enterprising farmer could expect to be rewarded for his efforts.

The further provision of release prices also tied to, but higher than the parity price, should be used to protect the consumer by triggering the release of strategic reserves at anytime that the current supply of a given commodity was demonstrated to be inadequate to meet this Nation's needs and those of its trading partners at reasonable prices.

No longer can we as a consuming nation afford the incalculable risks of having our energy, our food and our fiber supplies determined by the accidents of nature, good fortune and divine favor as it has been our experience and privilege to enjoy in the past.

There has to be a better way, a more dependable way, a truly reliable way.

In our democratic society, it is, we believe, our Government's responsibility to find the better way, the more certain way and to provide for it to be accomplished with a long-range national food and fiber policy.

We respectfully urge the best efforts of the President, the Secretary of Agriculture, and the Congress to this end.

Senator, again, we thank you for this opportunity to share our convictions with you and we would be pleased to attempt to respond to any questions.

Senator ALLEN. Thank you very much, Ed, that is a real fine statement. And, I think you made a good suggestion in saying that we need, nationally, a food and fiber policy just as much as we need a long-range energy policy. Certainly this will be called to the attention of the committee and the Department of Agriculture. I feel it will meet with favorable response from them. I gather from what you say about the consumer interest in a farm bill, that the present bill is really properly and correctly named when it is called the Agriculture and Consumer Protection bill, it does protect not only the farmer, it also protects the consumer in that he is assured of a supply of food and fiber available to him in the marketplace at a reasonable price. Is that not correct?

Mr. MAULDIN. Yes, sir, Senator, I think that is the purpose of it. I wonder if we were faced with a real emergency of sorts, if the consumer would be assured under the provisions of the present bill as we know it.

Senator ALLEN. You mean by not having strategic reserves?

Mr. MAULDIN. By not having reserves and not having an overall plan. The amount of acreage we devote to any one commodity or to any one crop is fairly well determined by accident by the individual farmers, which may be well. I wonder if we can continue, you know,

by accident to expect to have the right amount of the respective commodities.

Senator ALLEN. Are you thinking, then, that more regulation would be in order?

Mr. MAULDIN. Well, not necessarily more regulation, but goals that would indicate the amount of the various commodities that would be needed that we could project a need for them on a long range, set up national goals that would point in the direction of supplies commensurate with the projected demands and projected needs.

Senator ALLEN. Your testimony is somewhat at variance with the testimony of others on the matter of reserves, of grain reserves.

Mr. MAULDIN. Yes, sir, I think so. Most farmers are very apprehensive, because they don't conceive of a way to insulate reserves from the marketplace. And, reserves have in the past as they have been handled by the various governmental agencies and by the trade, they have been used as a depressant on the market. What we would like to see is a way to insulate them from the market so that we would have the protection and the assurance that the commodities would be there and would be there at a reasonable price, rather than run from an abundant supply to a scarce supply as we have seen in recent years. We know that cotton has lost a tremendous percentage of its market potential in recent years because of inadequate supply. It temporarily favors us because we have a relatively favorable price at the moment. But, we see it eroding our long-term market for cotton if this continues.

Senator ALLEN. In what crops would you suggest reserves be established?

Mr. MAULDIN. Well, I would think that the basic crops that we have to depend on, the soybeans, the wheat, the corn, the feed grains, possibly rice and cotton, the very basic crops. The inflation resulting of just a small short fall in the production of any one of these crops is a big serious increase in the cost of living.

Senator ALLEN. Well, now, I gather when you suggest insulating these reserves from the market, you have in mind the calamity that these reserves that we had in every crop in the thirties, forties, and fifties and sixties, that they were a depressant on the market price. You want to figure out some way to insulate these reserves from the marketplace. Is that right?

Mr. MAULDIN. Well, it would seem to me that a reserve supply of a commodity could be managed better than a scarcity could be managed. It would seem easier to me to devise a way to insulate the reserves supply from the market, than it would be to insulate the shortage from the disruptive marketing influence. And, one way, we believe, that the reserves, the strategic reserves that are set aside for strategic purposes, could not be released into the market place until the market reached a certain level, say, a parity price level.

Senator ALLEN. But, did not these tremendous carryovers in the crops during those decades when we had so much supply and so much carryover, didn't that just prove calamitous to the market price of agriculture products?

Mr. MAULDIN. Well, in the thirties we have a very depressed agricultural market because of, in some judgments, oversupply; in other

judgments, under demand because of worldwide depression. And, of course, from the depression years of the early 1930's until the late 1950's, we had a very successful agricultural program which furnished an abundant supply of food and fiber at almost no cost to the Government. In fact, the Agricultural Adjustment Act through the year of 1955 was operated for the cotton program at a profit to the Government. And, then, we got into what some think of as the mismanagement beginning in 1952, that did result in an oversupply.

Senator ALLEN. I wonder why you come to the conclusion that these mismanagement years happened to coincide with the party that happens to be in the White House?

Mr. MAULDIN. I suppose that I can remember it so well, Senator. I was beginning to start farming during that time.

Senator ALLEN. I was just teasing.

Mr. MAULDIN. But, the fact of the matter is that we have had surplus, but I doubt that the surplus has caused us as much problem, even in those years, as the events of shortages would cause us in the future should we have these shortages.

Senator ALLEN. You think in the years ahead the problems aren't going to be oversupply, but scarcity?

Mr. MAULDIN. I really do, Senator, and in specific, commodities. Because, I can't conceive that 2½ million independent farmers on their own motion with lack of proper information about the needs of the country and of the world, can make the exact precise correct judgment as to what crops to plant without some guidance and leadership.

Senator ALLEN. I know that you recognize the importance of exports. Do you see any problems in setting a loan figure for our crops as being set too high in view of the world market price for commodities?

Mr. MAULDIN. Yes, sir, I think the loan certainly has a tendency—our loan in the U.S. support price would have a tendency to put an umbrella over world prices of that commodity, it has in the past. Of course, there are other umbrellas that are affected, international wheat affects umbrella, the way Australian puts a bounty on production of some of its agricultural commodities affects an umbrella, but it does.

Senator ALLEN. As I understand the way the setting of a loan figure might influence our exports, assuming in cotton, I guess that is the commodity that we are talking about mainly here in the Tennessee Valley—say you set a 50 cent loan price for cotton, loan amount, and most of the farmers put their cotton in the loan, then farm producers, all they would have to do is set their price at 48 cents and gobble up all of the market. Is that not correct?

Mr. MAULDIN. Well, it works that way at least in theory. In practicality, it doesn't quite work that way because of the logistics of their ability to supply and deliver, with responsibility to obtain credit, the quality of their production and the controls that they maintain over their quality and those kind of things have a considerable bearing. Of course, we have seen in recent years and months, the world price of cotton much higher than the domestic price of cotton.

Senator ALLEN. In those times, we are able to build up our foreign markets then, are we not?

Mr. MAULDIN. Except for the fact that we didn't have enough cotton available to maintain some of our foreign customers. Particularly in the Far East, Taiwan, Japan, and the Philippines and other countries have complained about our lack of supply of cotton and have gone to other sources, including synthetics. And, of course, we feel that is a long-range mistake for our cotton to be priced out of the market by a temporary situation. Then, of course, we subscribe to the idea that cotton is a conserver of energy and cotton can be produced for about 15 percent as much energy consumption as the synthetic fibers. And, we feel like this means that we can produce more than 6 pounds of cotton and consume the same amount of energy that you can in producing synthetic fibers.

Senator ALLEN. That should increase the demand for cotton.

Mr. MAULDIN. In the long-range we believe it will.

Senator ALLEN. Thank you very much, we appreciate your fine testimony. We are going to take a recess now until about 1:15.

[The hearing resumed at 1:15 p.m.]

Senator ALLEN. Mr. Jeffries, we are delighted to have you come before the committee and give us the benefit of your views and of your expertise in this area. And, we look forward to hearing your testimony.

STATEMENT OF L. C. JEFFRIES, LEIGHTON, ALA.

Mr. JEFFRIES. Thank you, Senator. I am very honored to have been invited here and have the opportunity to appear before such a distinguished group of farmers and leaders, businessmen and certainly you, Senator. I feel very strongly that each individual farm product, including the beef industry, should carry itself, or at least be expected to do so, by receiving any and all recognition, not only from the farmer and farmers themselves and their association, but from any and all programs, agencies of the local, State and Federal level. By this statement, I mean that it seems, at least at the beef industry and the cattlemen, or woman, have only come into view when the beef producer is flat on his face in depression at the marketplace, or is in his or her boots with inflation at the end of a boom peak out, which we have seen approximately three or four of in the last 20 years. This high-low oscillating can and should be adjusted if given proper attention and opportunity by the beef producer himself, or herself, including the agriculture department of the local, State and Federal agencies on a continuous and long-range basis. Now, I am here with some data and statistics more particular to the cow-calf operation, which you know this is where it all starts.

We have broken down in this country primarily five areas that are permanent in this cow-calf operation production, beef production. It is your western cornbelt, your southeast southern Piedmont area, your northern plains area, your southwest high plains area and your intramountain area. Now, in cattle, we are dealing in cost just as much—in beef production, we are dealing in cost just as much as any other product and in some cases right now at the particular time of our market, it seems as though more so. I could give data

here for a long extended time by going into each and every phase of this estimated investment expense and production cow-calf operation cost, but I will not do that. And, I only have the 1974-75. But, of course, 1975 clears out close enough that it gives us a real relative adjusted prospective of where we are at with these costs inasmuch as we know the situation that we have had in 1976 and that we are just in right now. For instance, a 50-cow herd cornbelt number of units, brood cows and heifers head on 1, value per unit, \$390. In the southeastern belt, number of units 1, value per head, \$440. Replacement heifers under 1 year per head, \$0.20, value per unit \$225 and in the southeast it is \$0.16, \$225.

Bulls, number of units, 1, the number \$0.04 you would have on the unit side with the bull, value per unit would be \$510. That's in your cornbelt.

In the southeast, your bull unit factor is still \$0.04, value per unit \$586. This gives you a sketch of the per-unit cost from the two regions. In the conclusion, all expenses including an input charge for land and management for the cornbelt is \$89.88. That is the expenses including input charge for land and management.

Now, I did not go through the entire—veterinary medicine, crop residue, hay protein—I gave you an idea of what we are dealing with here in statistics.

In the southeast region, we are on \$108.81 per unit. Only 1 other unit per is higher than we are and that is your southwest high plains area. Now, one thing that is causing this in our area presently is the high cost of fertilizer, fertilization.

The next area of concern that I feel that the cattle producer, the beef producer has got to be concerned with is external supply, better known as import. For instance, I know all of you have all read about quotas, trigger points, and I think that the record stands that all of the points in regulation have recently been violated. And, inadvertently, it has depressed our American market tremendously, whereas we are producing on some of these cost factors that I have just given you.

Now, since I have a 10-year experience on commercial production and beef and veal imports, since 1960, but I will give you the last six from 1970. Commercial production for \$21,472 million, imports was \$1,816 million. That was 1970. In 1971, commercial production was \$21,697 million, imports was \$1,756 million; 1972, commercial production was \$22,218 million, imports was \$1,996 million; 1973, commercial production in the United States was \$22,844 million, the import was \$1,646 million; 1975, the United States commercial production was \$23,673 million, the import was \$1,782 million; in 1976, the commercial production was \$25,662 million and the import was \$2,027 million. So, you can see what was happening there in relationship to what was happening in Montgomery. I think Montgomery has been called the cow capital of the South. And, I have the same experience on choice and good prices for that same period, but I will read those from 1970 the same as I did the commercial production and beef import poundage.

Senator ALLEN. I wonder if we might insert that in the record, Mr. Jeffries, and not have to get the reporter to put it down, it might save time.

Mr. JEFFRIES. All right, sir. Well, could I drop down to the last 1974-75?

Senator ALLEN. Yes, sir.

Mr. JEFFRIES. In 1974, the choice—Montgomery, Ala., the choice price was \$32.47. In the Georgia auction, the price was \$33.07—that is on choice. I am reading choice to you, I am cutting out good to expedite my testimony. In Kansas City, it was \$37.88. In 1975, we dropped down in the Montgomery auction to \$28.07. All right, I will just back up and go back up to 1969, which has been about 8 years ago.

In Montgomery, the choice price was \$29.22. Now, I told you earlier, we are going to talk about cost, so let's drop down here to 1975 and we had \$28.07 for choice in Montgomery, with about a 7-year period elapsed there, whereas we know what cost was 7 years ago. Seven years ago, you could have possibly built a good five-strand barbed-wire fence, heavy gage Red brand barbed-wire on an 8-foot center for something like \$800 a mile. Now, that same fence would cost you more nearly 16—\$1800 a mile. We know in certain areas of cost like fertilizer, it has tripled in this same period.

Now, if we are to stay in the cattle business and continue to produce a food that is one of the most nutritious—we are meat-eating people in America. We think of America first and certainly we don't want to rule out our exports to other countries, which we are improving on. But, at the same time, if we are to continue to stay in the beef business, we will have to have more help in other areas. Inspection is going to have to be better, particularly as it relates to this external supply of imported meats. And, certainly if nothing else, we should say and can say that the consumer is entitled to a sanitary and wholesome product, which we the cattle producers of this country certainly advocate and stand behind.

Senator ALLEN. I might say right at that point, Mr. Jeffries, we have a bill up there now that I believe is going to pass that requires those overseas plants to have the same cleanliness requirements and inspection procedures for these foreign plants that we have over here to assure that anything that comes in will measure up to the standards that we have here. That is for the protection of the consumer and also will eliminate a whole lot that is not up to standards. I believe we have a chance to pass a bill that would cut in half the amount of foreign meat imports that are required to trigger the limitation on foreign imports. I believe we are going to proceed along both of those lines in Congress. I think both of those bills have a good chance of passing.

Mr. JEFFRIES. Very good, Senator, we appreciate that. I also feel that perhaps the beef industry should have a better money market available. And, I am not advocating by that that associations or financial institutions that are already consummated and functioning, are not and will not do the job. I am merely saying that it is my belief that in the cattle industry, beef-producing business, since we do seem to many times take a secondary role in consideration from many of the money markets as well as many of the agencies—and, I think I mentioned that earlier in my statements here—that I think it is high time, if we are going to continue to produce this fine red meat that America desires, and the consumer is so fond of, and that

we are meat-eating people, and unless somebody has ever been—and, I know some of you have been to these underdeveloped countries, these impoverished countries, and you have seen long periods of what malnutrition and starvation does to these people without good diets, and particularly the good protein and the good nutrition of good meats, it just reaches out and grabs you. You see people that are dwarfed. You see people that their eyes are unaligned. You see people that are very dwarfed of stature, and it just reaches out and grabs you.

So, this is something that is highly important, and I think we need to start treating the beef industry as the great industry that it is and put it right up there on the same parity and the same level of other farm and agricultural products so it can be evaluated for proper money market arrangements such as terms, times and interest, and so on.

Senator ALLEN. Mr. Jeffries, we did impose a 10-minute time limit and if you would, draw your remarks to a close, please.

Mr. JEFFRIES. I certainly will, Senator. I feel also that the cattleman should be considered in disaster and weather conditions and recognized as quickly and justly as any other area of farming. Again, I said I feel that it is very important that the beef industry not just be something that we have all got our new boots on when it comes to the inflated prices at the marketplace. And, the time when we all get hysterical when we are laying flat on our face in depression times like we are now. But, it is something that we need to put in a prospective that we can have a long-range sound financial business structure, too.

Now, Mr. Mauldin earlier in his comments, I noticed perhaps a reserve. I had also thought—and, these remarks were made very hurriedly and it is one thing that has caused me to be longer, I am not as well organized as I would like to be here in this testimony. But, I hope somewhere in unraveling it you can find some things that will be basic and practical to our beef industry, Senator Allen.

Senator ALLEN. Yes, sir.

Mr. JEFFRIES. Mr. Mauldin said something this morning about reserves, but isolating those reserves. Well—insulating, insulating, if you are going to insulate them, you might wind up isolated somewhere—but, anyway, insulating these reserves.

I would just like to make a suggestion that if this should come to be and we do build up our reserves—and, I think it has been mentioned even maybe, Senator, somewhere around through the farm community, that maybe a reserve program would create some new energy and some new elevations in the beef cattle business. And, I would like to see, if this should be, and it is necessary for the other farm commodities and other farm products to have insulating of reserves, all right, maybe that is the thing to do. But, certainly, we can correlate our needs for the beef industry in compliance with those laws that are either written or to be written yet, that would continue to give us an opportunity to stay in the beef producing business and to be in a sound business that we need to have in this country for a healthy total farm program and to keep America well fed and the cattle people financially sound.

That concludes my testimony.

Senator ALLEN. Thank you, Mr. Jeffries. How would you have a reserve in the cattle industry, would you slaughter the cattle and freeze the meat, or would you just have a great big old herd there maintained by the Government?

Mr. JEFFRIES. Senator, you have misunderstood me. I was talking about a grain reserve. I wasn't talking about—.

Senator ALLEN. Beef?

Mr. JEFFRIES [continuing]. Oh, no, it is a perishable item. I understand this morning that someone has already testified—and, the fact that I really wasn't aware of—that it only takes from the sale place of market on hoof to the consumer retail cold counter, about 2 weeks. So, I don't know, sir, I didn't propose that. I am saying—.

Senator ALLEN. The grain reserve?

Mr. JEFFRIES. Yes, sir, the grain reserve. And, in drawing up such reserve laws and statutes, that it be incorporated into such rules and regulations that at certain times and due to certain factors in the beef industry, that these reserves could be released into another farm producing area. Look what happened out in the West, two people feeding out, those folks out there are broke and those men worked hard. And, I am going to tell you, when I was in New York City recently and I was over at one of the top beef restaurants and there were some fine gentlemen there and I am sure whatever industry they were in was a good and proper industry. But, they were talking about their millions, I couldn't help but overhear it, we were so crowded in. And, they just had a fine steak dinner and when they finished they had their nice cigar and they patted their tummies and they said they felt like everybody in the world had just had a fine meal. And, I couldn't keep but reminisce right back to Alabama and over there in Colbert and Lawrence County and all the rest of the counties in Alabama, of some farmer that had worked so hard during the heat of summer to put up his hay and supplies and was out there in the mud up to his knees and some old cow run by because she was so hungry and grab a bale of hay to get a bite on the run and jerked him down, and his losing money hand over fist because of the lack of controls on external supply. And, when these things are brought acutely to your mind, it makes you feel more like coming to these hearings and saying whatever you can and doing whatever you can to get things in focus that this can be avoided or dealt with much more basically and much more within the concept of our system, or in the future.

And, again, I think maybe grain reserves would be one area. And, instead of insulating that away totally, there might be something written into there, again, as I say, that would coordinate and work in conjunction with the beef business. I believe this has already been mentioned and said maybe on our level, Senator, sometime.

Senator ALLEN. Thank you very much, Mr. Jeffries, we appreciate your fine testimony.

Mr. Hollis Rice, please.

STATEMENT OF HOLLIS RICE, FLORENCE, ALA.

Mr. RICE. Thank you, it is good to be here. And, maybe mine will be real brief. As a matter of identity, I am a livestock man and have

been for 31 years, both from a production standpoint and in the markets, also, various facets of the livestock industry through the years.

When we think about livestock—some of this will be repetitious, but there won't be as much of it.

Senator ALLEN. All right, sir.

Mr. RICE. Naturally we think of imports as being one of the sort of flies in our soup. And, quotas, how these quotas are set. There has always been a lot of questions in a lot of livestock producers' minds, as to how they are arrived at and if there has been a consideration of what we presently own here as compared to our needs. Also our prices that we are receiving as compared to our needs. And, in the case like the present, what our prices have been for the last 2 years as compared to 3 and 5 years ago. And, of course, an inadequate proportionate of these quotas. I was real happy to hear your remarks about the possible legislation on foreign meats.

Senator ALLEN. Yes, sir.

Mr. RICE. Real conscious of postmortem and admortem inspection and inspection at the point of producing, processing, and packaging this meat. You know, a few years ago we had a lot of problems with that.

Senator ALLEN. Yes, sir.

Mr. RICE. Our own commissioner of agriculture here got involved a lot several years ago as some of you remember. Another point that I might say relative to livestock is, as has been mentioned, consistent funding of soil conservation practices. Here is an area that there could be a lot of work done in. We had at one time, a quite consistent funding in the soil conservation practice that affect livestock men. I believe as Mr. Lee mentioned in his remarks, they were real good and I sure hope you review some of his remarks, because they are real good.

Senator ALLEN. Yes, sir, we are going to, I assure you.

Mr. RICE. The one big point I would like to make in reference to needs of livestock, is more research. Now, as was mentioned here in the Southeast, our primary thing in relation to livestock is cow-calf programs. I would say over three-fourths of the people in this room have been involved to some degree in cow-calf programs, and know what I am talking about. And, next to—in fact, the last 2 years of our price, the important thing has been the BANG's condition that exist in our cow-calf operators. Here again, I am saying that to emphasize the need for research. It is drastically needed in this area.

Last week I had an interview with the director of the American National Cattlemen, and questioned him as to what he thought was the greatest need for the cattle people in the Southeast. He said research and work on brucellosis eradication. I talk to vets everyday about it and that is the same feedback we get all the time.

Senator ALLEN. I know the committee is mindful of this and I believe the whole Congress is, we did pass an animal disease research program there in the Congress and it was part of the farm bill that the President vetoed, you know. But, I believe an effort will be made in the Agriculture Committee to provide adequate funds in this area in addition a new law.

Mr. RICE. We are conscious of this veto, we are real conscious of it.

Senator ALLEN. Yes, sir, I was a co-sponsor of the vetoed bill. One measure was handled in one first instance by my subcommittee.

Mr. RICE. And, there has been some developments made in this program, but we are a long, long way behind. I will not go into detail, but a lot of little things like complete herd liquidation, funding for that. It could accelerate this thing a whole lot. If we get some of these things behind us, then this supply and demand that we are operating under, and we would like to stay under, will correct itself.

Senator ALLEN. Yes, sir.

Mr. RICE. And, what it really amounts to, we livestock people want to maintain a free enterprise system, there is no question about that. We want to improve our marketing and production performances. We want to become more involved in possibly better economic climate for our business. I think you can be assured that we in the livestock industry will get out and do an acceptable job in the business and earn the right to be successful.

We aren't going to be always crying, because we have had good years. It hasn't been the last two, they have been the worst in the last thirty. But, still, there is a way to go and there are some things that you people can do to help us.

In summary, our greatest needs, I really feel, hinges around about three points: That about meat imports that you hear so much about; consistent funding of our soil conservation practices, that is long range, it is far reaching; and, finally, and maybe the most important is research. Thank you very much for inviting me to come.

Senator ALLEN. Thank you very much and I appreciate your fine testimony. I have always had great admiration for our cattlemen, with your free enterprise spirit of independence and you just say, leave us alone and help us a little bit in some of these areas of research, and don't let the foreign imports completely submerge us. But, as far as asking for subsidies or controls or anything of that sort, you don't come and do that. So, we admire you for it and we see you in the present day as bloody but unbowed.

Mr. RICE. We want to earn the right to do business.

Senator ALLEN. That is a mighty fine spirit, we appreciate it.

Mr. RICE. Thank you very much.

Senator ALLEN. Thank you.

Mr. H. M. Perritt, please.

STATEMENT OF H. M. PERRITT, PRESIDENT, FUZZY'S FEEDS, INC., FLORENCE, ALA.

Mr. PERRITT. I know we are running behind schedule and I want to be real brief myself. I want to tell you briefly who I am. I am H. M. Perritt, president of a small independent feed manufacturing company on the river over in Florence, serving a portion of Alabama, Tennessee, and Mississippi.

First, I would like to tell you, Senator, that I certainly do support the present agricultural bill and the intent of the bill that you are trying to pass. And, I think this is the general assumption of the people in agriculture that I talked to, you certainly are on the right

track. And, this is quite a change from several years ago. I have read this bill and I would like to speak briefly to several matters on it.

First, I would like to say that I thought Doctor Morrison's testimony this morning in research was absolutely splendid. This title 8 in your bill which is the food and agricultural research portion of it tells the intent of Congress to significantly higher fund and agricultural research. And, we know that this is greatly needed and from my standpoint in agribusiness, I perhaps see it as much or more than some of these other people. I am familiar with the 1862 and the 1890 acts and the Hatch Act, and these have served agriculture admirably, but the funds have really not been forthcoming to carry out these projects as they really should have. I sincerely do hope that you will look at the funding of research from this standpoint and that we can give funds to local people like our college here—Alabama A. & M.—like Auburn, like Tuskegee and have research done on local levels so all of us who are so interested in agriculture can speak with these people directly and have a better input. And, consequently, they can also have a better input from us as to what the needs really are.

I have read the Federal Council for Science and Technology report that shows that only 7.6 percent of the Federal research and development funds are now going for food and agriculture. In contrast, about 43 percent is now going into national defense. And, I am certain that everyone in this room sees the need for national defense. But, gracious sakes alive, we also see the need for three good meals a day and for the production of food. And, food probably is the best defense that we have, unquestionably it is one of our greatest natural resources. And, it seems to me that we deserve a greater share of the Federal budget for research. Some of the other areas that this money goes into, for instance, 14.1 percent for space, 4.4 percent to social activities, and these are all important, too. But, agriculture has the smallest percentage that is broken out by any group. Perhaps some of the areas that are spelled out in this new farm bill would have been more adequately taken care of if we had had more research funds in the past. Through some of the segments that are already set up, the machinery is there, we have the machinery already for a lot of research if we just had the funds to put into this.

I have a very, very deep-seated belief that agriculture today is riding right on the thin edge of all available research that has been made available for us, there is no pool of knowledge that we have not tapped. Consequently, in the last decade, agriculture has increased its efficiency by some 67 percent, whereas the industrial sector of our economy was increasing its efficiency only 37 percent. So, we have doubled the rest of our economy and we need the aids that are started here for us in research to continue with our movement. A great deal of this, of course, has come from past funds and from the land-grant colleges, USDA and other sources.

Somewhere along the line I have read that our present population explosion is increasing the population of our country at the rate of about one person every 21 seconds, this about three a minute. And, I think the general consensus in our country today is that it takes about 1,500 pounds of food to support a person. To me, then, the figures become awesome, Senator, in the fact that this means that the

farmers in this region and all over the Nation are required to produce an additional 4,500 pounds of food every minute of every day, 24 hours a day, year in and year out, to sustain this population growth. Yet, what have we done for this fellow? We have taken away his land with more highways and subdivisions and airports, et cetera, we have outlawed insecticides, rodenticides, herbicides that have been his aids for production; we have heaped inflation on him that you have already heard about, and his land values have gone up and productive equipment, and yet we still ask him to produce more and more. And, it is hard for me to understand. As we go along this road, then, of more production and peak production, we reach these peaks that mean that we have got to be more efficient, that the problems are going to come faster, because as you increase your production and you get up to the maximum potential production of American agriculture, the problems are going to be thicker, they are going to be heavier and faster. And, we need the help to solve these problems. We have got fire ants in south Alabama, we have yellow dwarf virus in north Alabama, we have brucellosis in cattle, we have MMA and TGE in hogs and it is going to take research to solve these problems.

And, we certainly hope you will certainly look at this.

Senator ALLEN. We are certainly going to.

Mr. PERRITT. One other quick point. Also title 12 in this act includes the major extension in the Federal Insecticide, Fungicide, and Rodenticide Act. And, I think that so often agriculture is misquoted in this, and I don't have time to go into this, because I am trying to save time. But, we would like for the public to understand that we need these aids of production. We need people that have good solid commonsense up there to understand the needs of these productions and not to outlaw everything that come along because it seemingly might be some harm to mankind.

And, if there is anybody in the country today that would not harm mankind, it is the American farmer. But, the food that he produces we need greatly.

Last, I would like to say real quickly on commodities, and it so happens that I trade in commodities quite a bit, that the American farmer is in a poker game on commodities, he is playing with an open hand, if you will. We know every card that he has, we know that it is on the table, we know when he is going to play it; we know what his production is, we know what his cost is, we know when he has to sell because of loans, we know when he has to sell because of taxes. And, it seems a shame that we should ask this man for all that we have asked of him and then get him to play an open hand. Somehow along the line—we have talked about reserves today of many different kinds—I sincerely hope that if we do have reserves, we can have some reserves that this man can control on his own farm and use as a marketing tool himself. And, allow him to have a card to play that is not showing.

Thank you, Senator.

Senator ALLEN. That is real fine, Mr. Perritt, we appreciate your fine testimony. Thank you for coming over here from Lauderdale County to be with us and to testify. Your statement was excellent.

Mr. Billy League, please.

**STATEMENT OF BILLY LEAGUE, STATE PRESIDENT, ASSOCIATION
OF FARMER ELECTIVE COMMITTEEMEN, TONEY, ALA.**

Mr. LEAGUE. I will try to be as brief as possible, Senator Allen. To identify myself, my name is Billy League from over in Madison County, I am a farmer, cotton farmer, primarily, about 1,200 acres of cotton; I am the State president of the Association of Farmer Elective Committeemen and the southeastern director of the National Association of Farmer Elected Committeemen. I will try to be brief. Some of my points will be repetition, Senator, but I wanted just to hit some high spots.

In addition to our domestic needs, we must export agricultural commodities very aggressively to pay for our imports, especially petroleum products. It is my judgment to maintain a favorable balance of trade, internationally speaking, and avoid double digit inflation here, we must have full production from our farms and ranches in this country. To bring about and continue full production and hope to increase our Nation's productivity, I offer the following suggestions: We must have, we farmers, the incentive to produce; the 97 percent of the people in this country must share in the risks, from a monetary standpoint, of the 3 percent who is and will be feeding and clothing them and at the same time, playing a major role in the stabilization of our monetary system.

Loan rates, in my judgment, should be cost of production, cotton 50 to 54 cents a pound; corn, \$2.40 to \$2.50; beans, about \$5; wheat, about \$3.75, give or take 25 cents, with escalated provisions for future increases and costs on an annual basis. The loan maturity date should be at least 12 months later than it is now. This provision would enable the farmer to market his production in an orderly manner, adjust production and absorb the year to year shock of our overproduction of a given commodity. Facility loans for on farm storage should be liberalized. You have heard a lot of talk about disaster programs.

Disaster programs should be simplified, they should, in my judgment, apply to planted acres, not allotted acres. And, the \$20 million limitation should be removed or at least increased —

Senator ALLEN. Twenty thousand.

Mr. LEAGUE. The \$20,000 limitation should be removed, or at least increased by the same percentage that costs have increased since 1973, or 1972, which would probably be \$40,000 to \$50,000, if we do continue to have inflation.

Federal crop insurance programs need improving. It is my understanding that Senator Sparkman told me he helped in the original bill and I think the administrative area was funded at \$12 million and I think it is at the same place it was. Also, I would like to see the Federal crop insurance program come under the administration of the Farmer Elected Committee system, that is, the county committee.

To continue high production, we must have an agricultural conservation program adequately funded, at least \$500 million as in the 1970 law, with individual counties and parishes allowed to offer the same practices and cost share rates as offered in the 1970 program through the farmer elected system.

We must have an energy program for the future with the farmers and ranchers having first priority for fuel and oil and gas for pro-

duction purposes. The Farmer Elected Committee system must be strengthened and allowed to administer foreign programs on a local basis. I believe the committee system is the foundation of sound program administration.

And, finally, we need adequate financing for farmers, especially for our young and our minority group farmers. That completes my testimony, Senator, unless you have questions.

Senator ALLEN. That is real fine testimony and we appropriate it and we are certainly going to make use of it in the full committee when we meet, thank you very much.

Mr. LEAGUE. Thank you, Senator.

Senator ALLEN. Mr. Gene Pickens, please.

STATEMENT OF GENE PICKENS, MOUNT HOPE, ALA.

Mr. PICKENS. Senator, it is a pleasure to be here today. I have always heard that your mind couldn't take any more than your seat, so this is going to be very short. And, most everything that I have to say has already been said, and we won't go into that. But, there are a couple of things that I would like to bring out. You know, we have to depend on exports. And, one thing I think happened before that I don't particularly like is we have had exports, but the farmer didn't know anything about it, the only people that knew about it was the speculators, or brokerage people. I would encourage somehow or other that the people let the farmers know about when there is going to be some big deals made, so they can make some arrangements. And, also, I think what it boils down to what everybody has said here today about the farmer is that he has got to make a profit. If he don't make a profit, he is not going to be in business, he is not going to be in business long. And, like I said, I think most everything has been said, but one point that hasn't been brought out today, which I think is pretty important is, that we haven't educated—the farmers haven't educated the public on the situation of the farmers. I think the farmer has been on the defense all the time. I think we need to go on offense. And, maybe somehow or other get our method of marketing and everything over to the general public.

Now, take for instance not too long ago, you know, we had a shortage of sugar and sugar prices went sky high. You know, everything that was pertaining to sugar went up, candy and beverages and stuff like that. But, if you will notice, since sugar prices are almost down below cost now, none of those things came down.

Now again, beef prices have been way down lately. Now, about 4 or 5 years ago, they were a pretty good price. And, today the housewife has to pay almost as much for beef as she did when they were high. You know, a few years ago some of the women wanted to boycott meat, you know, when they did that that was when the highest price of meat—I am sort of in favor of another boycott, I believe that would help our situation on beef prices, something needs to bring up the prices.

And, anyhow, I think we need to educate the general public somehow or other on our problems, us farmers. We have got to make a profit, there is no way in the world we can stay in business without making a profit. The situation here in our State is milk prices. The

people here know about some of the prices that they are selling milk for. Now, you know that these grocery stores can't sell prices below their cost, either they lower the price on the milk and raise the price on something else to where they have to make a profit. But, they have to make a profit to stay in business.

And, that is the point I am getting over. I think the public is not aware of what the farmer's situation is. I think statistics will prove that the farmers are being paid less per hour than any kind of work.

Senator ALLEN. There is no doubt about that, Mr. Pickens.

Mr. PICKENS. And, since everything has been said, I am very much in favor of the farm program bill that is being introduced now with maybe a little bit higher price on the target and loan and price on cotton and stuff like that. But, that is just about all I had to say.

Senator ALLEN. I think that is very fine, and I think you make a very good point that the farmer needs to get busy in the public relation area to get his point across. They don't get too much cooperation from the national media in this area. If they have a consumer protest, you know, that is on the 6 o'clock news, or whatever the news hour is. But, when you have something about the plight of the farmer, that doesn't get on the national news. I think that is certainly something we are going to have to work on. I think the most over-worked expression that we ever had about the farm programs is when the charge was made through the years that the farmer was paid not to plant. Well, you know, that is absolutely incorrect, because when they did have the allotment program and the allotment payments, that was to encourage production and encourage participation in the program and to guarantee that crops would be produced. And, it was not a case of being paid for not planting. But, that expression haunts the farmer, even today, even though we have been under a new concept now for 4 years. I feel like we have got to stamp out expressions of that sort. I feel that certainly the farmer's case needs to be put before the public in a much better fashion than it has been done up to now. Certainly I feel that those of us in Congress have a duty in this regard to help in that area. But, I think you make a very fine point there and we appreciate it.

Mr. PICKENS. Thank you.

Senator ALLEN. Mr. W. A. Pullen, Jr., please.

STATEMENT OF W. A. PULLEN, JR., TOWN CREEK, ALA.

Mr. PULLEN. Well, Senator Allen, I guess the first thing, my name is Billy Pullen, and I live at Town Creek. And, I am a pretty sorry cotton farmer, I guess.

Senator ALLEN. Well, you are still in business, you are pretty good, I would say.

Mr. PULLEN. I guess most of the points have been made. I read over Senator Talmadge's bill and it sounds like it is a good bill. But, getting to the point of the disaster program, it didn't have anything at all on the disaster thing. And, of course, \$20,000 limitation is in effect—I don't know whether it would be in effect on the next bill, but I think it is really out of the ball game, as far as —

Senator ALLEN. Too small.

Mr. PULLEN. Too small, right.

Senator ALLEN. I guess they arrived at that figure by using the limitation they finally got in on the allotment payments.

Mr. PULLEN. Yes; but, I certainly don't want to get back under the kind of programs we had before, because everywhere you would go, people were throwing it in your face like you were getting a gift, like you were on—well, they were actually saying you were on welfare. Also, in some of these points, I think they should raise that. And, it had run through my mind that they might could tie the disaster payments toward the insurance so it would give you a broader coverage, which I don't think many people would—the farmers are not expecting anybody to give them anything, they want to—in other words, they would be willing to pay a premium, something you could live with and give you a little more coverage than the \$20,000 plus you could take out your crop insurance. And, the other point I thought of is, you know, each year they base your—in other words, if you have—even if you have a disaster, you have got to have an allotment. And, allotments are so small on our farms now, we have to rely on people in south Alabama, or where have you that don't want to plant cotton. All right, they have to go to the ASC office each year and release their allotments. But, my thinking on it would be, to simplify it a whole lot, say that a man goes in and releases his allotment, the same ones that are releasing it year after year, and let the allotments go into the State and then they will reappropriate to each county, and every year a man has to go back in and release his cotton. Send him a letter saying that if he wants to plant cotton, come in and notify on a certain time, the ones that have been releasing it, which would save several tax dollars.

And, on the research, I noticed in the thing on research they have spent—I forgot the figures exactly what it was, but anyway, the amount of money had been spent on research for cotton, beans, what have you, hadn't climbed according to, you know, what our total dollars we spent.

Senator ALLEN. That is one of the big needs we have, I think everybody has agreed on that.

Mr. PULLEN. And, most of the other things I guess has pretty well been covered. But, on the crop insurance program, say if a man had a 1,000 pound yield, which not very many people have a 1,000 pounds, but where they could insure him for 50 or 60 percent of that and come up with a figure in there of you know, something he could live with. If he had a disaster like we had in 1967, on \$20,000 it would wipe out most of the farmers in the valley. Because, there is nothing certain that we won't have another 1967. We have had some fair years and, of course, we haven't really had as many good years, I guess, as we have had fair years. But, I don't know what you would call really—you know, an average year.

On the program we had before the present program, I think really it made a lot of lazy farmers.

Senator ALLEN. One thing Mr. LeCroix mentioned that I didn't quite understand it that way, you talk about growing about 978 pounds an acre. But, he said actually that was an acre and a half on account of the skip-row. Is that the way it is computed? Do you figure an acre being an acre of ground, or an acre of planted cotton?

Mr. PULLEN. Senator Allen, they have got different ways. The way I plant mine, I believe they count 76 point something percent cotton on—in other words, I get 76 something of an acre on an acre of ground.

Senator ALLEN. So, when they are talking about what you grow per acre, they are really not talking about an acre of ground?

Mr. PULLEN. No, sir.

Senator ALLEN. It is an acre of planting. Is that right?

Mr. PULLEN. What they are talking about is the acre of cotton actually planted, some people plant it solid, you know, and some people skip-row it. But, it varies with the yield factor. I think the cost per unit would be a little—on my experience with it, it would be a little cheaper by going to skip-row. You would have a little insurance on, you know, your drought by skip-rowing and also you get the benefit of when you are harvesting. And, that just about winds mine up. And, I would like to say the bill looks good and I enjoyed it very much.

Senator ALLEN. Thank you very much.

Mr. Jerry Newby, please.

STATEMENT OF JERRY NEWBY, ATHENS, ALA.

Mr. NEWBY. I would like to say most everything that I wanted to hear has been talked about today, and I know most everything that you would want to be pointed out has been pointed out.

We think that the farm program that you presented to us is one of the best farm programs we have ever had. We want to decide what we want to plant and if we plant too much of it, we need to plant something else. We want to make it on our own. We think you are doing us a real good job up there in the Agriculture Committee and we appreciate it.

Senator ALLEN. Thank you.

Mr. NEWBY. Alabama is real fortunate to have a junior Senator like you, Senator Allen.

Senator ALLEN. Well, thank you.

Mr. NEWBY. You have helped us in a lot of ways. Also, I want to congratulate you and thank you for the new wording of the estate tax, we think this is going to help us as farmers, especially, and we appreciate it and we just hope you can help us some more on that. This estate tax has got to be a real big thing for us as farmers.

Senator ALLEN. I know it has.

Mr. NEWBY. I would like to also ask you if you would, to put in a good word for soil conservation. As one man said, a few bad years of practice could lead to many years of bad crops on soil. And, we need a real good strong soil conservation program, not for today, but for tomorrow for our future.

And, as far as our energy policies, we want you to remember we as farmers need this energy, not only for equipment and tractors, but for our fertilizer. It takes a lot of energy to produce nitrogen. Corn is moving into our area, and we are having a bigger and bigger need for nitrogen. And, we would like to have first priority if it is at all possible.

Senator ALLEN. Agriculture is certainly going to have one of the top priorities right along with the very highest in any energy program, I am convinced of that.

Mr. NEWBY. Also, we would like for you if you would, to help us with EPA any way you can.

Senator ALLEN. I am certainly mindful of your situation, and I certainly agree with your views on that.

Mr. NEWBY. We don't want to destroy our environment.

Senator ALLEN. I think the farmer is the best environmentalist there is.

Mr. NEWBY. We want a good environment here for our children in years to come, but we also want our children to have enough to eat and enough materials produced for their happiness and safety and well-being. I think that just about rounds it up, Senator Allen.

Senator ALLEN. I sure appreciate your testimony, give my regards to your father.

Mr. NEWBY. Yes, sir.

Senator ALLEN. Mr. Wallace Steele, please.

STATEMENT OF WALLACE STEELE, ATHENS, ALA.

Mr. STEELE. Senator, it is good to have you with us. Another thing I would like to say before I go into my remarks, it is good to know that you are still on that agriculture committee, we know we have got good representation up there. I don't know why, you must be a smart man, because you always vote like I think you ought to vote.

Senator ALLEN. I am going to try to keep on doing that.

Mr. STEELE. I don't know whether I agree with you, or you agree with me, but nonetheless, we watch your voting record very carefully and you have got one of the best voting records I think representing the American farmers up there. And, we certainly want to commend you on it. As you know, I work with the ASCS office, Limestone County ASCS office, and I am not able to make recommendations as far as legislation is concerned. I think you had about everybody here today that has asked for certain legislation. But, I would like for just a few minutes to look back over some of the things that have happened in the past and maybe review what has taken place and maybe we can get a little better perspective as to what to look for in the future.

As you know, we celebrated the Bicentennial of our Nation and the vital role American agriculture played in the development of this country. Today we meet to discuss the problems we face in agriculture, and it might be wise to look back, maybe not 200 years, but for several years.

Even though God endowed this Nation with the greatest resources any nation could wish for, agricultural problems have haunted the American farmer since the turn of the century. His problem has been unique in the fact that in most instances it has been overproduction and not underproduction. You know, there are many nations around the world today that would welcome the problem of overproduction. Yet, to us over a period of years, this has been a very serious problem, a problem that has even threatened the very existence of American agriculture.

The problem of overproduction during this century began on the horizon in about 1920, this was right after World War I when the price of farm products and exports declined. Farm prices in 1932 were less than one-third of what they were in 1929. For those who do not remember the depression of the 1930's, farmers were forced to the wall, foreclosures were the order of the day and American agriculture was in the worst economic, social and political wrenching in history. In December, 1932, the Federal Farm Board recommended to Congress legislation to provide an effective system for regulating acreages or quantities, or both. This was the primary tool used after President Roosevelt's election for raising prices and income of farm people. On May 12th, 1933, the Agricultural Adjustment Act was approved—that we know as triple A—by Congress. This act authorized voluntary reduction in crops and livestock through agreements with producers and the use of direct payments for those who participated in the program. Basic commodities covered under this program were cotton, wheat, corn, hogs, rice, tobacco, and milk. In 1934-35, the list was expanded to include rye, flax, barley, grain sorghum, cattle, peanuts, sugarbeets, sugarcane, and potatoes.

The acreage reduction programs, with their goal of raising farm prices toward parity—as most of you know, parity is the relationship between farm prices and cost which prevailed in 1909 to 1914. And, this was initiated under the act and the first cotton loan in 1933 was set at 10 cents a pound, or 69 percent of parity. The corn loan rate was set at 45 cents per bushel, or 60 percent of parity. These loans were made possible by the establishment of the Commodity Credit Corporation on October the 17th, 1933.

Under the leadership of our own Senator Bankhead, the Cotton Control Act of June 28th, 1934 was introduced under which a system of marketing quotas was established. Under this act, producers had a chance to vote in a referendum and if two-thirds of the producers voted for a continuation of the program, the program would remain in effect. The AAA program was brought to an abrupt halt on January 6th, 1936 by a decision of the Supreme Court. Though the AAA program was short-lived, farm income doubled during the 3 years, 1933 to 1935.

The soil conservation and domestic allotment act of 1936 offered farmers soil conserving payments for shifting acreage from soil depleting crops to soil conserving crops. At the end of 1937, farmers again were on the edge of another depression due largely to a surplus of most crops, including a carryover of 17.5 million bales of cotton. To head off another depression, Congress responded on August 24th, 1937 by making \$130 million available for cotton price adjustment payments to producers who would agree to abide by the 1938 program. This program provided for payments of the difference between 12 cents a pound and the average price on the day of the sale, but not to exceed 3 cents a pound. Because of limited funds, payments were made on 65 percent of each producers' 1937 base. Though acreage planted to the major crops during the 1938-40 period declined, production per acre increased and by 1940, farm prices declined by 20 percent compared with 1937 level. Nonrecourse loans and direct payments helped to prevent a more drastic decline in farm income during this period.

In the meantime, the Department began to develop new programs to dispose of surplus food and to raise the nutritional level of low-income consumers. Much of this surplus food was channeled through the school lunch room program and the food stamp program.

Our huge stock of wheat, cotton, and corn, resulting from CCC takeover, became a military reserve of great importance after the United States entered World War II. In order to encourage an increase in production, loan rates for the major crops were increased to 85 percent of parity in 1941. Under the Steagall Amendment of July 1, 1941, the 1942 price support on cotton was raised to 92.5 percent of parity and corn and wheat was raised to 90 percent of parity. In 1944, cotton was supported at 95 percent of parity and cotton was purchased by the Commodity Credit Corporation at the rate of 100 percent of parity in 1944 and 1945.

Acreage controls were removed from all crops during the mid-forties in order to increase production for war requirements and for post-war needs of people abroad who had suffered war's destruction.

During the post World War II years, and until the end of the Korean War in 1953, production in general was controlled to a degree by fluctuation of price supports which varied from 52 to 90 percent of parity.

Once again, in the 1950's, as a surplus of agricultural products accumulated, in order to curb excessive production, Congress passed the Agricultural Act of 1956, known as the Soil Bank Act. The program was divided into two parts, an acreage reserve and a conservation reserve. The acreage reserve was designed to reduce the amount of land planted to allotted crops and the conservation reserve was to divert acreage to conservation uses. Farmers were offered 5 to 10 year contracts on the conservation reserve contracts. In 1957, 21.4 million acres were under acreage reserve contracts and in 1960, 28.6 million acres were under the conservation reserve contracts. Agricultural production during the 1960's was controlled basically with the same tools as were used in the late fifties. Allotments and price support payments varied to encourage or discourage production.

With the expiration of the 1965 Food and Agriculture Act at the end of 1970, a different approach for controlling production, stabilizing farm income and conserving our soil was being examined. The Agricultural Act of 1970 was approved November the 30th, 1970 as a 3 year program, discontinuing the use of acreage allotments and marketing quota for wheat, cotton, and feed grain. To be able to obtain price support, a producer was required to keep a specific percentage of his acreage out of production. That acreage was set aside for conserving uses. Under this act, a farmer could grow whatever he wanted on the remaining land, except those crops that were still under controls, such as rice, sugar, peanuts, tobacco, and long staple cotton. The ceiling for any one producer was set at \$55,000.

By 1973, the demand for American farm products was at a high level, due to the world crop shortage and worldwide inflation. World demand combined with export subsidies and the devaluation of the dollar had liquidated the stocks which had been built up under previous price support programs.

The parity concept was not used in setting loan rate levels for upland cotton, which were to be established to reflect 90 percent of the average price of American cotton in world markets for the preceding 3 year period. The total amount of payments to any person under the wheat, feed grain, and upland cotton programs was limited to \$20,000. This did not include loans or purchases.

Disaster payments were authorized if eligible producers were prevented from planting any portion of allotments because of drought, flood, or natural disaster, or other conditions beyond their control. These payments were to be available when natural disaster prevented a farmer from harvesting two-thirds of his normal production of the allotment crop.

For over 40 years, price support and adjustment programs have had an important impact upon the farm and national economy. Consumers have consistently had a reliable supply of farm products for a smaller proportion of the income than anywhere else in the world. Farmers have been assured of at least specified minimum prices for their products. The legislation and resulting programs have been modified to meet varying conditions of depression, war, and prosperity, and have sought to give farmers, in general, the opportunity to attain economic equality with other segments of the economy.

In the future, if we are to stay in the farming business, we too must be willing to adjust our operations to fit the conditions and times. Many factors such as climate, shortage of fuel, fertilizer, restrictions on the use of herbicides and insecticides, lack of finance, overall cost of production in regard to the price we receive for our commodities, will largely determine if American agriculture will succeed or fail. Our fathers made the necessary adjustments, so can we.

Senator, I have one statement, if you don't mind, that the Farmers Home Administration people asked me if I would read. And, John, I believe this has to do with the housing loan. Is that right?

Mr. BOSECK. Yes.

Mr. STEELE. Under the new regulations under the housing loan, there is one part of the regulation that reads as thus—this is talking about housing loans for the low- and moderate-income families, to my understanding.

Any town, village, city, or place, including the immediately adjacent densely settled area, which is not part of or associated with an urban area; and

One: Has a population not in excess of 10,000 if it is rural in character; or

Two: Has a population in excess of 10,000 but not in excess of 20,000 and (a) is not contained within a Standard Metropolitan Statistical Area, and (b) has a serious lack of mortgage credit for low- and moderate-income families as determined by the Secretary of Agriculture and the Secretary of Housing and Urban Development.

Now, it is my understanding that this applies to our county, since Athens is near Huntsville and we are not eligible for this particular loan for our moderate- or low-income families in our counties. Is that right, John?

Mr. BOSECK. That is correct. Several cities in Alabama are not eligible, based on that procedure.

Mr. STEELE. They asked if I would call that to your attention.

Senator ALLEN. Yes, sir. We appreciate that, and it is something that needs to be looked into. I believe you said in your position you could not comment on legislation.

Mr. STEELE. We have been asked not to. In other words, we do it privately, but off the record.

Senator ALLEN. You have certainly given an interesting view of some of the Federal legislation on the subject of the farm program. It looks like we have tried just about everything, doesn't it?

Mr. STEELE. We have tried nearly everything. Maybe Tom and I are about the only ones that remember the depression years.

Mr. BOWLES. I remember when cotton was selling for 5 cents a pound.

Senator ALLEN. You know, on the target price, it seems to me, and I brought this up when we had the amendment to the farm bill a couple of years ago, the target price figured over the 12 months' period, it seems to me that that works a hardship on the farmer in that during part of that 12 months, he doesn't have the farm products, the cotton or whatever, in his possession to sell, and yet the price is high during part of that time. It would seem to me that it would be best, certainly to the benefit of the farmer, to have that target price the price during the time that the farmer had possession of his crop and was in position to sell it.

Mr. STEELE. I agree with that. In other words, say, either the last 6 or last 3 months out of the year after he actually had it in hand. He can't control that that he doesn't have, in other words, he wouldn't have it in hand in the spring of the year, or usually after the first of the year.

Senator ALLEN. Say cotton is selling for 65 cents a pound during the time the farmer doesn't have it and then during the time that he does have it available for sale, it is down around 50 cents, well, it would be averaged out there.

Mr. STEELE. Right.

Senator ALLEN. And, that works a hardship on the farmer. If we could get that changed, it would be of considerable benefit to the farmer.

Mr. STEELE. Absolutely, I think most of us would agree with that. The speculators are the ones that are doing all right on that, because they get the big price most of the time. Not many of the farmers can hold it that long.

Senator ALLEN. The length of the loan also is something that the term of that ought to be lengthened.

Mr. STEELE. I agree with that.

Senator ALLEN. I guess it would be a farmer with quite a bit of acreage. To what extent do farmers hedge by trading on the commodity products?

Mr. STEELE. Very small percentage, I would think. In our county, I would say probably—you are talking about hedging on the market? I would say probably it wasn't over 5 percent.

Senator ALLEN. I wouldn't think so.

Mr. STEELE. Now, you will probably have—I would estimate 50 or 60 percent that might forward contract their cotton. But, in our county, this tool of marketing is something that I think all of us are

going to have to look into. It is something that you have got to study in order to know how to do it, particularly if you are going to hedge, and so forth. Now, we do have a very few that have done well by hedging. But, most of them that do their forwarding contracts which most of them are sorry they have in most instances.

Senator ALLEN. Well, actually, hedging—I am not suggesting anybody do it—but, if he hedged only the amount of his perspective crop, he couldn't lose anything and in effect that is a way of forward contract, is it not?

Mr. STEELE. Right.

Senator ALLEN. To sell on the commodity market at a price that you feel is satisfactory —

Mr. STEELE. Right.

Senator ALLEN. [continuing]. For the amount of what you anticipate you will grow. And, that way you could guarantee that you would get that figure. Isn't that correct?

Mr. STEELE. That's right.

Senator ALLEN. But, it is being used, you feel by possibly no more than 5 percent?

Mr. STEELE. I wouldn't think over 5 percent as far as hedging in our county. We do have several that forward contract and when they get their cotton out, they deliver it and then whatever that contract is—of course, there is something else too, on beans you deliver, you would more or less contract by numbers of bushels.

Senator ALLEN. Yes, sir.

Mr. STEELE. You know, on cotton it is by acres.

Senator ALLEN. Yes, sir, that is mighty fine and we appreciate your testimony.

Mr. STEELE. Thank you, Senator, it is good to have you with us.

Senator ALLEN. Now, that concludes the list of witnesses, but we want to throw the hearing open to anybody who would care to come up and volunteer his opinion, his views on the farm program.

Mr. LEAGUE. On the matter of hedging your anticipated production on the market.

Senator ALLEN. Yes, sir.

Mr. LEAGUE. I produce 1,200 acres of cotton, in the spring we will say the production or the price for the December contract is 70 cents, I go in and I hedge 1,200 bales of cotton, I come up at the end of the year with a short twelve contract of cotton, I produce five contracts, 500 bales, then the price is depressed and it always is at harvest time. So, when I lift that hedge there is a good possibility I am going to lose 15 to 20 cents a pound on that 600 bales that I have hedged prior to that time. So, its lending agencies will not go along with you to meet your marginal calls and this kind of thing, because it is quite dangerous to do it, you have to do it on a very limited scale, so to speak. You short 25 bushels per acre of beans, you come up with 10 or 12 and the price drops, then you become a —

Senator ALLEN. You would have to be real conservative in what you did.

Mr. LEAGUE. This is a specific grade and staple cotton that you contract or you hedge on the future market. I just wanted to clarify that point.

Senator ALLEN. Is there anybody else who would like to come up?

STATEMENT OF CHARLES BURTON, GRANT, ALA.

Mr. BURTON. Senator, I am not really prepared to talk, but I have got several things that I would like to mention. One of the first things that is uppermost in my own mind is the fact that we have lost our farm in the last year and the fact that I imagine there are a lot of other young farmers like myself that are probably in the same position we were in. We had a large second mortgage that came due that we just couldn't handle and ran into trouble getting refinanced. One of the biggest troubles we ran into with refinancing was the fact that the Federal Land Bank and everything required—the way they are set up now—require the total appraised value of the property and then they take a percentage of that as well as you have got to be able to prove a cash flow. Well, I was only in my second year of farming and as a result, had no real records to back up anything I told them. And, so, all they used to figure whether or not I could make the payments on the farm and everything was State averages and stuff like that. And, based on that information, there was no way they could OK the loan and we ended up having to sell our farm. And, for myself, it is already too late to do anything about that, but as far as the future of agriculture is concerned, to me it is essential that something be done to facilitate the ability for a young person to get into farming and be able to have time to make it. Because I have got a degree in mechanical engineering and I quit my job to go into farming, and I am still in farming. I am just having to farm rented land now. But, I am doing what I want to do, but maybe not in the way I would like to. One of biggest things that I feel is that somehow—I don't agree that the Government can solve all of our problems, I think that we as citizens have got to solve a lot of them ourselves. Because, the more the Government regulates and the more that we depend on the Government, the larger the bureaucracy gets and the more uncontrollable it is going to get. However, I also realize that agriculture is essential for the survival of any nation. This regulation resulted in a loan on my first crop of about one half of what was needed.

Senator ALLEN. That is true.

Mr. BURTON. And, without our ability to produce food and without people in the future who have the knowledge and skill to produce food efficiently, then all we are doing is cutting our own throats. We are already down to where about 3½ percent of the population is all there is farming. When you start talking about that small a number, we don't have many votes. As a result, a lot of the attention is thrown to people like George Meany that do have votes backing them up, and we don't have the ability to put pressure on their attitudes. But, the main thing I was getting at was the fact that the agricultural system has got to take into effect the fact that we have got to look forward and not just right at right now, because we don't have many people to take the place of older farmers that are retiring.

Senator ALLEN. That's right. I think that is one of the major concerns of the Agriculture Committee, to make provisions for young people to come into farming as a profession, as a business, as a life's calling. And, we have made forward steps in that area. And, I was

under the impression that possibly some 100 percent loans were available to young people coming into farming, is that not right, Mr. Giltmier?

Mr. GILTMIER. Well, there is some help, Senator. Were you able to get any help from Farmers' Home?

Mr. BURTON. Well, what we ran into there was our farm was a little bit too big that we were trying to get refinanced. And, the ceiling on the FHA with a combined loan ruled out our farm.

Senator ALLEN. Too many regulations there.

Mr. GILTMIER. Why don't you sit down and identify yourself and you can help us with this.

STATEMENT OF JOHN OWSLEY, COUNTY SUPERVISOR, FARMERS HOME ADMINISTRATION, ATHENS, ALA.

Mr. OWSLEY. I am John Owsley, county supervisor, Farmers Home Administration here in Limestone County, been here for some 27 years. The problem this young man has is facing a lot of problems we have, and one of them is that our program cannot help anyone above a family-size unit. A family-sized unit is defined as a man who is operating a farm, he and his family, with no more than one full-time hired hand. And, that is what plagues us on a lot of them. I think the legislature act will say two full-time hired hands, I believe that is the way it reads. But, our administration will not let us go but at one full-time hired hand. And, we need that two full-time hired hands, we have been needing it for a long time, Senator. And, if you could help us, we would appreciate it.

Senator ALLEN. Yes, sir, that is not realistic, I will tell you, that regulation is too binding.

Mr. OWSLEY. And, another thing, we can only loan a maximum of \$100,000 on real estate and that is not very much this day and time. We can only loan \$50,000 on crop loans and that is not enough to get the spring groceries, so to speak.

Senator ALLEN. It takes about a quarter of a million dollars actually to get started in farming, doesn't it?

Mr. OWSLEY. That is correct, yes, sir, a minimum. So, we are only talking, when we are dealing with the Farmer's Home Administration, people who are farming part-time, is working full time in some factory, is what we are dealing with. And, we are not dealing with a young man like he is. Now, I have made some three or four loans this past week to young people who are 20 years of age, but they are living with their fathers and mothers and they are the ones that are standing behind them and being able to buy 80 acres or 100 acres, and make it that way. If it hadn't been for that, then we couldn't have helped those young people. But, he has a problem and it is no fault of his, and that problem consists throughout the South, I know of, Senator.

Mr. GILTMIER. Senator, may I ask another question?

Senator ALLEN. Yes, go ahead.

Mr. GILTMIER. If you had been able to obtain a \$100,000 farm ownership loan at 5-percent interest rate from the Farmers' Home Administration, do you feel that the Federal Land Bank would have gone along with you for the other portion that you needed?

Mr. BURTON. Well, one of the things that we ran into, one of the biggest problems, was the fact that I didn't have any past records in farming. What I had done, and I admit my circumstances were kind of unusual, I worked for 4 years as an engineer in Tennessee and I was working with some fairly large farmers up there, where I got my experience. What I told the Federal Land Bank I could do, this year my crops and everything showed that I did know what I was talking about. But I can understand where they, would say: Well, does he really know what he is talking about? So, my circumstances probably was a little bit unusual. But, the farm was—one of the basic problems was the fact that it appraised plenty high as far as the loan went and they ran into problems justifying it, based on the fact that I didn't have any past records or anything to back up what I said that we would be doing cropwise and everything, because I didn't have any experience.

Senator ALLEN. That is kind of like a fellow applying for a job and the man saying: We don't hire people who don't have experience. Isn't that right?

Mr. OWSLEY. That is right, Senator.

Mr. GILTMIER. Mr. Owsley, what percentage of your farm ownership loans are participations with the land bank?

Mr. OWSLEY. Very few of them with the land bank, most of our participation comes through the local bank or individual who is selling the farm. That is not working out too well, that participating with the Federal Land Bank. It creates two payments and it is always worse than one payment. And, creates a higher payment than it does if it were just through the Farmer's Home Administration. Now, we are short of money, which everybody is short of money, and you come in and you get on a list that is about 3 months before the loan comes through and that interferes, because somebody has got to have some money in between time. And, the land is already sold to someone else, because they can get the money so much quicker. And, so, it is a hindrance quite a bit now.

Senator ALLEN. Well, I might say, I am moving over to the Subcommittee on Agriculture on Farm Credit and Rural Electrification, so I am going to be looking into this problem you have got. This year's experience you have had, maybe that will serve you in good stead when you apply again, when you locate at another farm. Is that right?

Mr. BURTON. I hope so.

Senator ALLEN. Good, I appreciate your testimony.

Mr. BURTON. I would like to make one or two more comments, if you don't mind.

Senator ALLEN. Go ahead.

Mr. BURTON. One of the things that I have run into—this will be my fourth crop that I am about to put in.

Senator ALLEN. Was it with cotton?

Mr. BURTON. No, sir, mostly soybeans and corn. One of the troubles that I have had was when I was first trying to get started, I couldn't get enough money. If a loan cannot be made for enough to do the job right, it should not be made. And, there again, I ran into the same problem, because I didn't have experience to really put my crops in right and I am just now beginning to get enough to put them in right

and it showed up this year. But, what I don't want to advocate is the fact that the Government take over everything, because I still feel like the free enterprise approach is the best way. And, as far as handling the reserve for our Nation, I feel like that a good loan program with an extended period of time on that loan with incentives for farm grain storage and stuff, is the best approach to try to handle reserves. And, I appreciate you letting me talk about this.

Senator ALLEN. Thank you very much. Anybody else?

STATEMENT OF MRS. PAULETTE SPRINGER, ROGERSVILLE, ALA.

Mrs. SPRINGER. Could I say something?

Senator ALLEN. Yes, ma'am, come ahead. We are delighted to have some input from the ladies. You are the first lady to testify at the hearing today, so we are delighted to have you.

Mrs. SPRINGER. I am kind of scared. This is the first time I have ever done anything like this.

Senator ALLEN. Don't be scared; you will do fine.

Mrs. SPRINGER. I kind of go along with the same thing this boy said about not being able to borrow enough money to farm right. And, I am like him, I am not advocating that the Government back us all together. I work with the Federal Crop Insurance, but I farm, too. I drive a tractor, and I am out there all day just like my husband is. And, we have the problem of borrowing money for lime and, you know, other things that we need in our farming operation from FmHA. Federal Crop Insurance requires that our pH come up to a certain point. It has to be that before we can qualify for the insurance. Yet, FHA will not loan us the money to put lime on the land that is needed. That may just be us, because I have found out since that it is individual. We are not behind on our payment at FmHA, or anything like that, but yet we still can't get lime when we need it, or as far as that goes, money for equipment or, you know, what we feel like we need to farm right. There needs to be some guidelines. If one Government agency is going to require you to have, well, like lime—

Senator ALLEN. Would that come under Production Credit Association, the money for the lime?

Mrs. SPRINGER. Well, no, FmHA, they can loan money for the lime. It was just each individual, it may be a personality clash with our—

Mr. GILTMER. How big is your farm? That makes a difference.

Mrs. SPRINGER. We have 500 acres. We only own about 50 acres, but we rent the rest of it and some of it is on a year-to-year basis. But, still, if you can invest \$16 an acre for lime and maybe raise your production a third, it is going to pay off. I mean, that's just one of the things that is on record to do. And, I can't see why you can't borrow money for something that is going to raise your production year after year. Even if we lost the farm for 1 year—I mean, you know, just had it for 1 year, it would benefit the next farmer.

Senator ALLEN. Mr. Owsley, what about that?

Mr. OWSLEY. I wonder if that \$50,000 limit—how much do you owe FmHA on the crop loan?

Mrs. SPRINGER. We don't owe them anything on the crop loan. We owe them \$5,000 on the equipment loan. That is all we have.

Mr. OWSLEY. You need to borrow your entire crop loan money from them. Then it is permissible to loan it and then you can spread it more than 1 year, up to 4 or 5 years.

Mrs. SPRINGER. We have been borrowing from them for 14 years and every year we apply for lime and every year we get turned down.

Mr. OWSLEY. What county are you in?

Mrs. SPRINGER. Lauderdale. Jerry Hester is over the county there, and like I say, it might be a personality clash, I haven't talked with anybody else about this. But, we have problems—well, you would know yourself, you have to have money to make money and you cannot farm without something to farm with. And, we can't even borrow the money for our crop insurance. I mean, we offer them a collateral assignment. We offer too, you know, assign our insurance payment over to them if we lose. But, yet, that don't work either.

Mr. OWSLEY. There is some problem. I don't know what it is. I can't put my finger on it, but if you are borrowing your crop loan money from the FmHA, they can do it. But, if you are—

Mrs. SPRINGER. But, they won't—I am sure they could if they would. The most they have ever loaned us for soybeans is \$45 an acre. And, every farmer here knows that you can't put in a crop for \$45 an acre.

Mr. GILTMIER. Mrs. Springer, if you will excuse me a minute. One of the problems we have had, it seems almost on an annual basis, we have run out of enough loan authorization, so that all the farmers in the Southeast could get the farm operating loan money that they need. So, sometimes the offices will try to spread it out among more farmers to help more farmers.

Can I suggest that maybe after we break up here, you might check with Mr. Owsley and maybe he could help you solve your problem.

Mrs. SPRINGER. I would sure appreciate that.

Senator ALLEN. What about the Production Credit Association?

Mrs. SPRINGER. We haven't tried them, we may go to them.

Senator ALLEN. I believe they would be the ones to make the loan, that is what they are supposed to do.

Mr. OWSLEY. Senator, I believe you have to be turned down by the FmHA to—

Mrs. SPRINGER. You have to be turned down—

Senator ALLEN. I believe that has happened. It looks like that has happened.

Mrs. SPRINGER. Thank you.

Senator ALLEN. Thank you. Would anybody else like to volunteer 5 minutes of information? If not, we appreciate the attendance of all of you, we appreciate those of you who have testified, we appreciate the interest of each and every one of you. We are deeply appreciative of the college here for giving us this fine facility. It has been a very excellent meeting and I think some of the information brought out here will be of great benefit to the committee, will it not, Mr. Giltmier?

Mr. GILTMIER. Yes, sir.

Senator ALLEN. Thank you very much.

[Whereupon, the committee recessed, to reconvene at 9:30 a.m., Thursday, February 17, 1977, in the Civic Center, Dothan, Ala.]

GENERAL FARM AND FOOD LEGISLATION

THURSDAY, FEBRUARY 17, 1977

U.S. SENATE,
COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY,
Dothan, Ala.

The committee met, pursuant to notice, at 9:30 a.m., in the Dothan Civic Center, Hon. James B. Allen, presiding.
Present: Senator Allen.

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

Senator ALLEN. The meeting will please come to order. This is a field hearing of the Senate Committee on Agriculture, Nutrition, and Forestry that is being held here in Dothan in accordance with the authorization and instruction of the Senate Committee on Agriculture. We are trying to bring Washington down to Alabama and to bring some of the process of legislating the Nation's laws back to Alabama and to the people throughout the country. Now, these hearings that we are having in Alabama—and we had one in the Tennessee Valley, Decatur, this one in the Wire Grass, in Dothan, and one tomorrow in the House of Representative chambers in the State capitol—are designed to give the farmers input into the farm bill and we are interested in finding out just what you want the farm bill to contain. These hearings are being recorded and I might say that after the reporter records the testimony and sends it up to Washington it will be sent out from the committee to each person who testifies in order that any corrections or editing that the witness would like to make can be made. Then the testimony will be part of the actual hearings of the committee and will be used in the deliberations of the committee. Obviously we could not hear from more than two or three or four Alabama witnesses if we waited until we have the actual hearings of the committee around the last of February. This allows some 70 or 75 Alabama witnesses to testify and we can get a good cross section of the thinking of Alabama farmers, of the needs of Alabama farmers, and the programs of which you have approved. Your input today will enable you to help shape the farm bill.

You know, in the last 5 years there has been a drastic change in the Federal farm policy because from the depression days, from the early 1930's down to about 5 years ago it was a policy of the Federal Government to encourage and foster an agriculture economy of scarcity

because of the tremendous carryover of all of the crops from a depression on the market in order to try to raise a product of scarcity, holding down what is the agriculture policy of the Nation for 40 years. That has all changed due to different needs and the growing population and the dwindling of our farm population. So the policy now and since the enactment of the present farm law has been to encourage the agriculture policy in abundance. At the same time when we encourage the agriculture policy of abundance we have got to guarantee that the farms can stay in business so we have got to have a concept that will guarantee the farm and will cause the Federal Government to be, in effect, a partner with the farmers in guaranteeing that he does get enough income from his work and his formal produce to stay in business. That is the theory of the target price of concept. Obviously, the present target price of commodities is far too low and for that reason we have got to consider how much it takes to produce a crop and at what figure the target price should be set and what figure the loan shall be set. This has particular reference to cotton.

Now, on the peanut program, as all of you know, the peanut program is permanent legislation whereas on cotton, corn, wheat, and seed grains, we have to enact new legislation every 3, 4, or 5 years depending on the length of the farm bill. I have always favored and continue to favor leaving the peanut program as permanent legislation, something that farmers depend on and not have it subject to renewal every 3, 4, or 5 years. I am going to say that the Agriculture Department for the past few years has not been friendly to the peanut program, and sometimes we feel that the Department has handled it in such a way as to make the program look bad and the secondary handling of the peanuts that the Secretary had under his control as a result of the price support program. The mishandling of that aspect of the program has caused him to have the large carryovers of stock. They make no effort to sell it at the market price and therefore it builds up tremendous carryover of the stock. We feel that the Department has not been friendly to our peanut program.

Last year, and I am delighted that I have this opportunity to explain the position I took on the bill that was pending before the last Congress, friends of the peanut program, friends of the peanut producer and processor introduced legislation which they felt was in the best interest of peanut farmers, peanut producers, and processors. It was introduced by Congressman Dawson Mathis of Georgia and by Senator Talmadge, both of them just as strong backers of the peanut program as any other person anywhere. But this bill sought to reduce the permitted acreage from 1.6 million acres down to 1.2 million acres, and in reducing the support price from 75 percent down to 70 percent. Now, this bill, and also it was a 1 year program, was leading into discarding the permanent legislation concept as part of the peanut program. So, this bill passed the House and came to the Senate Agriculture Committee in which I serve and I took the position against that bill. I did not feel that it was right to abandon the permanent program that we have for the peanut farmers. In the closing days of the last Congress when it came to the committee and I took the position in the committee against the bill because I felt

that we would have a better chance when we met to consider the farm bill of seeking to keep the program at a better level than was being suggested in the bill. So, I did what I could there in the committee to kill that bill. We were successful in killing it and Senator Talmadge quickly took the position that if the Senators from the peanut producing States were not united in support of this bill then it should not be pushed and he withdrew his support from the bill. The new farm bill is authorized by Senator Talmadge and I am cosponsor of it. The bill does not have any provision in it to change the peanut program, but I feel confident that a title relating to peanuts will be added. I feel sure there will be some change in the peanut program this year. That is one of the main reasons we are holding this hearing in Dothan where peanuts are an important part of the economy of this section of Alabama and the entire State. So, we welcome hearing the input by peanut producers and processors here in the wiregrass, and of course, any other phases of the agriculture farm bill. We want and need and must have a strong peanut program because it is so important to all of our people here and important to the Nation. We do not want to scuttle the program outright. I am hopeful that we will get by the minor revisions of the program and not go at it with a meat axe approach. That was tried in the last Congress. I rather imagine that the President of the United States is not going to be interested in seeing the peanut program scuttled. That is one of the reasons I took the chance last year in blocking this drastic revision bill feeling that there was a good chance we would have somebody in the White House that was a little more sympathetic to the needs of the peanut farmer. It remains to be seen what will come of this. I am hopeful that it will be a good bill all around.

I have a prepared statement here and I have not used a single word of it, so I am going to hand this to the court reporter and ask that this be included as if I had used it in addition to my extemporaneous remarks.*

We have a fine group of witnesses and we appreciate the attendance of every one of our witnesses and of every interested person.

Now, I am going to take the liberty of calling out of order Representative Wayne Mixon who is chairman of the Florida House of Representatives Agriculture Committee, and Mr. Mixon has been kind enough to come all the way from Florida and meet with us and give us the benefit of his views and expertise in this area. We are delighted having you and look forward to your testimony.

STATEMENT OF HON. WAYNE MIXON, CHAIRMAN, AGRICULTURE COMMITTEE, FLORIDA STATE HOUSE OF REPRESENTATIVES, MARIANNA, FLA.

Mr. MIXON. Thank you very much, Mr. Senator, and farmers of the wiregrass which I am a part of. When you talk to Alabama farmers, I was born and raised in Coffee County on Pea River, so I fit well and still grow peanuts.

Senator ALLEN. You can get the man out of Alabama, but you can't get Alabama out of the man.

*See p. 301 for the prepared statement of Senator Allen.

Mr. MIXON. You are courteous to invite me as an out-of-stater down in Florida. We live just across the line and we have the basic agricultural commodities that you have. I grow peanuts and cattle and corn and feel very much a part of this committee in the wiregrass area. I feel good about the U.S. Senate. The legislative bodies are getting out from under us and I am familiar with the urban legislation and its ability to get the message where it counts with you and Senators Talmadge and Stone with voices very strong of your leadership and—

Senator ALLEN. Senator Childs.

Mr. MIXON. Senator Childs. Senator, I know it would be duplicate if I say much about the farm bill. I have watched farm legislation for a great number of years and I have reviewed in great depth the proposals that you and Senator Talmadge have introduced in the Senate. I think it very good in my view. It is the first total farm passage that I have seen in a while that secures the excesses and shows up for the cost of production for farmers at a time when our production costs are very, very high. Much of it, sir, I would submit to you was underwritten being barred capital which is the digging into our equity in the realty state and much of us are going to have to pay for the gearing up we are doing in the year and the legislation in the future. I think we have dug into our equity and we have to look up to stability and magic market system that will soon be at a price that we can meet the commitments. We are worried—even though we are called food researchers we know from the 1950's and 1960's from the depressive effects of the prices do not work in the interest of the farmers. The freedom that you talk about in the bill is magic. It is beautiful. The idea of foreign trade, I don't deal with it at length, it is necessary expense to me. I have traveled in the last 4 or 5 years with Connors Trade Mission and we have visited with the Scandinavian countries and they say we want our soybeans rather than oils, but we must have them at a reasonable price. We must have assurance that they will not be cut out from under us. I was in Japan last year and the Japanese told us that the most angry they had ever been at us, except when we dropped the atomic bomb, was when we cut off the soybeans. They said: "What are you trying to do, starve our children?" The average eighth-grade boy in Japan is taller than his father because they are mixing the soybeans in their soup. We are frightened that the world embargos—the Japanese say we wouldn't want to expand in Brazil, but we want assurance that we will have the soybeans. Let me mention two or three things that might have an angle to Florida, but I don't know how you all reacted to the proposal that the U.S. Senate was going to emphasize research. It is one of the biggest things I read in the package. We are having a time with urban legislature and we need a lot of money. We are told by the Senate and Ways Committee that agriculture is going to have to pick up their own bills, we are not going to put money into this.

One of our biggest problems and lingering problems is this pesty fire ant. We are back in business in Florida and we are going to have a control program. I don't believe the people in the southeast want to live with this fellow indefinitely.

Senator ALLEN. It is a problem here too.

Mr. MIXON. Yes, sir. Peanut legislation is utmost in our minds and we certainly want to maintain the basic program and hopefully we can lease and transfer, and we think that we will have to bring total production in line and we are going to have to accept the acreage and the farm support idea rather than abandon the program and the idea of including it in the farm bill. I know a little about the tacking problem, it seems that you have the ability to tack it on and make it right.

Let me say a word about the food stamp program which is a part of the bill. It was big news in Florida this morning. One of the newsmen and one of our representative training men went in line and got the food stamps and went out the door and could sell the food stamps freely and went out into the fields to see if they could get jobs. They could get jobs. Farmers have been calling me since the bill saying that we can not hire anybody because they feel that they can be compensated. I know you will try to overrule the food stamp program.

Senator ALLEN. We can.

Mr. MIXON. I think what has bothered me is importation of beef. We wouldn't be selling the cotton and \$24 million if we didn't believe in trade. We believe that we are the unfair recipients of an unfair section in regard to the importation of beef. We do not feel that the slaughter houses and beef before it comes under our count are equal to the ones in our country.

Senator ALLEN. We have a bill on that.

Mr. MIXON. We feel that, and second, another attendance to that is when the imported beef comes into the country it can go into any State because whatever kind of inspection it is subjected to. But our State inspected the beef, which under the Beef and Meat Act it can only move in the State, it cannot move across the State line. If these conditions were corrected we don't imagine it would cost the consumer a great deal more. We feel that it would help the farmers too.

Senator ALLEN. Mighty fine, Mr. Mixon, and I want to congratulate you and the State of Florida as having you as the chairman of the House Committee on Agriculture. I feel with your expertise and your knowledge you are doing a great public service in the State of Florida and we appreciate your remarks. I think you have touched something that is very very important when you speak of the value of research. I might say that the cost of the American taxpayer of the farm support program has gone down in the last 5 years from about \$4 billion to about three-quarters of a billion dollars and these are about the only areas that have been reduced at all. I think it would be well to channel some of this tremendous savings that has been effected into the strong agricultural research programs and into a number of other fields of agriculture.

Mr. MIXON. I know how hard it is to get a dollar and I know it is in conjunction with your State legislature.

Senator ALLEN. We provided a bill in the last Congress on research in the diseases of farm animals. It was vetoed by President Ford and we could not override it. I hope the bill will be reintroduced. I was one of the cosponsors of the vetoed bill. We do appreciate your fine testimony.

Mr. MIXON. Thank you, sir.

Senator ALLEN. We have a telegram from Mr. Jack Goolsby of Laurel Hill, Fla. He was going to testify but advises that illness in his family makes it impossible to attend the hearing. We understand his inability to come and he will be asked to submit his written statement if he has one for the record.

Mr. James Earl Mobley, Shorterville, Ala.

STATEMENT OF JAMES EARL MOBLEY, SHORTERVILLE, ALA.*

Mr. MOBLEY. Thank you, Senator. This telegram is from Jack, he like Wayne, lives in Alabama. He is on a board of directors and he was going to testify on peanuts, but we will have plenty of people to say something about peanuts. On behalf of peanuts in the State, we would like to say we certainly appreciate your coming down and listening to us because there never has been a doubt in our minds that you are a friend of the farmer and if there was a doubt in our minds last year this was erased when you killed the last administrator's proposal to change the bill.

As you know, as you have stated already, peanuts are real important to this area. We are talking about a farmer's level of \$405 million, and we are geared up in this area to handle tremendous amounts of peanuts from the farmers level and from the level of the processors. We have spent many many millions of dollars and this goes up to the bank and I am sure the banker will tell you the same thing in the peanut area. It would be very much of a blow if we lost this peanut program as it stands, although we may have to have a modification as we have looked at it in the last 5 or 6 years and have seen the yield almost triple in the last year. We may be kind of outdoing ourselves and the markets may not be keeping up with it. We have lived with this.

Senator ALLEN. A reserve program might help the expansion program.

Mr. MOBLEY. Absolutely. I want to take up on that. I have been in contact with Dr. Sprott who will testify here today, and we will seek the result of this now and we appreciate that too as I look at the harassment that we have gone through on the peanut program. Just anything to harass the peanut industry, to make them change the program, it almost makes you fighting mad to look at it. I share your opinion that now that a peanut farmer is in Congress maybe we will get a fair shake and not be completely thrown out. I look through the years at the type of program that we have gone through and looked to see if we can get ourselves out of the dilemma that we have backed ourselves in. We have produced more peanuts than the market will consume. At first we discussed what is the open-end program that we looked at last year, and this was just the beginning of the end as I see it. The next would be that we could, and we could live with this one whether it would help us in the long run or not to lower the price support down to 65 percent, lower the allotment from a million sixty which we could modify the program to do these things. The

*See p. 302 for the prepared statement of Mr. Mobley.

third one, to maintain the million sixty. We have the machinery to go with, we have the things to handle the million sixty, and the price has formed a buffer which it will not move into the marketplace. I feel like that we can go with this, take 3 years to go down to where it would be acceptable where any change would be gradual. The fourth one that I was looking at and there has been a lot of discussion on, and I am sure you have heard this already, in Washington they are looking strongly at a poundage-type program, and this would in effect—it may hurt us in the southeast. As you know, as Mr. Nixon in his very able presentation made his point, this is what has helped us with the yield, moved up so much, and we have moved away from Spanish- and Virginia-type peanuts. We have a pure line of peanuts down here. We could suffer from this. I have seen from 10 to 15 years New Mexico would come in and want more Spanish peanuts. I am afraid this might happen to us. A program like this might come in and say we need more Virginia-type peanuts. I would love to read a statement if you would allow me from the Secretary that we have received from the ASCS, and Bob Bergland has announced that he would create a task force on peanuts within the Department to develop the modifications. He says:

The time has come to put past differences and divisions behind us. We must start with a clean slate. It is imperative that growers from all peanut producing areas and other segments of the industry work in harmony if the program is to survive. The Secretary has asked the National organizations and other segments of the peanut industry to work with the Department of Agriculture to develop proposals which will be fair to growers, fair to consumers and fair to taxpayers.

Senator ALLEN. I think that is fine and he is moving in the right direction. We did not have that last year. They tried to ram the bill through without serious study.

Mr. MOBLEY. I think the last thing that I would like to bring out is that we can ill afford to let happen to peanuts what has happened to cotton in this area of the State of Alabama. We would be in serious trouble down here. I would like to make a point on research. The agricultural experiment station director must have increased financial support if he is to serve this Nation through agricultural productivity. He must have freedom and flexibility to direct efforts where the need is the greatest. He must be able to respond to the problem of the producer. He has been in tight traces; he has not been able to administer a program of research that meets the needs of the consumer because he just has not had the funds. Senator, as you know, I am a peanut farmer, also a hog farmer, a corn producer, and a cattle farmer. I appreciate the need for a total agricultural research program. I have two sons that are following me in farming. We must make the investment in agricultural research to prepare for the future. One of the best illustrations that I can give you is this, in the last—I would say from 1966 to 1976 we have increased enrollment at the school of agriculture 126 percent which is one of the greatest signs. I appreciate it.

Senator ALLEN. Thank you very much.

Mr. Denman, we are delighted to have you come before the committee and give us the benefit of your expertise. We would be delighted to hear from you.

STATEMENT OF FRED DENMAN, SAMSON, ALA.

Mr. DENMAN. Thank you. It is a pleasure to be invited here today before this committee hearing. You stated in your request that you would like to have off-the-cuff statements and that is strictly what I have.

The situation as I see it pertaining to peanuts, we wouldn't be in such a corner if the Secretary of Agriculture, previous Secretary, had spent as much time, effort and Federal funding trying to help peanut farmers and promote the peanut as should have been done according to the law. I think that he clearly misused his office and I think he should be held liable for it.

I live in Geneva County and I grow peanuts, soybeans and corn, and I consider myself primarily a peanut farmer. If we didn't have the peanut program and the income in this area from peanuts, I think we would be in a very serious economic condition throughout the entire Wire Grass. I am sure you are aware of that.

Senator ALLEN. Yes, sir.

Mr. DENMAN. I appreciate your effort to help us keep our peanut program. I remember a statement you made about 2 years ago that you didn't go to Washington to disrupt the program that was serving people so well.

Mr. ALLEN. That is right.

Mr. DENMAN. We have had the program for so long and it has been such a good law and served the peanut farmers so well. I think that one of the problems is that people are envious of our position and I think that if we can protect this position in any way this should be foremost in trying to keep what we have. I understand that there are some negotiations going on to try to put this new peanut legislation in with the new farm bill. I can see some pros to that and also some cons because peanuts are a small crop compared to other crops and if there is any trading to be done I think peanuts might be traded off. As long as you and Senator Talmadge are there to look after our interests I don't think that will happen, but I can see that there may be a disadvantage there.

Senator ALLEN. I hope that we can keep the permanent status of the peanut farmer, not having it looked at every 3 years and everyone that is jealous of the peanut farmer shouting at us, so if we can keep it on a permanent basis rather than in a renewal farm bill it will be in our best interest.

Mr. DENMAN. I think we have lost some of our adversaries and I am sure that we have others that will be just as outspoken in the next Congress.

Senator ALLEN. It might be that they figure that if they are too rough on the peanut program that it might be an affront to the President in his profession, in his business.

Mr. DENMAN. That is right. So first and foremost I would like to urge you to try to keep our present program and if it is mandatory that we make a change we will do so in a gradual manner because as James Earl stated we are geared up. I was talking to some processors last week and they are geared up to handle the size crop that we are producing and if we have to reduce acreage not only is the farmer

going to run in insufficient units, the processor will also. These are my feelings and I appreciate the opportunity to express them to you.

Senator ALLEN. Thank you very much.

Mr. Britt, thank you very much for coming and appearing before our committee and giving us the opportunity of taking your views back to Washington to serve as a basis for the thinking of the people in our area.

STATEMENT OF FRANK BRITT, ENTERPRISE, ALA.

Mr. BRITT. Thank you. I appreciate the opportunity to come. I feel better hearing the statement you have made in regard to the peanut program, that is my major crop. I farm 150 to 160 acres of peanuts each year. I have a little better than 100-acre allotment and I grow corn and cattle. I have an average size farm in Coffee County and I am in contact with farmers each day, some larger and some smaller, and over the past few years I found that we have become nervous over the situation. This is unstable. Farmers don't know what to expect and it is a scary situation with them. I feel better about it with your statement and I hope that this is what will occur in the future.

With Mr. Mobley and Mr. Nixon making the statements they have I agree with them on this, this secures us, we know what can happen with that. I think the present law as near as we can maintain is what the farmers like to have. We take reductions in prices if this is necessary. We can't farm with much less prices, but if this is necessary in prices and acreage, we want to go about it in a way as gradually as we can.

Senator ALLEN. If you have the open planning there is no doubt that that would be a drag on the market, is that correct?

Mr. BRITT. Yes.

Senator ALLEN. It would destroy the program and make the support program unrealistic to support the price of peanuts on one level and have the plan on the other side in unlimited quantities. You would have so many peanuts it would sink the price of peanuts in the market.

Mr. BRITT. In talking with farmers and trying to get their opinions on these things I feel this is their opinion about it, they have seen other crops in the past that have gone, this won't. We just want to be guaranteed against disaster or things like that. Just a fair price, we are not trying to ask the Government for anything outrageous. We are wanting to be treated fair and in the past 3 or 4 years we felt that we have been taken advantage of.

Senator ALLEN. I know.

Mr. BRITT. We feel that on the bill that you killed we were looking like we had to go along with it. We really appreciate what you did on that. We feel like we are in better shape now as we are than if we had had the bill passed.

Senator ALLEN. You have to have a reasonable compromise.

Mr. BRITT. I believe that is all I have.

Senator ALLEN. Very helpful. We appreciate it.

We appreciate your coming before the committee to give us the benefit of your views and your expertise. We are delighted to hear from you Mr. Crowley.

STATEMENT OF GERALD CROWLEY, DOTHAN, ALA.

Mr. CROWLEY. I want to tell you something to your face I have said to your back. I wish there were 100 men in the Senate like Senator Allen. We appreciate the way you have executed our wishes and desires in Washington. I am a farmer here in Houston County. I live 8 miles southeast of Dothan. I grow peanuts, corn, and cattle and am in the process of putting in a hog business and I am growing four of the finest boys you ever saw.

First of all I would like to make a few comments about the way I feel about agriculture in general and our attitude, what it ought to be. We have mentioned research and I don't think we can emphasize that enough. We haven't talked about conservation and I would like to bear down on that point. There is a project that was carried out several years ago in our county. It was the Boggy Creek Canal and I think it was one of the finest things that has happened to Cottonwood, Ala. in getting rid of some of the undesirable flooding problems. I would like to see more of these programs come into our area and make the land more usable, not only for agriculture, but for the community as a whole. It would do a lot of good for our area. I would like to see the conservation program for permanent type of things. The practice of going out and purchasing seed, a lot of fertilizer and nitrogen, is a one-shot thing. These are gone in a little while and I don't think that is as good as a permanent type of sod or gully and erosion control, and water containment. We get a lot of good from these for many, many years.

I don't think we can emphasize markets enough. We emphasize getting a good price on the product and concentrate in that area and forget about what we produce. I don't think we can sell the product until we have produced enough to create a viable market. We can't ever produce all we want and get the price we want unless we have people there to buy.

It is a shame and disgrace, that the government place an embargo on farm products. We will be suffering the consequences of it for a long time. It is a slap in the face to have embargoes placed on us.

Senator ALLEN. I agree.

Mr. CROWLEY. These things that I have mentioned, I think cover agriculture broadly. There are things that do everybody good, not only in the agricultural segment, but society in general.

I would like to touch on peanuts because this is the primary source of income on my farm. I would like to strike a different tone than the others. I am young and looking forward to growing peanuts for a long, long time, and to be frank with you I must say that if the present trend continues I don't think we will have peanuts with us until I am 50 or 60 years old because we are able to produce more than the customers want. We have to sell the peanuts. The present peanut program has served us well and I think the basic program can serve us well if we take advantage of the opportunities we have to make modifications in the program. With the pressure off us from folks like Mr. Pizer and consumer groups, I believe we should make needed changes in the program.

I think built into the peanut program are factors that cause peanuts to be unnecessarily high for us to produce and that is one of

the reasons we have to pay so much to grow them. If you took a poll of the farmers in here growing peanuts I would say that you would find we have to pay more than \$100 per acre to rent peanuts and some are going for \$200 per acre. The average is over \$100. This causes the production of peanuts to be expensive and causes inefficiencies. I have to farm peanuts over six or eight different farms to get enough acreage to make it efficient. I have 200 acres on six different farms and I have to move here, there, and yonder and it calls for a lot of management to get all these things together.

Senator ALLEN. How would you suggest remedying your problems?

Mr. CROWLEY. I would not like to see a cut in the peanut acreage. I think we ought to seek alternatives to the acreage cut. I would not be opposed to say I will keep the present acreage I have and on 75 or 80 percent of that acreage I am producing under the program as it exists now and the remaining part I will have the opportunity to say I won't grow those peanuts or I can produce those peanuts at a lesser price rather than cut acreage. I think when you are in an industry that is contracting you cut it now and by 1985 or 1990 we are going to have to cut acreage again, and my children that I would like to see grow peanuts will be down to such a low acreage and the competition will be so high to get acreage they will have to seek another crop to grow.

Senator ALLEN. If there is going to be a modification and a gradual modification, would you suggest a modification by a reduction of acreage or modification by reduction of one support price or a combination?

Mr. CROWLEY. I wouldn't want to see support price cut very much for the reason that so many farmers would like the opportunity to cut back their acreage and produce for the present price and they would like to have that opportunity while I would like to produce excess peanuts at a lesser price. I would never like to see an open program. That is the reason I would like to bargain for a few changes. If we wait until we get our back to the wall we are going to be in a position where we are about to lose the peanut program. Legislation will be introduced to have an open peanut program and I think that will be detrimental.

Senator ALLEN. Peanut production has doubled in the last few years and chances are it will double in the next few years. There is a miraculous production capacity in the peanut. I am trying to visualize what the art of compromise on the thing—if you increase produce on per acre and we are not increasing consumption to take care of it we are going to be in a bind, are we not?

Mr. CROWLEY. Yes; sir, we will be. That is the reason I think we have to gear a program to take care of domestic needs, and a lesser price produce peanuts for export and crushing. I wouldn't like to see us have a program where we are put in a poundage basis.

For the sake of giving it a name if we went to a two-price system I would like to see the law say that Gerald Crowley sells 75 percent of his produce at the Government program price and 25 percent would go at another price.

Senator ALLEN. That is a two-tier system. A two-tier system just about ruined us in cotton, did it not?

Mr. CROWLEY. I think it was the Government manipulation of the program paying farmers not to grow cotton that ruined the cotton program in our area. For several areas we were paid amounts not to grow cotton and in some cases the insurance got to be worth more than the cotton and those sorts of things that caused us to get out of the cotton programs. If we could preserve the peanut program as it is right on and on that would be preferable, but I don't think we can. To wrap up my point I am not sure that we can preserve the peanut program and if we can't I think we ought to change when we have a chance rather than when we get our backs to the wall.

One thing that I don't like; I am not sure that the Senate or House writes legislation. I think it is written in the department of Agriculture by the ASCS officials, and there are so many whims that they come up with that anger me and cause disruption in my planning. I think we ought to see a stop to those things.

Senator ALLEN. That is one of the reasons we are here, to get the views of the peanut problems so we can write the legislation.

Mr. CROWLEY. Every year the word has been put out, that we are going to hold it up, acreage transfer, and we don't know when, and it has been as late as February before we knew whether we were going to lease and transfer peanuts. That is not right. We ought to know from year to year what we are going to be able to do. At least several months in advance what we can do.

Another thing that I would like to mention; I can't believe that I live in a country where this is permitted to go on. When you buy peanuts you buy on a poundage basis and the peanuts have got to match acre for acre. If I buy from a low yielding farm then I lose acreage in the process of transferring. At that time I sign a contract, that is ambiguous to say the least, that if I irrigate those peanuts any time within 5 years and I exceed the transferring yield then the acreage is going to be cut back. It doesn't matter if I run my irrigator across the field and it rains the next hour and I don't have to irrigate again the whole year my peanuts are still taken away from me. There is no allowance for the natural increase in production as we learn other cultural practices.

Senator ALLEN. You are limited to the production of the line that you lease?

Mr. CROWLEY. To the acreage I buy for 5 years. I am limited and it goes—

Senator ALLEN. That would discourage better farm operations.

Mr. CROWLEY. The thing that I can't understand, they don't say if you use a fungicide your acreage will be cut and it is shown that a fungicide will do much more than irrigation. And insecticide would probably do a lot more toward increase yield, yet you are penalized only for irrigation. It makes buying this expensive machinery to irrigate with seem like too crazy a thing to do.

Senator ALLEN. That regulation wasn't written by a farmer, you can be sure of that.

Mr. CROWLEY. I favor as much freedom in agriculture as we can have. I say whatever program we have is to be depended on to take out the rough spots and help us to be able to plan and stay in business and produce an income or livelihood that will help us stay in agriculture.

Senator ALLEN. We appreciate your testimony.

Mr. Deloney, we are delighted to have you come before the committee and testify and give us the benefit of your views. We look forward to hearing from you.

STATEMENT OF BILL DeLONEY, OZARK, ALA.

Mr. DeLONEY. Thank you, Senator. It is a privilege to be here and I would like to touch on two or three items and touch on the peanut program. Certain farmers in my area have been leading the program as near as possible, and we feel that we are going to have to make minor adjustments in it and leave the present acreage as it is and that the amount of adjustment may be hopefully on a smaller comparative over a period of years.

Another item that I would like to touch on is the insurance, crop insurance. Certainly it should be geared to more production cost than what it is and then the crop insurance be on a 12 month basis, year-to-year basis. In Federal crop insurance you have a short period of time to get out of crop insurance and if you don't you are in for another year and I think that should be based on a year-to-year basis. The farmers would have to sign up if he wanted to put another year rather than automatically signed up.

Senator ALLEN. How much does it cost to insure your crops? How much does it cost you on the average of the acre?

Mr. DeLONEY. I run 200 acres of peanuts and it is in the neighborhood of \$18, \$19 an acre.

Senator ALLEN. What has been your experience?

Mr. DeLONEY. Well, the biggest expense is farming several different farms, running several different farms and being able to irrigate some. Under irrigation your yield is up enough that the insurance would be no good and maybe you would have some farms that you were unable to irrigate such as last year and your yield was nearly nothing, but you could not collect insurance because your overall production is more than the insurance. It needs to be based from farm to farm is my feeling.

Senator ALLEN. You just insure one portion of land?

Mr. DeLONEY. That is right. In other words, one farm, because usually, if you can irrigate a farm you can irrigate the whole thing, but if you can't and it's sold based on the farm number rather than all combined—

Senator ALLEN. Treat one individual rather than overall production?

Mr. DeLONEY. Yes.

Senator ALLEN. In other words, the production you had on one farm unit would counterbalance the poor production you had on another one, is that right?

Mr. DeLONEY. Yes.

Senator ALLEN. That sounds reasonable. How long have you been having the crop insurance?

Mr. DeLONEY. Four or five years.

Senator ALLEN. Have you collected anything under it?

Mr. DeLONEY. No, sir.

Senator ALLEN. Well, I suppose it is better to have it and not need it than to need it and not have it, isn't it?

Mr. DELONEY. I don't know.

Senator ALLEN. Isn't that what the insurance folks say?

Mr. DELONEY. Under certain circumstances I don't think—I think it is better to drop it.

Senator ALLEN. Well, now, they are talking about—in the bill they are talking about moving to an overall crop insurance program rather than having the disaster provisions, certainly as to cotton.

Mr. DELONEY. Yes, sir.

Senator ALLEN. Do you think that is sound or whether we ought to keep the disaster provision and let the crop insurance program proceed according to the farmer's own choice?

Mr. DELONEY. I think the crop insurance would be according to the farmer's own choice.

Getting to the disaster, that was my next one. We had a disaster 2 years ago, hurricane Eloise came through and all you can secure is sign up for disaster relief to my knowing. I pursued this more than anybody else and I know of no farmers in this area that got 1 red cent and certainly if you are going to have a disaster relief program it should have been taken out of the hands of your Farmers Home Administration and put into the hands of the ASCS office because they know more of the production and yield and they are county located plus the fact of the red tape. If you are going to have a disaster relief it should benefit the farmers.

Senator ALLEN. I am surprised that none of of the farmers were able to collect anything in disaster payments.

Mr. DELONEY. I think you must understand we had some small amounts that come through SACS that would work, but as far as a farmer being able to get out there and obtain a disaster loan there was no farmer to my knowing that was able to attain a disaster loan.

Senator ALLEN. I believe that was geared to be available only when the farmers weren't able to get loans and private credit, isn't that right?

Mr. DELONEY. Yes.

Senator ALLEN. That speaks well of the credit rating of the farmers, doesn't it?

Mr. DELONEY. Yes; but it is hard on the farmers having to go and obtain the additional credit elsewhere. I feel with the other program being made available, that the cheaper interest rates that the farmers over a long term could be able to obtain money on a Federal disaster.

Senator ALLEN. That makes sense. In other words, remove the provision that if they can get credit elsewhere it is not available to them?

Mr. DELONEY. That is right.

Senator ALLEN. That is your thinking?

Mr. DELONEY. Yes, sir.

Senator ALLEN. I appreciate that.

Mr. DELONEY. Certainly as far as research, that is a must in our country. We feel that it and soil conservation are two things that we must carry on.

Senator ALLEN. I agree. We are going to make steps in that direction, hopefully.

Mr. DeLONEY. That is all I have to say and it has been a privilege to come before you.

Senator ALLEN. Thank you, sir. Your testimony was excellent.

Mr. Raley, we are delighted to have you come before the committee. We look forward to hearing from you.

STATEMENT OF H. E. RALEY, DOTHAN, ALA.

Mr. RALEY. Thank you very much, Senator Allen. You know, being a farmer and a member of the local county government it wouldn't be fair not to leave you some figures to take to Washington.

Senator ALLEN. Yes; sir, that is what we are here for.

Mr. RALEY. I won't bore you or the others by reading them all, but I would like to say that in this county in 1976 we had a gross farm income of \$39,687,000. Of that amount of money \$17,287,000 came from peanuts and you will see that that is a little over 40 percent of the total gross. That not only happened in 1976 but that same thing has happened for about 5 years in our county. I want you to take this back with you to let you know the importance of peanuts to Houston County and what affects Houston County certainly affects the wiregrass area. Some of the points that I have in this statement have already been covered in a change in the peanut program. We see that we are in trouble with the present peanut program. Except two or three and this one point that I have has not been mentioned. This is the cost of storage and handling and inspection of the peanuts. I have never thought that we should have to pay that. If that could be struck from the program I would like to see that done. Also I would like to see it written in the law that the Secretary of Agriculture will promote the sales of peanuts by all known means. If he has a lot of peanuts that need to be sold, why not sell them?

Gerald Crowley mentioned soil conservation, and knowing that God expects us to be a good steward of his soil, the 40 years that we have had a conservation service we can't put a dollar value on what it has meant to us. During the 200 years the earth has been cultivated in the United States part of it is badly eroded. I notice in last year's budget President Ford's administration had taken money out of the soil conservation. I would like to see that—

Senator ALLEN. Increased?

Mr. RALEY. Yes; I do favor the ACP cost sharing program which saves us a lot of soil and water. The bill that Senator Talmadge has written and you are cosponsoring, the food for peace program, let's use more peanuts as probably you don't have anything that is better. They say you can't eat just one.

Senator ALLEN. You mean one package?

Mr. RALEY. Yes; I appreciate the Food Stamp Act for the people with real need, but we have too many people that have received food stamps that could work and have been able to work and didn't because they could receive the food stamps, the free food.

When I hand you a statement like this, this looks like that I am taking away the freedom that I have as a farmer, but it is not. Let

me say, sir, that your bringing Washington to Alabama proves to me that—as I have said before that you are the statesman that we have in Washington and I appreciate the good job you are doing. With that I have nothing else to say. I will answer any questions you would like to ask me.

Senator ALLEN. I appreciate that. You made a mighty fine statement. We appreciate that, Mr. Raley. Would you like to have this statement incorporated in the record? *

Mr. RALEY. Yes.

Senator ALLEN. Thank you.

Mr. Compton, we appreciate your coming and look forward to your testimony. Please proceed.

STATEMENT OF A. W. "BUCK" COMPTON, NANAFALIA, ALA.**

Mr. COMPTON. I got up at 3:30 this morning to make a trip from the Tombigbee River and I am over here to speak on research. I am trying to promote research as much as I can. I was born as A. W. Compton, Jr., known as Buck Compton in my area. I was raised on a farm. I was taught to plant pine trees and they told me to plant slash pine. As an FFA member, I made State farmer and represented the State which I was proud to do. We planted Kudzu for the cattle and now we don't know how to stop it. We have been taught through the years to suppress fire; we are learning now it is one of the best tools in forestry. So what I am getting around to is the business of research and what does it mean to us. We think it means a great deal. We use most anything that Auburn puts out. If they tell me to use it I will use it. It is real vital and I have a prepared statement that I would like to cover with you on research on several different areas. One is on trees, one on agriculture, and one on pesticide and the likes.

Senator ALLEN. Yes, sir.

Mr. COMPTON. First, I would like to speak to title 8 entitled "Food and Agriculture Research." This title devotes a great deal of time to Federal coordination of agricultural research and then addresses some specific funding for competitive research grants, facilities, human nutrition, and animal health, all of which are important.

The act specifically states it is the intent of Congress that Federal support for food and agricultural research should be funded at a significantly higher level than it is currently being funded. Senator, from what I've observed, this ascertainment is fully justified. I have seen information that in my opinion fully justifies at least a doubling of percent funding to meet the needs, both of the agriculture of this State and Nation, and the future needs of this Nation. I am concerned that Congress feels it necessary to pass additional legislation to obtain this funding. The agricultural experiment station system of this Nation has been one of the most striking examples of effective use of public funds that exists. It has been held up as a shining example around the world. I plead with you to use your ability to attain needed funding for agricultural research.

*See p. 303 for the prepared statement of Mr. Raley.

**See p. 304 for the prepared statement of Mr. Compton.

but without increasing bureaucracy unnecessarily. The problem in the main is out where the people are. The State agricultural experiment station is out where the people are. Leave research administration to the director of the State agricultural experiment station and the people served by the station to assure that the research programs are directed toward the greatest good. Congress needs to appropriate to the State the funds necessary to do the job. I ask that you give considerable attention to our national priorities for research and development. I have seen the report by the Federal Council for Science and Technology which shows that only 1.6 percent of our Federal R. & D. funds go for food and agricultural R. & D. In contrast, 43 percent goes to defense. I am convinced that agriculture productivity is our greatest defense, our greatest national resource, and deserves a greater share. 14.1 percent goes to space when our problems are on the farm and in the marketplace, not in outer space. 11.3 percent goes to basic science but I understand our agricultural scientists do not share in this funding in a significant way and yet we urgently need more basic research in matters concerning agriculture. 10.5 percent goes to health—biomedical and 9.7 percent to energy and 4.4 percent for social. Still I look back to see that we don't get but 1.6 percent of all this for research and agriculture. Certainly these latter cannot be argued, but surely agriculture deserves a greater share. Greater than 1.6 percent.

Senator ALLEN. No doubt about that.

Mr. COMPTON. As I read title 8, I see all the areas of research provided for are important but I am confident the only reason these research needs have not been more adequately addressed by our State agricultural experiment stations and USDA research agencies is because of inadequate funding. If Federal support for agricultural research has kept pace with needs we would have a more viable research program and more productive, healthy agricultural industry to meet future needs. I urge you to work to assign higher priorities to funding of agricultural research.

Now I would like to speak to title 12 which provides for a major extension of the authorizations of the Federal Insecticide, Fungicide, and Rodenticide Act, Senator, I fully support a need to reduce unnecessary hazards to man and his environment, but the FIFRA had been administered without regard to the practical world in which we live. I believe more control needs to be placed on the generation of regulations by EPA and FIFRA so as to bring its administration to reality. I believe it would be a drastic mistake to give EPA a vote of confidence by extending its life for 3 years and by increasing the level of funding without greatly reducing its power to make law through unjust regulations. It is my opinion they should be required to replace their legal counsels with agricultural scientists that understand the nature of the world in which we live so as to regulate for the benefit of mankind and not for the exercise in legal interpretation. EPA by imposing the complexities of regulations, if effect, acts as though it was the intent of Congress that all chemicals be banned from use in agricultural production. I urge you to find ways of bringing the mission of EPA back to the purpose of the original act of 1964 which stated: "An Act to regulate the marketing of economic poisons and devices."

I want to express approval of the reference to aquaculture needs in title 13. Recently, or several times I have seen your picture where you have been to Ezell's Fish Camp and had catfish. We in south central West Alabama are beginning to see a lot of catfish farming in this area. We think it is going to be a tremendous help in the future. It works good with the other industry there. We think that this needs to be funded heavily so we can produce, economically, the fish with the abundance of water that we have.

I wish to express particular concern at what I understand is a serious lack of support for forest research. My background brings a broad scope of appreciation of what has been accomplished in agriculture and how little has been accomplished in forestry in the way of increasing knowledge through research. Many of our forestry management and harvesting practices have basically changed very little from the time of our fathers and forefathers. This State offers a tremendous potential for increasing efficiency of growth and production in management of our forest lands which make up two-thirds of the land area of the State. There is a great interest in young people in studying forestry and yet the funding for forestry research is minimal and not many of these young men and women get opportunities in forestry research, research to broaden the knowledge base and make this industry more nearly comparable in productivity per man year to that of agriculture. I solicit your strong attention to increased support for research both in the forest service and in the State agricultural environment stations. A few months ago you participated in the dedication of a new USDA forest engineering laboratory at Auburn. This laboratory in partnership with the forest products laboratory and other programs of the agricultural experiment station of Auburn University offers great hope. This hope can only be realized if Congress can see fit to fund these programs at a more adequate level. I realize the restraints on the Federal budget, but I'm a businessman and I also realize the returns from investment, and, Senator, I've seen evidence of the high return of investment in agricultural research for the good of this Nation. I encourage you to make a concerted effort to increase this investment in research for the good of the people living today and those that will follow tomorrow.

Senator ALLEN. Thank you very much. Your testimony is real fine.

Mr. COMPTON. I am a strong believer in research because I am a strong believer in conservation regardless of what our field is, whether it is peanuts, cattle, or whatnot, and these are things that I am fully convinced that will make our Nation strong and, of course, ourselves.

Senator ALLEN. I appreciate your fine testimony and I appreciate your concentration on the need for more research funds for conservation efforts. Throughout these hearings that we have had in the Tennessee Valley and here I appreciate the emphasis that is being made on the support of the agriculture economy in general, not just a specific problem, but what a person might be interested in. Because research and conservation I believe are two of the answers to many of our problems in agriculture. We have made

tremendous progress and productivity and there seems to be no end to it if we have sufficient research and conservation. I am real pleased with your testimony. I feel like it would be helpful to the committee and to supporters of funds for more research. I like your emphasis on the fact that this is not an expenditure of the money, but an investment in the future and it will pay dividends of tenfold or a hundredfold in the future.

Mr. COMPTON. Time will tell.

Senator ALLEN. Yes; and again, I appreciate your fine testimony. I might ask you what about the forestry incentive program. Have you participated in that?

Mr. COMPTON. Yes; I am glad you brought that up. I am on the side of Alabama when we hear Senator Stennis, as he comes on our TV station and we appreciate him more and more particularly as we work in the woods. The forestry incentive program is just started good in our area and I think it will continue as we continue getting help. Unfortunately for me my land size has gotten to the point where I don't qualify for the good part of it, but I do feel that it needs to be where the larger landowners can use the plan more. We are now in the process of cutting a lot of the timber that was planted in 1958 with that great program. We didn't realize how valuable it would be, not only to the landowner, but to the low income person who has got a job cutting and hauling it, to the person in the papermill and everyone else in the area. I think we see a striking example of how great that program was as the timber gets larger, and as we go to filling some of the export log orders and so forth. The program we have now is a great program and our county has been participating in it real strongly and asking for extra money.

Senator ALLEN. You are getting merchantable timber in less than 20 years?

Mr. COMPTON. Yes; sir. I planted some pine trees in an abandoned cotton field that I bought and within 15 years we had taken off 18 cords of pulpwood per acre and we feel like we had more than that left on the land at that time so, therefore, we are doing a lot or growing better than we thought we could. I planted pine trees when I was 12. I planted slash pine, which was wrong, and the reason they didn't tell me loblolly is because we didn't have enough research on it.

Senator ALLEN. You spoke of cords, are you cutting it for pulpwood?

Mr. COMPTON. Yes; we are carrying that timber left on the land to saw timber size. The land across the road has had nothing done to it. We feel like we haven't touched the potential.

Senator ALLEN. That is good. Thank you very much.

Mr. Brown, we are certainly pleased that you are here to testify. The domestic cattle industry is of extreme interest to the committee. You have also been an advocate of the free enterprise system and have advocated the policy of "leave us alone and we won't call you." We just are particularly interested in having your recommendations as to how the cattle industry can be assisted and we would like to hear from you on that subject.

STATEMENT OF W. M. "BILL" BROWN, ATMORE, ALA.

Mr. BROWN. Thank you, Senator. It is a pleasure for me to be here today. I didn't leave as early as Buck did this morning. We just concluded our convention and we missed you in Montgomery.

Senator ALLEN. I'm sorry I couldn't be there.

Mr. BROWN. You were mentioned and we appreciate what you do. I have a prepared statement that I would like to read. I would like to direct it to research needs and then I would like to wind up with a few words about what I think can mean a lot to the State of Alabama and the cattle industry as a whole. Of course, I am W. M. "Bill" Brown from Atmore, Ala., and I would like to direct this prepared statement to the research needs of the cattle industry and the present system that we presently have. Of course, the research committee of the American National Cattleman's Association has spent considerable time and effort encouraging additional support for agricultural research both in the U.S. Department of Agriculture and in the State agricultural experiment station.

For several years now the American National Cattlemen's Association at their national meeting has resolved and petitioned the Congress of the United States to increase the funding level of the State agricultural experiment stations and the research agencies of the U.S. Department of Agriculture by \$100 million for increased research and support of the beef cattle industry of this Nation. Our resolution has indicated that this should be divided 60 percent SAES and 40 percent USDA. At our meeting last week the legislation that has been introduced H.R. 78, H.R. 2223, and S. 275 were reviewed in depth by the research committee and after that review it was resolved that the American National Cattlemen's Association support the position of additional funding to what is needed to adequately address the research needs of the beef cattle industry and not new legislation.

Senator Allen, we have a good system of research. The Agricultural Research Service of the USDA in partnership with the State agricultural experiment stations in every State of the Nation have a working relationship that is designed to be responsive to the needs of the people. Whatever the need be, we feel confident that we can go to the scientists and the administration of our agricultural experiment stations at our land-agent colleges and to the Federal research scientists and their administrators and encourage them to direct their efforts toward the most pressing needs. I know of no better way to arrive at priorities than to listen to the people who have the problems. I am confident that we have the capability in this Nation of selecting and keeping able administrators in such important positions as that of the directors of the agricultural experiment stations. It is my plea to you that we use existing legislation and improve on its administration and execution and insure that the funding is in keeping with the importance of agriculture to this Nation. I am confident that human nutrition research is important and I know firsthand how important it is that we find solutions to many of the animal health problems that are decreasing

in the efficiency of the beef cattle industry in this State and Nation and I know that the research effort in these areas need to be increased. But, I am also confident—

Senator ALLEN. We passed a bill in 1974 providing for more animal disease research and I am sorry to say that it was vetoed by President Ford, his very first veto. We hope to get the legislation enacted in the 95th Congress, however.

Mr. BROWN. But, I am also confident that if Congress appropriated the additional funds needed to the agricultural experiment stations and said these are to increase research in human nutrition and to increase research in animal health in cooperation with the schools of veterinary medicine that they would do it. That is why I plead with all sincerity that you support the position of the American National Cattlemen's Association of the ongoing research programs of the State agricultural experiment stations and the USDA with a significant increase in funds, give them an opportunity to do the job that they are so capable of doing. It is my understanding that the agricultural experiment stations of this Nation are asking for an increase in funding of \$45 million over the current funding of \$126 million. Senator, in my opinion this is a modest request in view of the importance of agricultural research to this Nation. I would like to submit that statement.

Senator ALLEN. It will be received and we appreciate your fine testimony. If you would care to elaborate further on the statement we would be glad to hear from you.

Mr. BROWN. I have never been too good at preparing statements and writing them. I would like to come off the cuff. I look back and all of us here today realize and know what you mean to Alabama. We also know the problem that we are facing in agriculture as a whole, not just the cattle industry. I feel that with the experience that I have had in the agriculture and the cattle and the program of our State and the Nation that research is the key to our problem and I think that the average consumer today never stops to realize what the key to research can unlock for him. We realize that we have an abundance of food in our country at the present time and we realize that agriculture today as a whole is facing problems of inflation like we have never seen before. Some of the key is to meeting the needs of the future and taking care of our population and the world population with protein and the foods that we need. The fact that we are going to have to unlock the door to greater production efforts, that is the only key we have to producing our costs. We have tried in beef cattle, in cotton production, peanut production, poultry production, vegetable production, and we realize that these things that were good last year are not good for next year.

The tax allotment of money for research and, of course, research programs to be presented to the people take time and we have to put more money in research to give us the information that we need to make productivity, to make it possible to keep us in a position as agriculturists here in our State, and I think that the agriculture experiment system with the Agriculture Department, they were designing a real good view of what the needs would be because

of the uniqueness of how it was put together. We have agriculture experiment stations in every area and really there is no way that we could improve on the things we have. We need to put more into it.

Senator ALLEN. Beef them up.

Mr. BROWN. Correct.

Senator ALLEN. I would be glad to answer any questions.

Mr. GILTMIER. He is kidding me on my attempt of the beef, that we need to beef up the experiment stations.

Senator ALLEN. I apologize for not introducing Mr. James Giltmier of the Senate committee and Mr. Charles Mitchell, and Mr. Coker was here. He is over here from Lawrence County. Mr. Giltmier and Mitchell, I think you will agree with me that what we are going to want to emphasize that what we have heard on every hand here in Alabama is the fact that more support for more research funds as being helpful for the entire research economy. I think if we get nothing more out of our hearings other than those two fine points that our little meetings down here will have been justified. Bill, I want to say that I appreciate the fact that cattlemen, I guess are in the worst shape you have ever been in right now.

Mr. BROWN. Yes; sir, the last 3 years have been a devastating period.

Senator ALLEN. Yet, you do not come in and say we want you to start giving us a subsidy on each pound of beef we produce. We appreciate that kind of determination.

Mr. BROWN. I would like to say that this is not prepared, but in our annual meeting in Montgomery we had the largest crowd we have ever had. We overwhelmingly asked for no support, no disaster relief. It was unanimous, 100 percent that we would make it. We wanted the things that would help us in areas of research and research to open up the market. I would like to say that this is one of the things that we all face today in all of our agriculture economy in this case, in this Nation. We realize that we have got to export our commodities, that we have got to stay on a world market, and we would ask for your support for that and we think that we have a tremendous market. Those of us in agriculture regardless of what our commodities are, I think they would agree that we have got to quit living on one another. We have all got to make a profit, the feed lot, the packinghouse and even the merchant in the chainstore. We have got to provide the food that we have been used to over the years. We did wholeheartedly and we asked for no support other than the type of support that we have been receiving.

Senator ALLEN. I think that the cattle industry was done an injustice when the ceiling was put on prices and I believe you are still laboring under the damage that was done at that time. It is another illustration of the damage that was controlled by the Government, is that true?

Mr. BROWN. That is correct. We had a pig inventory built up, but the price ceiling that created such an atmosphere in people's minds that they think beef is too high, but we realize that that is one of the best markets today because basically we are the cheapest fed nation in the world. We spend less of our income for food than any other nation in the world. When the things come out like cyclamates and things it takes a while to get over this and when you stop the

flow for a short period of time it bottlenecks and I guess that our cattle industry has come and we will see increases in prices this year and see a small build-up in 1977, but we are concerned that—research on things that can help us would help. Research that can help us with feed and things like this, that type of research can prove to the people that these things are not harmful and they are to their benefit if they use them. We have to work to keep these things from happening to us again.

Senator ALLEN. When you get our steer or cattle herds built up to a certain age or weight you have to carry them to market, do you not, you cannot carry it over for another year?

Mr. BROWN. No, sir, that is almost an impossibility in the inflationary time that we are living in today. It takes 20 months to get the steer to market and it takes 8 days to get it from my farm until it is off the table. Twenty months is a long time when you are taking interest and living in the inflationary time that we are living in. This is one of the things that puts the pressure on the research at the peak of agriculture. In the last 5 years with the price of energy it is damaged. Energy is on everybody's mind. Probably some of us have not realized this energy crisis that we are in right now. We have no idea as to how much it is going to affect the price of fertilizer in the next 24 months. There are very few people that have stopped to think about this point. We know that gasoline and fuels are going up, it is here, it is upon us, we can't do anything about it. When we look at fertilizer in the Southeast and in the Nation, nitrogen, even in the high plains, nitrogen is a must. You cannot build nitrogen without energy and you cannot irrigate without energy. There is going to be a lot of irrigation pumps cut off this year. That is why we think that the real key to keep a well fed Nation is going to be research. Research unlocks the door because both of us can stop and think what we have seen take place in research in our lives in the last 20 years. Fertilizer could very easily double in the next 24 months. I know that that might be a reality that people don't want to face, but when you look at the energy prices fertilizer could double. There is no way to produce any of our crops without nitrogen and fertilizer.

Senator ALLEN. It is a real problem and certainly I hope that we are going to have some high prices in cattle sometime soon.

Mr. BROWN. Thank you, sir. I would like to conclude by saying one thing, and I am not a politician, you know, but I don't get to see you enough, but I want to tell you and share with these people some of the things that I know about you. Fellows, if we had a group of people in Washington like our Senator right here all of us in the Nation would be better off, and I for one appreciate what you do for us, and keep up the good work. When you need us call us. Thank you very much.

Senator ALLEN. Thank you, Bill.

Our next witness is Dr. J. Michael Sprott from Auburn University. We have been hearing a whole lot of support for the work of the extension services and the need to give more time to research and we rather imagine you are going to emphasize the same need and we are delighted to have you come here before the committee and give us the benefit of your views and your expertise in the field of agriculture.

STATEMENT OF DR. J. MICHAEL SPROTT, DIRECTOR, COOPERATIVE EXTENSION SERVICE, AUBURN UNIVERSITY, AUBURN, ALA.

Dr. SPROTT. Thank you, I appreciate that. I would like to let the record show that we do indeed have a friend in Senator Allen. I want to commend him and I want him to know that I have been telling the people in Alabama of your single-handed fight to get an agriculturist on the EPA pesticide committee. It was a successful fight. We now have Dr. Jarvis Miller, director of the Teays Agricultural Experiment Station, on that committee and it couldn't have been done without your help.

I have a prepared statement, but I am only going to refer to it now and then.* You are, I would imagine, on a daily basis interfaced by people on the ECOD committee in Washington, so I am not going to belabor the record with a lot of data, but I want you to know that this act has to speak for research and extension, the two go hand in glove. We have been the disseminator of the research and I believe we have filled that role well, and I know there are opportunities for increased involvement in getting the word out faster. We would like to support the adding of the word "extension" in the bill entitled S. 275 dated December 23, 1976, where we should properly be included in the various places.

I want the record to show that on a Federal level funding for extension, in real dollars, has gone down almost 50 percent in a decade. It is serious. It is serious in Alabama and serious on a national basis. I am not going to tell you how many dollars we need, you are in better shape to realize that.

I want to follow what Buck Compton says, there is a minimum for forestry in the bill, S. 275, I believe it is \$5 million which is about a fourth of what we need, but it is a start. In the past forestry research and extension has been severely lacking.

I believe an extension director should be on the policy and research committee as a part of your bill. They are not in there and we feel that they should be. I want to commend yourself and Senator Talmadge and the others for the multiyear farm bill. The organization is good and it ought to be continued.

I feel as an economist and director that it would be a distinct mistake to fall back into the unruly nature of previous bills—prior to 1973—and I want to bring your attention to one particular point in the bill, that on the cost of production in which the target will provide that you use a weighted average on yield, but you don't say anything about that in the calculated costs. I would like to have the record show that in my opinion you ought to have a weighted average. Sometimes I don't know what will come out, but I think there is something that can be eliminated.

I think we are aware in Alabama and across the Nation of the need for export marketing and anything that can be used in the bill to be sure that we can have access to foreign markets, please do so.

We are appreciative of the attention paid to human nutrition. Our experience with the expanded food and nutrition educational pro-

* See p. 305 for the prepared statement of Dr. Sprott.

gram in Alabama has proven without a shadow of a doubt the worth of its effort.

I am concerned that the rural development appropriations have never quite matched that which has been called for. There are several sections of Alabama where the financing for the rural development was never sufficient and it is a problem that I face daily. And the people of the State face on a daily basis.

I would like to draw your attention to title 12. I am concerned that to increase the funds for FIFRA, as Buck so ably stated, without corresponding controls on the regulators, EPA, will cause us to see an increase in the number of lawyers that we have to deal with; it is awesome, and if there can be anything done to insert controls or possibly not give the appearance of a vote of confidence—

Senator ALLEN. I am not too much for control, but I believe that EPA ought to have some Federal control.

Dr. SPROTT. I am in agreement on that. I believe that if proper attention was given to the adjustment to the bill it will have wholehearted support across the State with the extension services and research.

I commend you for paying attention to extension's underfunded work. It is my pleasure being here. I could answer any questions.

Senator ALLEN. I appreciate your coming before the committee and giving us your views and making some real fine constructive suggestions. I feel sure that the committee will be impressed in studying your statement, and I think they will look favorably on the suggestions you have made. I feel that because of agriculture and agriculture research certainly deserves the full support of the Congress and of the administration. I feel, too, that a meeting such as this helps formulate and shape public opinion. We feel that having input by knowledgeable people out in the field regarding these problems means so much more to those of us on committees in our efforts to do what is best for the farmer and for the public in general. It is so much better for us to get the views of people that work out in the fields that are in direct contact with research and experiment stations and other areas of agriculture than just hearing from the bureaucrats in Washington. Sending this committee out to talk with farmers and hear from farmers I believe will enable us to come up with a better bill. I have been impressed, and I believe, as I said a few minutes ago, we have been impressed with the feeling of everyone that research is the key to a more viable agriculture. It is something that we are going to have to put more emphasis on because we have made remarkable strides in increasing food and fiber production. I think that the farmer has not been able to state his case or the media is not able to state his case to the public. Just recently I moved from the—I had a choice when I went to the Judiciary Committee a few days ago on Rules and on Government Operations and on Agriculture. I had to give up Government Operations or Agriculture. Of course, I did not hesitate a moment. Even though Government Operations is an important committee I feel like I would do more good for the people of Alabama by serving on the Agriculture Committee. As long as I am in the Senate I am going to serve on the Agriculture Committee. We do appreciate your attendance and fine testimony.

Dr. SPROTT. Thank you, Senator.

Senator ALLEN. Mr. King, we are delighted to have you before the committee to give us the benefit of your views. We look forward to hearing from you.

STATEMENT OF DR. NELSON KING, COORDINATOR, ANIMAL HEALTH RESEARCH, AGRICULTURAL EXPERIMENT STATION, AUBURN UNIVERSITY, AUBURN, ALA.

Dr. KING. I appreciate the opportunity of coming here and being invited and I would also like to say that we appreciate your playing a key role in the passage of the animal health bill that was vetoed by President Ford.

Senator ALLEN. We are going to pass it again, I feel sure.

Dr. KING. I have a prepared statement here that I am going to leave, but I would like to emphasize a few things. I am from the School of Veterinary Medicine at Auburn University and, of course, my main interest is in the animal disease research phase of this bill or legislation and the first thing I would like to say—I am not going to read this statement.

Senator ALLEN. We will include it in full in the record.*

Dr. KING. I am going to emphasize certain points. In 1972 the National Academy of Sciences estimated that 15 to 20 percent of all of the animal losses in the United States was due to diseases. This is a drain on the efficient production of poultry, beef, pork, and all animal protein. We feel that one of the best ways to increase the efficiency of animal production would be to solve some of the animal disease problems. These losses are reflected in the increased costs to the consumer. For instance, the price of pork is influenced by the number of young pigs which die before they reach marketable age. Dairy cattle that have mastitis don't produce as much milk as those that are healthy. The producer and consumer suffer from this. Some of these diseases are transmissible between animals and man. Brucellosis produces undulant fever in human beings and there are many diseases that are transmissible from animals to man. We need to reduce these diseases in humans as in animals.

Senator ALLEN. The swine flu is an example isn't it?

Dr. KING. Possibly; and, in addition to that, many people have talked about export produce. We have certain diseases in this country that some of the foreign countries would not want to import because they do not have those diseases. Of course, they have many diseases which we don't want either. For instance, foot and mouth disease. We want to keep diseases out of the country. There are many reasons why we want to do more research on animal diseases. About 10 years ago the U.S. Senate asked the U.S. Department of Agriculture, and the experiment stations to let them know what are the most important problems that needed to be researched. At that time, the report indicated that "infectious diseases represent the single greatest hazard to the production of an adequate and wholesome supply of animal protein." That was 10 years ago, and to this date we are not spending as much money as we did at that time on animal diseases.

*See p. 307 for the prepared statement of Dr. King.

Senator ALLEN. Is that actual dollars or real dollars?

Dr. KING. Perhaps the same amount of dollars, but that represents quite a bit less work. More recently, last summer, there was a meeting in Kansas City called the Conference to meet U.S. and World Food Needs. The participants were asked what are some of the most important problems that need research. Animal diseases were listed at the top of almost every one of the categories. For instance, under beef production, they mentioned respiratory diseases and calf scours. Diseases ranked high in pork, dairy, sheep, and poultry production. I think there is much justification for enlarging and expanding the research on animal diseases. The reason why animal diseases are causing such losses in this country is because we are not sustaining a high level of research.

I have been acquainted with extension service, experiment station system and vocational agriculture all my life and it is one of the finest institutions we have in this country, but they are not perfect. A hundred years ago experiment stations assumed the responsibility of working on livestock production—nutrition, management, genetics—but there was not enough on diseases. Somehow someone assumed that this would be done in the schools and colleges of veterinary medicine. Unfortunately they do not have the appropriated funds and to this day, 100 years later, we have little or no appropriated funds that are earmarked for animal diseases.

Senator ALLEN. That is an omission.

Dr. KING. It really is, and you wonder why it has gone on for so long as it has. In addition, I might mention that much animal disease research has been supported by other Federal agencies other than agriculture. Much of that work is related to human diseases using animals as models. This has been most helpful since there has not been enough money to support work on livestock and poultry diseases and the fact that scientists in colleges and veterinary medicine have been successful in competing for these funds indicates competence exists in these institutions.

In 1974 approximately \$35 million was expended in the schools and colleges of veterinary medicine for animal disease research. Most of these funds were supplied in the form of grants to support research with the major emphasis on human disease. Only a small part was related to diseases of farm animals. The availability of funds for human health-related research coupled with the deficiency of support for food animal disease has caused the most competent veterinary medical scientists to turn their emphasis away from food animal disease research. In some instances this has left the less competent to work on food animal disease problems.

Senator ALLEN. This is a need which shouldn't continue.

Dr. KING. In addition to that, the only thing I am going to say is that, personally, I would prefer to see us have legislation similar to the Animal Research Act so that the money would be earmarked for the schools and colleges of veterinary medicine.

Senator ALLEN. Yes.

Dr. KING. I think we would leave this up to you. If you think that animal disease research should be a part of the bill we would not object to that and we will be most happy to have that financing,

however, we think that money should be earmarked for animal disease problems.

Senator ALLEN. I agree with you on that. I believe there are advantages in having it in this bill. I don't believe the Department was for the bill before, I could be wrong on that.

Dr. KING. Obviously they were not. I think the President felt like he wanted to veto it.

Senator ALLEN. I believe it will be a part of the omnibus farm bill. I feel it will. The vetoed bill, as you recall carried funding I think around \$47 million. We would not expect any money of that type. We think it would be a phasein of \$15 million per annum for several years. In about 5 years we would like to be up to that level. I suggested someone who was testifying along the line of the need of research dollars. The amount that has cost the taxpayer for farm support programs has gone down from \$4 million a year to three-quarters of a million dollars a year and I would feel that some of this savings could be applied to the research area.

Dr. KING. I know that sounds like quite a bit, but we feel that this is a deficient area and in order to get the competent people working on these problems we feel that we need a concerted effort.

Senator ALLEN. Some of these statistics—

Dr. KING. An alarming percentage of farm animals do not live to be put on the market. Do you have any idea of the loss through diseases? It has been estimated that this is about \$3.9 million. I might mention that 90 percent of the brucellosis is across the Southeast, through Texas, Mississippi, and Alabama. Ninety percent of the brucellosis is here. This may very well affect the marketing in this area. For example Iowa and Illinois have reduced brucellosis to a very low level and they are going to be careful of the cattle they import into their areas because of the high incidence of brucellosis in the South.

Senator ALLEN. Another area that we are going to move on in the committee is requiring inspections in the foreign plants comparable to our inspections here. Don't you feel that there is a great need for this?

Dr. KING. I certainly do. Of course, it is certainly important that we try to keep foreign diseases out of this country and that would be one method of doing it. That is fine and I think I should say that we have been hearing all through these hearings about the need for more research and that doesn't necessarily come from those in charge of research, but it comes from the producers also. I have been very much pleased that the Agriculture Committee generally is mindful of the great need for more research and the fact that this is the key to some of our economic problems.

Mr. MITCHELL. I would be glad to see the emphasis in your statement on the poultry research. I believe, in the 1974 bill, poultry was almost overlooked and the emphasis was on swine and cattle. It is a part of this bill too, and also companion animals. I personally feel that companion animals play a very important part in all of our lives.

Dr. KING. Of course, this has mainly emphasized food animals, but certainly dogs and cats and horses are important to all of us

and we have a real feeling for them. They are important psychologically to many people and they should be included in this bill.

Senator ALLEN. I spoke with Dr. Frank Todd whom you know.

Dr. KING. Yes.

Senator ALLEN. Do you remember about 2 years ago when the Government had to indemnify the poultry to the tune of \$6 million when it was hit by New Castle, a disease?

Dr. KING. Yes; this is one of the diseases we were speaking of. In exporting poultry we need to be sure we are free of New Castle disease.

Senator ALLEN. Thank you very much.

[The following letter from Dr. King was subsequently received by the committee:]

AUBURN UNIVERSITY,
SCHOOL OF VETERINARY MEDICINE,
Auburn, Ala., April 19, 1977.

Sen. JAMES ALLEN,
U.S. Senate, Committee on Agriculture and Forestry,
Washington, D.C.

DEAR SENATOR ALLEN: During the course of the hearings held in Dothan some time ago, you asked about the relationship of support for animal health research during the past ten years. I thought you might be interested in the following figures.

During the period 1966 to 1975, there was a 9.4 percent decrease in total scientist years for research on animal diseases, parasites and toxic hazards. In the State Agricultural Experiment Stations alone, animal health research has declined 25 percent in the last 10 years. USDA funds annually support less than two full-time scientists in each of the 21 veterinary colleges. Comparatively stated, all support for animal health research represents about one-tenth of one percent of the annual cash receipts for livestock and livestock products in the U.S.

Questions have been asked about the possible benefits of increasing supports for animal disease research. I believe this could best be answered by indicating that past successes have resulted in benefits that have far exceeded costs. For example, research on Marek's disease, a viral disease of poultry which is related to cancer, required approximately \$16.4 million over a ten-year period to find the cause and develop a vaccine. Before the vaccine became available to poultry producers Marek's disease took a toll estimated at \$200 million a year. Annual savings of \$180 million are being realized.

The eradication of hog cholera from the United States is rapidly nearing completion, attributable in part to the development of a rapid, accurate test for identifying the presence of the causative virus in swine. Eradication will result in an estimated annual savings of \$50 million and is expected to open foreign markets now closed to U.S. pork, due to hog cholera.

The development of a diagnostic test to detect exotic Newcastle Disease cost approximately \$100,000, and this paved the way for the eradication of the disease. Annual savings due to the absence of this disease in the U.S. poultry industry are estimated at \$200 million. The more common Newcastle Disease has been under control for several years, largely due to the wide use of a vaccine developed through research. Worldwide economic value of just this one research breakthrough is approximately \$1 billion.

Animal disease research is a part of agricultural production research. Agricultural research results in substantial annual savings in agricultural production costs. In time, these savings accrue to producers and consumers alike. Benefits to be derived from greater support of animal disease research seem certain, but they require time and, most of all, sustained research support.

The support which you gave to the Animal Health Research Act in 1974 was most helpful and certainly appreciated. It was good to see you again in Dothan. Thanks so much for your continuing interest and support.

Sincerely yours,

N. B. KING,
Associate Dean.

Senator ALLEN. Mr. Womack, we are delighted to have you come to the committee. Present your testimony in any way that you see fit.

**STATEMENT OF W. A. WOMACK, JR., ROCKY CREEK FARM,
ASHFORD, ALA.**

Mr. WOMACK. Thank you very much. I am a farmer in Houston County in the cattle business and, of course, we have had a few comments about that. Cattle is our only source of livelihood. We run about 500 breed cattle and we have a feed lot where we feed the cattle every year, all of the calves that are born. We are also in the registered cattle business so we are in all phases of it and I can verify for you that it is a sick industry. I can back up the statements that have been made here. I hope we have seen the low point in it.

Senator ALLEN. I hope so too, Mr. Womack.

Mr. WOMACK. I have sort of made up my mind to stick it out and hope for some better days and I don't really know of anything that there is much that you could do for us unless you could get us an early spring, we are running a little short of feed.

Senator ALLEN. How has the cold weather hindered you?

Mr. WOMACK. It has been rough. We had an abnormally low hay crop last summer and this on top of it.

Senator ALLEN. Did you lose any head of cattle as a result of it?

Mr. WOMACK. No, sir, but we have enough feed to run until about the 10th of March and I don't know if the winter is going to run longer this year or not.

Senator ALLEN. How have you financed your operation?

Mr. WOMACK. We are financing—we are keeping one of the local banks up pretty well here. It has been pretty rough really. Of course, you mentioned awhile ago when you were talking to Mr. Brown about the situation that took place in 1973 and that is when the bottom fell out of it. That was one of the worst things that the Government has ever done to any group of people and, of course, I know where you stood on it. I am not talking about you, they just bowed under to pressure at the wrong time. There was plenty of cattle in the country and it was a temporary situation that was causing prices that had the people disturbed. We were going to go downhill through this cycle anyway, but it went down like a rollercoaster because the people—if there is anything that you could do for us I think it would be good. In my opinion within the next couple of years we are probably going to see the highest cattle prices that we have ever seen in this country just from what I observed around here. I think we are going to see some high cattle prices and if the past is any indication of what we are going to see we are going to see a lot of pressure groups and a lot of people that will scream about the thing.

Senator ALLEN. I would like to see the old law of supply and demand—

Mr. WOMACK. That is what I would like to see and I am sure the Congress is going to come under a lot of pressure and anything

that you could do to remind these people that somebody is going to have to pay the loans back to the banks and we have got to have some income, it would certainly be appreciated.

Senator ALLEN. I will certainly do that. Remember when we had the cattle crisis in the cattle prices 2 or 3 years ago and we passed the emergency cattlemen's loan program.

Mr. WOMACK. Yes, sir.

Senator ALLEN. I was impressed to hear you say you are 100 percent in cattle.

Mr. WOMACK. Yes, sir.

Senator ALLEN. I ran into a cattleman shortly after the program was enacted and asked him if he had borrowed money under this program and he said no, he had not, that it was applicable only where cattle was his chief product—it wouldn't apply if he had some corn and soybeans or cotton and cattle were not his chief commodity. I called that to the committee's attention. We changed that law where all it had to be was a major portion of his business, not a major but important. I think it is around 25 percent, isn't that right?

Mr. GILTMIER. Yes, sir.

Senator ALLEN. I think then he would be eligible for a loan. Did you apply for one of these loans or do you know of anybody that did.

Mr. WOMACK. No, sir, I don't. I suspect my philosophy and yours, from what I have read from you, is close together. I would rather deal with the Government as little as possible.

Senator ALLEN. That is not too far from my—

Mr. WOMACK. As long as I can go another route.

Senator ALLEN. I am glad to hear you say that.

Mr. WOMACK. Like I say, if we ever do start to recover from this thing I know you will be helping us out. One thing I could add, I don't have a prepared statement or anything—

Senator ALLEN. That is perfectly all right.

Mr. WOMACK. I have heard a great deal of testimony in favor of research. I might give you an example of something that research has done for us. The only profitable area of the cattle business is grazing cattle through the winter here. Dr. Hubland in Auburn did a lot of research and came up with a new clover. In the past you grazed the cattle on wheat and rye grass and your grasses would run from December 1 until about the 1st of March and it wasn't enough time there to make back the money I had in feed, fertilizer, and land, but in addition to the clover you can run the cattle until about the middle of June. It has turned into a profitable thing.

Senator ALLEN. It doesn't cost you a great deal more to have the clover?

Mr. WOMACK. No, sir; you can plant it with anything, with the wheat and rye grass. That is one example and I am a strong believer in the research that Auburn has done. They have done a lot for us.

Senator ALLEN. Do most of the cattlemen you know of, have they financed their operations through the local banks?

Mr. WOMACK. I am going to be honest with you, I don't know. I could count on the fingers of one hand the people I know in the State of Alabama that depend solely on cattle for their income. A

lot of the cattlemen in Houston County, in this area down here are owned by people whose primary income is from something else, and the cattle is the side line.

Senator ALLEN. But you are one of the few that has cattle only then?

Mr. WOMACK. One of the few that I know of, of course, Brown is here.

Senator ALLEN. Is he all cattle?

Mr. WOMACK. Pretty much. I think he grows some soybeans too.

Senator ALLEN. How many acres do you have, how many head of cattle?

Mr. WOMACK. About 22 acres and about 500 breed cattle.

Senator ALLEN. It takes the 2,200 acres to support that many, or do you put some in soybeans?

Mr. WOMACK. I had 2,200 acres, that is including the swamp and the timberland and everything else, but with the land we have got and the program we have got we actually have as much cattle on hand as breed cows. You have breeding cows and you have the calf crop and you have last year's feed crops and you have to grow feed for less, and when you have to put up a lot of hay too.

Senator ALLEN. You don't grow anything for sale, it is just for use by yourself?

Mr. WOMACK. Our income last year, every dime of it was for cattle except for a small time before. We do sell timber occasionally, but we don't have that much good timber.

Senator ALLEN. Thank you very much for your fine testimony.

Martin Moates, we are delighted to have you before the committee and we look forward to hearing your testimony. Please proceed.

STATEMENT OF MARTIN MOATES, ENTERPRISE, ALA.

Mr. MOATES. Thank you, Senator, I appreciate very much being asked to participate and being allowed to participate. I would like to echo the remarks of others in our appreciation to you. You always receive the groups that go to Washington very promptly and we appreciate it and hope to be back up in March again.

Senator ALLEN. I will be there and look forward to the pleasure of seeing you.

Mr. MOATES. In the testimony, most of the things have been touched on and there is no point in reviewing and rehashing a lot of them. There is one major topic that I feel like has not been discussed and that is the role of the young farmers as far as agriculture in the future. Having two sons less than 25 years of age in business with us on our farm and we are very aware of their feelings and their uncertainties, and of course, we know that those things have been with us all along. I have got one son that is building a new home now and his home costs six times what my home cost in early 1950 and his land cost six times what my land cost in the early 1950's. Being his father I am supposed to tell him how he can do that, and you being my Senator, I am going to let you help me tell him. I think there are some things that we can look forward for a solution and that is a stop to the wide swing in agriculture prices and I think

that is assurance to these boys and the people that, of course, have to work with them and assist them and finance them and all the things that go into it.

There are some other areas that I feel like could be a great help to a young farmer and one is a subject that has been touched on today, maybe not as much as it should be touched on, but I think conservation is one of the greatest incentives to a young farmer, observing my son and seeing how the A.C.P. program and technical assistance has helped him to a point that he worked until 9:30 last night on his farm because he wanted to. These boys are not afraid of long hours and dirty work, but they have to work for it.

Senator ALLEN. He didn't make time and a half for extra hours.

Mr. MOATES. That is right. I feel like that a lot of the help that comes from your efforts in Washington could be included in conservation programs and cost sharing programs. In Coffee County we have about 3,300 gullies—certain areas have more unique situations than others, situations that need more care. One thing that has happened in the last few months, a member of your staff, of your committee, Agriculture and Forestry, Reider White, visited in Coffee County and we were able to show him along with a staff member of the Senate Appropriations Committee and House Agricultural Committee some of the work that has been done. We were able to take him with a young farmer that has a masters degree in farming and a man who lost his wife at childbirth and lost his son through leukemia and he is there farming and there are many jobs that he could do with less effort and make more money. He bought the land for about \$500 an acre and invested corrective measures about \$150 an acre and those are the people that need all the help they can get because they are correcting something that they did not cause. They are correcting it on the land that is going to have to feed the people of the future and I don't think we can be too generous and I don't think we have qualms about justifying it.

Senator ALLEN. Yes, sir.

Mr. MOATES. Another feature that I would like to mention to you that you might not be aware of, if a farmer is directed by the Public Health Service, or by the EPA, or any Agency to do something for the public, there is no cost share available for waste lagoon that may cost \$5,000 or more and I think whenever a farmer is called on to do something for the public the public ought to help the farmers foot the bill. I believe these programs need to be maintained. I don't mean to shoot a lot of money into it one year and the next year neglect it—it ought to be something lasting. Those are the things that I feel like are a help to young farmers in particular and I would like to see more visits from the staff members in Washington and let them see the need and let them see the followup next year and see what has been done and let us meet them and let them meet us. You meet us but so much of the time we would like to talk to staff people and show them what we have been doing.

Senator ALLEN. I am going to pass that on to Chairman Talmadge.

Mr. MOATES. Let him spend 1 week with us, we are up at 4 o'clock every morning. We appreciate your time and your effort and that is about all that I have.

Senator ALLEN. You have given us a real fine statement and it certainly hasn't kept you from giving a good statement, the fact that a number of others have preceded you. There certainly is a need to encourage young people to go into farming. It is one of the greatest needs that we have. The cost of starting out fresh in farming on a program that would support an operation is up to half a million dollars, you say?

Mr. MOATES. Yes, sir.

Senator ALLEN. So he has got to get some formidable credit.

Mr. MOATES. Right.

Senator ALLEN. And a young man with dedication like your sons.

Mr. MOATES. Certainly they need encouragement.

Senator ALLEN. When they get out and buy land at over \$1,000 an acre that really runs into money in a hurry. I do know that the committee is mindful of the need to encourage young people to go into farming because the average age of farmers is going up every year because fewer young people are coming into farming. The cost share program, certainly that is a must to continue those programs. I wasn't aware of the program under which you had to pay the first \$5,000. This is the cost of one dairy waste lagoon nearby. Certainly that ought to be shared all the way from the bottom to the top. That is a good suggestion and we want to make sure that is brought to the committee's attention.

Mr. MOATES. I can't emphasize too much the need of permanency. We are dairymen, and we grow hogs and grain and peanuts. Peanuts is a good source of our income. We have buyers and sellers on the American agriculture market, but what we need is a stable more than 1 year plan. Whenever you execute a mortgage it's permanent and we need permanency in the peanut program and I think that is your thinking.

Senator ALLEN. Yes, sir.

Mr. MOATES. And I don't think we ought to hesitate in trying to communicate with the consumers where only 36 cents of every dollar is going to the farm, and I think on the other hand that we talk about a price that is acceptable to the consumer and it ought to be acceptable to us. All these releases that you see put out by the Department of Agriculture just say food went up last month, it doesn't say where the increase went. They are fairly impartial. It seems to be in tune to the plight of the consumer and how he is getting it in the neck and never discussing the problems of the farmer. Thank you very much.

Senator ALLEN. Thank you very much.

Mr. MOATES. Thank you, sir.

Senator ALLEN. Mr. Martin, we are delighted to have you come before the committee and look forward to hearing your testimony.

STATEMENT OF PHILIP MARTIN, ENTERPRISE, ALA.

Mr. MARTIN. Of course, having been here in Dothan, having heard comments covering many of the areas in agriculture, maybe it gives you a chance to think a little bit about what we are concerned with because we are involved in these things and one of the things that I

feel impressed to talk about was fiscal responsibility and taxation as it relates to us and relates to our Federal Government. This is the time of the year when all the American citizens and the farmers have to file income taxes and I think this past year many people after they had had theirs computed they found out they didn't do so well. They knew it, but it was proven to them. At the same time we are paying sizable tax and I am sure we will as long as we are in business and I hope that we can pay the taxes.

We feel that as farmers and businessmen we are called upon to observe certain rules of business and fiscal responsibility in order to survive and we see many areas in our Federal Government where some of the same rules that we have to observe are not observed and we are paying for it in many ways, ways in which our costs have gone up to us through the years. One of the things that has kept farmers in business is the peace that they have enjoyed and their land values. They are the ones that have been able to secure land and pay for in the years past when it was a relatively reasonable price. They have been able to finance their operations through these kinds of holdings where a man that is coming on the scene today which was mentioned by earlier testimony of younger farmers, it is a different ballgame, so it takes a lot longer to overcome something such as this. What I was trying to emphasize is farmers have to be completely sound in their business operations to survive. We certainly think that the Government should do the same thing as far as using our tax dollars. We know that every increase in demand on our program, many of which are good. We appreciate your efforts to make things more liberal and uncontrollable as far as spending our tax dollars.

Another thing along this line that is evident to us is that we have each year had to pay more and more for prices of equipment, particularly tractors and other machinery that we have to use. We have no control over the price of the product. Where a car manufacturer or steel manufacturer can pass along the cost that he has, farmers are at the mercy all the time of the market that we take for our products and we feel that some of the problems that have been advocated are necessary in order for us to survive under the inflationary time, and we feel a need for us to be included and considered necessary. Not that we are wanting a guaranteed income, but with all the things that we have no choice over we have got to have something to look to for some kind of assurance to meet the increase in costs that faces us every day. I appreciate very much, and many farmers do, some of them which are not so successful in setting the example, the salary raise in the high Government posts and the congressional salaries. We can't put a value on what you are worth to us. We are not trying to do that, but we think a good example could be set by holding the line because we know that increasing demands in labor is making, and no doubt is successful in getting for our workers—that is going to be passed very quickly to us and we feel like the Government could set a good example and the goal that our President has set for attempting a balanced budget is something that we want to commend. All of us know that this is not going to be a cinch in the next year or year after this. If there is not an effort made to do this it will not be reached. If you have a high moral

standard that you shoot for, if you have it high enough you are not likely to reach it, but if you lower it you are going to exceed it. If we don't attempt through our officials to balance the budget we will never do it. We may not anyway, but we will certainly not if we don't make tremendous attempts to do it.

With that I echo the remarks that we appreciate your efforts and say that this will benefit our entire country and entire world. We are proud of the role we have played in working trade in the international problem. One of the things that I am interested in, of course, and there are a few who are dairy farmers, dairy is not the major commodity of this area or of this State, but it is important and we appreciate the teaching given in this proposed farm bill to a hog market being co-op to survive. There has been a lot of pressure in the early years, in the last administration, putting strains on the co-ops. I serve as one of the directors of the State Milk Marketing Co-op of the State of Alabama and we appreciate this and look forward to being able to function because without this we don't think we would be able to stand up very well. On dairy support prices, we determine the price that we are paid for our product, our milk in Alabama, we feel that our Secretary needs to have the farmer's impression to keep this high enough to have the people stay in the business and provide the milk and fair products for the country. Our own State, we are faced with a dramatic change in milk marketing because of the State milk marketing order which may or may not be found to be invalid, so we appreciate the efforts that are included in this farm bill in allowing their support to build a level where we can survive with it. We know that Federal milk marketing has not been a part of Alabama's market, but this is considered to be a very important part of the industry as it relates to milk. We encourage this to be included.

So that I guess kind of sums up the things I had on my mind and most of these I put together after I listened and heard these people talking here today. My operation consists of a dairy and I do grow peanuts and cotton and feedstuff for my livestock and I appreciate the opportunity of being with the group and appreciate the exception that you gave to farm people.

Senator ALLEN. Thank you, Mr. Martin. Your testimony is real fine and it has not been diluted by anyone's statement going on before you. Certainly you have expressed some of my political philosophies and we are striving for a high level of conduct both officially and unofficially. I cited some figures earlier during the hearing that showed how the cost of farm support programs has gone down. One of the few areas of Federal programs where the cost has gone down from \$4 billion to about three-quarters of a billion. What the farmers get pretty well in return for the loss of these payments has been freedom and independence, I have found that farmers think they made a good trade. They welcome having more freedom and independence. That seems to be the thinking of the people that have come to these hearings. Certainly as we do work on the new farm bill, the input, you and the other witnesses here in Dothan and up in Decatur, and I anticipate in Montgomery, will be a tremendous help to the committee and it gives us an opportunity to have new ideas and new thoughts based on the experience out in the field.

I might say out in the field, and it is just something that we need more of there in Washington. We need input by people who live under these rules and regulations and I think that you and the other witnesses have made a great contribution on the deliberation of the committee. I know Mr. Giltmier has a list of suggestions as long as your arm. The contributions that have been made by the witnesses and yours are most constructive.

Mr. MARTIN. Thank you very much.

Senator ALLEN. Thank you very much.

Mr. Gachet, we are delighted to have you come before the committee. We look forward to hearing your testimony.

STATEMENT OF JAMES GACHET, CLIO, ALA.

Mr. GACHET. Thank you, Senator, it is certainly a pleasure on my part to be here and participate in this hearing today.

Senator ALLEN. We appreciate your coming.

Mr. GACHET. I would like to re-echo the thoughts that some of the others have already said that you are truly representing us as Senator of Alabama in Washington and we do appreciate it.

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

Mr. GACHET. Senator, as you requested, most of my remarks would be off the cuff. I made a few notes of things that I would like to briefly touch on here this morning. You have heard a lot of discussions of the peanut program. Most of the peanut program and the existing program; that is, and its relation to us, the possibility of the change was discussed. Certainly I would like to emphasize the fact that I believe as a majority have said this morning that the producers down here would certainly oppose any open end production and poundage allocations because this would certainly put us in trouble. In fact, if for instance, if we have open end production some of us believe that some of the farmers would try to overproduce the first year. Our existing facilities would not be able to handle all of the peanuts. We have nothing in the law today that states that the buyer has to buy these peanuts.

Senator ALLEN. That is right.

Mr. GACHET. We are at their mercy, if he doesn't have the storage, even the peanuts that are under the support program would not be stored or we would have to haul them for miles and miles to get them bought or stored. Somebody mentioned the fact that they are opposed to the storage and handling fee. I think most of them are. We realize that we have to pay this fee if we put them in a grower storage. We have no storage and it seems that the hauling of these peanuts would cause a storage. While we are on the topic of grower associations, I believe that nobody has mentioned the fact that this, maybe a year or two ago, probably was one of the proposed administrative changes that we would do away with our grower associations. Of course, we appreciate all the help that you and others have done to keep these associations for us and we certainly hope that we can continue to have that because I think they have done us a great service. They have at least showed that we have the ability of control over our own peanuts so, certainly, we would hope that that could be in the new peanut bill if we are opposed to a new bill.

Senator ALLEN. It should be.

Mr. GACHET. We would certainly hope that this bill is not included in the general fund bill because we would like a longer-term bill as has been emphasized.

Senator ALLEN. It has not been yet and I want to keep it separate, but it will be a difficult task.

Mr. GACHET. We appreciate that. I know that Mr. Talmadge left it out of his remarks. Another thing that was not elaborated on in relation to the peanut program is the existing administration of lease and sale transfer. This was touched on some by at least one party. Of course, you are familiar with the fact that this enables a farmer to transfer from one farm to another provided he and the owner, or if he desires, if he is the owner of both he is one, of course, if he is renting as most of us do, you have to have the permission of most. There are those that would say I have mixed emotions about that, but there are those that would say that the sale in these peanuts from one farm to another should be done away with, probably so. There are pros and cons to the issue. Had it never been started maybe I would have never advocated, but since we do have a few producers that will have to go solely on the basis of lease and sale transfer, if this is done away with administratively or legislation, I would suggest that this be over a period of time and not immediately to give the producers time to adjust whether it be into another community or into another vocation.

Senator ALLEN. What percentage of the production comes from production on owned land as compared with lease allotment land?

Mr. GACHET. Senator, you are asking me a question that I can't answer.

Senator ALLEN. Could you give a general guess?

Mr. GACHET. I would say possibly 15 or 25 percent would be leased land in my area. Some areas I believe it would exceed that. We have numerous landowners that probably didn't own this land before this program was enacted back in 1956, I believe or longer, about that time. I know of one party, in particular, that bought a good bit of land, I know of several that did. Since that time or during that time they set out pine trees, and since the program has gone up they are reclearing the land and putting it back into produce and that land would be able to grow peanuts again.

Senator ALLEN. If they were not able to sell or lease the allotment then would that cause many of the owners who are leasing steady to become producers again or would it go by the board?

Mr. GACHET. Probably some on a share basis and, of course, in that regard, to, we have the persons to think of that are small producers.

Senator ALLEN. Yes; and that is some of their main source of income.

Mr. GACHET. Some of them are elderly and they don't have much.

Senator ALLEN. There are two sides of the question.

Mr. GACHET. I don't know what the best solution is, but if it is phased out probably over a more than 1-year period because so often these administrative changes have really scared us. For the last 5 years I guess we have been threatened with changes we have changed.

Senator ALLEN. You have been biting away at the program, no way about that.

Mr. GACHET. At least 5 years I have not bought any equipment on my place that I felt I had to pay for for the production of peanuts because I don't know what the future holds in relation to peanuts. We do buy equipment for other purposes. About 5 years ago I bought the last peanut picker and, you know, those are expensive.

Senator ALLEN. Maybe it helps you in not locking up a lot of expensive equipment.

Mr. GACHET. Possibly that is right because if we change drastically I might need to reduce acreage.

Senator ALLEN. Yes.

Mr. GACHET. And, of course, I read your enclosure as to Senator Talmadge's remarks in relation to the 1977 Agriculture and Food Act and think that it is in order. I think we need an additional compensation or assurance that we will have a just return for our expenses. The 75 percent of cost is certainly necessary and the increase there, which I don't have the figures before me, of the different commodities involved.

One thing that I thought of in regard to it and every time I think or see the writing the words "food stamps" my blood pressure rises a little. Of course, I know it is a necessary evil so far as the farm program is concerned. It is funded through the Agriculture Department as I understand it.

Senator ALLEN. They are trying to move it over to HEW. I would rather the program stay in the Agriculture Department.

Mr. GACHET. I believe the Agriculture Department is unsympathetic as to some of the peanut programs. Some of the other farm programs, I believe, would hold the line better than the Department of HEW, so we are going to try to keep it in the Agriculture Department. I can understand that it is necessary, as I stated before, that it continues to be there.

Senator ALLEN. One reason they are putting it in the farm bill is to get votes on the floor of the House. The urban Congressmen, they will vote for a farm bill that has a food stamp program in it. Its kind of a trade off situation. And, even though it is necessary to do that I feel like the program ought to be greatly reformed. I might say that at that point when we had the food stamp reform bill at the last Congress there in the Senate, we came up with a pretty good bill I thought. It would have cut back on the expense over \$1 billion a year. That bill got out on the floor but by the time Senator McGovern and a few others amended it, it cost the Government up to half a billion dollars more. So even though the bill went through my subcommittee I was forced to vote against the bill that was passed and, of course, it passed over my objection, but it was vetoed by the President I believe.

Mr. GILTMER. The House didn't act on it.

Senator ALLEN. Anyway, it did not become law. I agree with you that this needs to be worked on.

Mr. GACHET. Certainly. Of course, you are aware of the fact that it affects our farm labor situation and our finances of tax dollars that are being spent to pay somebody to do nothing. Of course, don't

get me wrong, I am not opposed to helping the needy and as long as a person is able to help themselves I think we should help them to help themselves.

Senator ALLEN. That is my position that everybody that is in need should be given help, but what I wanted to see was people that did not need it to be eliminated from the food stamp program.

Mr. GACHET. Yes, certainly, if reform can come about it would cut down on the need for additional taxes which inflation is requiring as time goes on. You know that we are being taxed heavier from year to year and this would help also to balance the budget I would think.

Now, another thing that I noted, our new President has stated that he is in favor of doing away with as much redtape as we have had in Government. Of course, I know that you are in favor of that too and we certainly appreciate anything that you could do to cut down on the tax bill that we have to administer the redtape and the time that it involves on our part to fill out forms and to abide by the requirements.

In regard to foreign trade, we certainly as farmers needed to dispose of, I believe it is about one out of every three or four acts of our production in certain commodities. Again I would emphasize the fact that some have already brought this out, that certainly we don't want any more embargoes put down on the trade abroad unless it was just absolutely necessary to feed the people of this Nation. Now, for several years we have had import quotas on meats. Of course, I am not too familiar with all of these quotas. At one time I knew about how the beef import quota was administered and I know the price of beef went down and that the imports did too, but I believe the imports have been on the upgrade for the last few months. Of course, cattle crop is—well, hog prices are now cheap too, but cattle prices have not come back up as fast as we would hope they would have. I don't share the enthusiasm that one of the witnesses had that we would have the highest cattle prices within 2 years that we have ever had. I remember some time back, well, within the last 3 months, I have forgotten when, somebody remarked that if the farmers would strike for 1 year like laborers do that we could get anything we want for farm programs. I said no, we won't get anything we want, we would create a national—they would confiscate everything we had because everybody would be hungry. Whatever the case might be, we would have to hold the line on imports and try to stimulate the price of our meat in hopes that we can stay in the business even though we don't hope for the higher prices that some might expect.

In regard to world trade, again, you realize as much as anybody, I am sure, that this is necessary for the economy. Just in recent months I believe agriculture is all set to deficit what industry has had.

Senator ALLEN. That is right.

Mr. GACHET. So certainly we would hope that you would do everything that you can to help us from that angle.

Another thing that I would like to touch on briefly, and I don't have all the answers, I am sure you don't have all the answers to this problem, and I don't know that there is a person living that does, but

on the topic of land use planning, now, there have been moves to pass legislation nationally to plan the use of our land. Most of us as farmers believe that we on a local level could do a better job of planning the use of our land.

Senator ALLEN. That is my position, of course.

Mr. GACHET. We certainly appreciate that and we would appreciate your helping us in any way that you can to keep this on a local level. We realize that we will have to have more planning of land use in the near future and hopefully we farmers can work with the local government or whoever might wind up doing the planning. We pay the taxes and we would like to say who can go hunting on it even if possibly—we would hate to lose our rights there.

Another topic that I would like to touch on briefly, Senator Allen, is pertaining to environment. Of course, you realize that we, as farmers, are out there in the open air all the time. We are aware of the need of pure air, pure water, and even from other standpoints, other health standpoints such as for our own livelihood and employees' livelihood. We are all interested in that we want to have a clean environment in which to live and work and have recreation. Certainly, in any legislation the involvement or the interest should be considered before anything is passed we would think, but we should at the same time remember that we need to conserve energy. We are a deficit Nation in petroleum products and certainly we should keep in mind that we need to conserve energy. I know that some have said, of course, our consumer advocate has gotten several things done in the interest of the people's health in the Nation. Much of the control devices on our automobiles create a need for more fuel instead of less fuel and I have never been able to conceive that when you burn more fuel you are going to have less smoke and such within the atmosphere. Of course, some of them think that we can and possibly we can. Certainly though we should consider the full economy standpoint and all economic issues in regard to environmental legislation. There are two arms of the Federal Government that I would like to see chopped off and that is the EPA and OSHA. Of course, I am sure you are familiar with each. I realize that we do need regulations, guidelines to go by in keeping the environment clean, but I think that the EPA has overstepped its boundaries. It has made the other rules and regulations beyond the intent of the legislators I think and it may be necessary that legislation be passed to bring them within boundary if they can't be administrative.

I believe this about covers the thoughts that I have for today and, of course, I could talk on and on and on on the issues that affect the farmers and affect us as human beings.

Senator ALLEN. You have given us a fine statement and we appreciate it. Certainly your views will be helpful to the committee as it works on the farm bill. We certainly appreciate the fine contribution that you have made.

Mr. GACHET. Thank you, sir.

Senator ALLEN. Thank you, sir. You were a good witness.

Mr. GACHET. It is a pleasure being with you and we hope to meet with you and work with you in the future.

Senator ALLEN. All right, sir. Thank you very much.

Mr. Beasley, we appreciate your coming before the committee and we look forward to your testimony.

STATEMENT OF JAMES E. BEASLEY, HEADLAND, ALA.

Mr. BEASLEY. Thank you, Senator Allen, it is a pleasure to testify before you and maybe lay a few of our problems in your lap and hope you have a rabbit that you can pull out of your hat and solve them all.

Senator ALLEN. We'll try.

Mr. BEASLEY. We appreciate that and I want to say again what they have all said that we appreciate the role that you play in agriculture in trying to help us solve our problems so we can have a better tomorrow. There has been some mention about the food stamp situation. I think a lot of phases of it is being misused and I think you are doing all you can to see about it. Of course, the food stamp situation, we would certainly want the food stamps, but in a lot of cases it is being misused and in one specific area when a man has a good job and making a decent living he goes on strike and wants to have food stamps, I wouldn't be in favor of that. Your lunchroom program is a good program, but in some cases, and I know you can't eliminate abuse, but in some cases it is abused.

Senator ALLEN. I am sure it is.

Mr. BEASLEY. Of course we get back to the research and certainly this is one of the things that I am certainly impressed with. Without research we would have no food for tomorrow. I was in Chicago with the National Farm Bureau on swine diseases and outlook and one of our major problems now is in Saudi Arabia and they are having a lot of trouble in Indiana and Illinois, and we are concerned about this. Dr. John Walker was with us from the USDA and he was asking for money to research on this and, of course, he was asking for other agencies to be set up, and I don't know if this can be done or not. It would take a lot of money. It looks like through the USDA research that we have now with small funding and money that we have available that we would be able to get a lot of work done in this and it is necessary for the overall industry in the produce. We had one man that lost 1,500 head of hogs on account of this. In the State of Alabama it is very minor, but it could be major and I told the fellows I would work with them in every way I could to keep it from being a major thing in the State of Alabama.

Of course, another way is the garbage feeding of hogs. Last year we had an outbreak of cholera and it was because of garbage feeding of hogs, and this cost the hog producers of this country over \$50 million and it cost the Federal Government over \$5 million to send the people up there to eradicate and try to stop this disease. Of course, this is up in Massachusetts and New Jersey and Rhode Island and Texas I believe—which is the outbreak in Texas—it cost the U.S. hog producers \$19 million alone, to Great Britain and this outbreak cost over 50,000 man-hours to go up there and try to eradicate and do away with. I would like to go on record as saying that I would be opposed to all garbage feeding, but they asked us not to go on record as of now for this, but asked the USDA to police this thing to the extent that the garbage feeders are checked in garbage and doing the things that they are supposed to do to keep down

diseases and the bacteria that are being fed to the hogs. Less than 1 percent of the hogs produced in this Nation is being fed garbage and is costing us over \$50 million a year in sales besides what it is costing the Federal Government to send inspectors, so it is very very important to us. Of course, in the export and import, this has been mentioned quite a bit, we exported about 211 million pounds and we imported about 429 million pounds, so this would be in one of the areas where we went deficit in the import.

Of course, again I would like to say in the drugs, we are having quite a bit of abuse in drugs in swine. I think we could come back and point the finger at the farmers and especially in the sulfur drugs, and we could come back to research. We do need a lot of research on this because we must not get to the point of where we wouldn't be able to use this drug in production of hogs, and in the production of red meat period because if we do use them it is going to be a big cost to the consumer. They are the ones that are going to pay the major bill because we could not use the drugs and produce red meat.

I appreciate the time. I could go on and on, but the others have got to testify. We appreciate the things that you are doing for us. I would like to recap on the peanut industry. We are in the peanut business as well as hog and cattle. We are interested in all of it.

We appreciate what you are doing for us.

Senator ALLEN. I appreciate that very much, and certainly your testimony has been very fine indeed and it is of great benefit to the committee. We appreciate it very much. I believe that concludes the scheduled witnesses, but we do wish to open the discussion to any other persons here who might want to give us the benefit of his views. This is an open meeting. Our next witness will be James Reeves, welcome Mr. Reeves, you may proceed.

STATEMENT OF JAMES F. REEVES, TROY, ALA.

Mr. REEVES. What I am going to say is short, sweet, and to the point. I hold a job and I own a farm. I raise cows, peanuts, small grain and, like somebody told me holding a job sure helps farmers, but I am going to say a couple of brief things in the appreciation of the testimony these fellows have given. I think it has been excellent and I know everybody appreciated your coming down to hear it.

On the research, everybody supports that and the people that don't support it, they don't know what they speak of because I remember when I was a little boy the people said if you farm like Auburn says you need to get out of the business. I can say I work in southeast Alabama and I don't believe I know a man that doesn't utilize the information that comes from that research.

I want to get into some things that are dear to my heart. My people farm and own land, and I am going to keep it to down-home problems. Number one is on a FIFRA program, its funding has dropped pretty well. In fact it was lower than it was after the depression. We have got it to now if a man owns over 500 acres of for-rent land then he doesn't qualify and yet if you would think about this thing it is not—that is not a conservation thing, that is

a provision to put timber into use. What we are doing by this, and I work for this program, by doing this and limiting to 500 acres we kill a lot of property that could be used to produce timber in the next 20 or 30 years. I am for it, for a small landowner if he wants it, but very few landowners can wait 20 or 30 years for the income if he uses it this year. I have to produce it this year because it is bread and butter to me. He who plants trees loves children, I believe that.

Senator ALLEN. You think a 500-acre limitation ought to be raised or doubled or a limit taken off of it or what?

Mr. REEVES. Yes, and it ought to be scrutinized to a better clarification of woodland use because a tree planted in the ground, that is not woodland. At one time we had a 20- or 30-percent shade, but you could get that in days gone by. At that time you could be covered in sassafras and be called timberland. These people that have it to put in and want to put it in are hindered by this and we need this stuff and I know we need it. I believe in a free market system, but I don't want to be the free market and everybody else be some other kind of system. I think we have to have something to stabilize the market. You can't have a high and low and high and low and expect the man to produce. You have seen it in your section of Alabama. You have seen the cotton producers nearly go under, you have seen yield to the point that if they did have a disaster, what do they get, they didn't get any protection. I don't like to see any program when you draw up a new farm program, I don't like to see anything that kills initiative to producers and one of my pet peeves of irrigation. If you penalize a man for irrigation why don't you penalize him for lime or fertilizer. If he has to take this money and property to buy the equipment why should he be penalized to do it?

I don't have the power to change the program and I can't tell you how to do it, but I am telling you some of the things that need to be done. I don't think we ought to tie poundage on peanuts. If we had had poundage on the peanut program I believe we would be producing 12 peanuts to the acre. If I was buying I would like poundage and I would support prices in the warehouse and I would buy them out of the warehouse. There is a lot that I don't know about poundage, but I think it ought to be looked at real close before it went into a farm program. We are talking about transfers on peanuts. I have some things on that that I think should change. In the last year or 2 we have watched big organizations such as timber companies buy vast amounts of land in the Southeast and they get this acreage and they get them in the same farm, and say I wanted to sell part of my farm and I had two or three, and if I wanted to sell 100 acres and I had 10 acres peanut allotment on it and sold the farm in July, you have a certain period set up by the State that you can transfer and release peanuts. During that period of time if you are the timber company and I sold you the land, unless I had an agreement with you you get those peanuts because during that period of the year I can't release them for the following year and I can't do anything about it unless we have an agreement. I think we ought to have a time that we can release peanuts for the following year other than

the one period. I think it should be year around, not to change the marketing year but for the following year so you could retain it. I don't think that we—say your larger timber companies buy the land and they know they never intend to use it for the production of crops, I don't think the 1,600,000 acres should be given to them as a fringe benefit to give back to the farmers of that county, and I think that as most of the people that I associate with feel this way because they know they will never use that land as productive crop land.

Senator ALLEN. Most of it is abandoned.

Mr. REEVES. Right, and what is not going to be used as a row crop, let it be given back to the county and disbursed on an equal table basis or lot.

Senator ALLEN. You would rather it go back to the county and allocate it out among the other farmers, is that right?

Mr. REEVES. Yes, sir, because a lease and a transfer on a peanut farm down in this part of the country, and a lot of people—there is some good requests on there and some strange agreement for it. The peanut program couldn't exist without it. If a person doesn't farm that land, say an individual has timber on the land, that individual in 5 years may want to change his application. If he has still got that option and if he wants to, he can plant trees, and he earned that acreage or allotment or he wouldn't have had it, and now allotments are equity on a farm. If a store owner had a farm and wanted to sell his business that doesn't mean he has to give the building away. That is logic, I believe in that.

I believe we need some change written into the bill on a disaster provision on the farm program because you can have disaster now that are not called disasters and if you have—I am going to use small figures to give you an example, if you had a 10-acre allotment in corn, had an average yield of 44 bushels that is 440 bushels. If you made 52 percent of that or less you would qualify for disaster payment, but if you try to produce from hedge row to hedge row and you double your acreage and you still made 52 percent of a crop you wouldn't be eligible. You have had a bigger disaster, but you don't get a disaster payment. It will almost pay for the nitrogen and that is about the sum of it in all reality.

I have one more thing I want to convey, and we talked about it, and that is the insurance thing. All right, we have some fellows in this room that have bought irrigation systems, but if he buys crop insurance on peanuts he will pay the same price under that that I will pay without one and if we are going to bring in the crop insurance to the point instead of disaster—the peanut program has never paid a disaster payment, you know that.

Senator ALLEN. Yes.

Mr. REEVES. If that man owns an irrigation system he ought to be able to buy insurance like I can buy on my car. I can buy comprehensive and liability and collision. These people should be able to work out a schedule where he can delete that phase of the insurance and save that money because he has made his investment.

Senator ALLEN. Just to insure what hazard he wants to, is that right?

Mr. REEVES. Right, and I know this will create some problems, but I think that in the age that we are in, I think we are people that are capable of figuring out what the problems are.

This is probably the shortest testimony you have had today and you probably appreciate it and I appreciate your listening to me.

Senator ALLEN. I appreciate it. Any other witnesses? If not, we will conclude the day's testimony. We will be having another hearing in Montgomery tomorrow. We feel like the hearings we have had, the one in Decatur and here in Dothan have been must helpful. I think some good thoughts have been advanced and some proposals made which I feel sure will be in the bill. Thank you very much.

[Whereupon, the committee recessed, to reconvene Friday, February 18, 1977, at 9 a.m., in the chamber of the State House of Representatives, State Capitol, Montgomery, Ala.]

GENERAL FARM AND FOOD LEGISLATION

FRIDAY, FEBRUARY 18, 1977

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

The committee met, pursuant to notice, in the chamber of the house of representatives, State capitol, at 9 a.m., Hon. James B. Allen presiding.

Present: Senator Allen.

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

Senator ALLEN. This meeting of the Senate Committee on Agriculture, Nutrition, and Forestry, is held under the direction and by authorization of the full committee, the Senate Committee on Agriculture, and the chairman of the committee, Senator Herman Tammadge. We've been holding hearings in the State of Alabama all week. Tuesday, we were in Decatur, at the John C. Calhoun Junior College and heard from some 25 Alabama farmers. And then on Thursday, yesterday, we were in Dothan and heard from around 25 farmers and those interested in agriculture at the meeting there. This is our third and final meeting. The purpose of the hearing is to give Alabama farmers and those interested in agriculture an opportunity to make input into the new farm bill. As you know, the present farm bill expires with this year's crop, and it is necessary that the bill be extended or that the bill in some shape go forward. It's very difficult, of course, for Alabama farmers and agricultural leaders from Alabama to come to Washington to testify. Not only do they have witnesses from all over the country, but there is the element of cost and time involved. So, the purpose of this hearing is to bring the legislative process in the Congress down to Alabama so that Alabamians can have input into the hearing process and into the shaping of the farm bill, which is a must piece of legislation. So, this hearing is an official hearing, just the same as if it was before the full committee in Washington. The testimony of witnesses will be transcribed, the testimony of each witness will be furnished to him for editing and corrections, be forwarded then to the Senate Committee on Agriculture and will be a part of the official hearing record. Now, we have had some very fine testimony at our other meetings, and Mr. Giltmier of the Senate Agriculture Committee has been particu-

larly impressed with much of the testimony and the good suggestions which have been made. I feel sure that with the testimony at the meeting here and the testimony at the other meetings, we will be able to have considerable influence on the shaping of the new bill. Mr. Giltmier and I, and Mr. Mitchell, Mr. Charles Mitchell of my staff, have been particularly impressed by the testimony of farmers and farm leaders in areas not having to do with the specific crop that that person was primarily interested in. There has been much good testimony on the need for research, more funds for research in every phase of agriculture. There has been testimony on the need for more soil conservation, as well as testimony in other specific areas of interest. We had testimony in the Tennessee Valley primarily regarding cotton, and in Dothan we had testimony primarily regarding peanuts and cattle. The testimony regarding the disaster payment, Federal crop insurance, the limitation on disaster payments, soil conservation, research, target prices, loan prices, loan figures, have all been very constructive and very helpful. You know, for 40 years from the time of the New Deal down to the last farm bill, the present farm law, the emphasis on Federal farm legislation, Federal agriculture policy, was on cutting down on crops, looking for an economy of scarcity, trying to get rid of surplus, carried over stocks. And as a result, we were encouraging cutting down on production. But now the emphasis has changed 180 degrees, and the emphasis now is on having an agricultural economy of abundance. Certainly, the success that we have had in marketing our farm products overseas has been a tremendous help to our economy, our balance of payments. In 1 year we had a \$12 billion surplus as regards agricultural products, and it was just about the difference between our having a surplus and having a deficit because the full surplus was represented by the surplus in agricultural products. So, with the emphasis on production, we have got to accompany that with some protection to the farmer in his production. The Government has got to be taken into a partnership, in a sense, if we are to have good production. We cannot risk having the farmers go broke. If we encourage him to produce more, we have got to guarantee that he does not go broke in the process. So we have got to encourage the building up of our foreign markets. I might say that we had considerable criticism in our other hearings of the embargoes in the past that have been placed on the export of our agricultural products. I think it's generally agreed that we must not fall into that error again. Also, as regards cattle, it was pointed out and aptly so, that the lid or ceiling that was placed several years ago on beef prices has proved just about calamitous to the cattle industry. Certainly the tampering with beef prices by the Government has been very harmful.

I might point out that in this day of escalating Federal expenses, the increased cost to taxpayers of various Federal programs, I think we are indeed fortunate and I think the farm community should be warmly praised for the fact that the farm price support programs have gone down in cost to the taxpayer in the last 5 years from around \$4 billion down to about \$750 million. I don't know of any other Federal programs that have gone down in cost. They just go out the ceiling, instead of going down. So, I think it would be only

fair that some of this tremendous savings that we are having in the cost of agricultural programs be plowed back into research to solve some of our problems and to aid us in increasing agricultural production. So, I feel that the farmers have, in effect, traded the payments, the allotment payments, they have traded receipt of that for more independence, more freedom of action, more independent choice, more running your own affairs. The reaction we have had to the present farm bill and its possible extension with revisions has been that the farmers approved of this outlook. But I must emphasize again that as we do increase production we have got to see that there is a place to sell these products in the marketplace, and that if there is an abrupt decline in prices, the farmer will have some protection in having produced in this fashion. So, unquestionably, the target prices on our farm products has got to be increased in line with the terrific increase in cost of production. We must have a realistic loan for our agricultural products. I think our loan ought to be set, just as high as it can be, limited by the need to have it go not so high as to cause us to be above the world market price. Because if we do, we are going to lose our foreign markets and we will find that the other countries are setting their prices just a little bit below our loan and in that way we would not, our farmers would not sell in the world market but would put their produce in the loan. So, I think there must be that realistic limitation on the loan figure. These are some of the thoughts that I have attained from the testimony that we have had thus far in the two highly successful meetings that we have had in Alabama to date.

We are always glad to come back to the historic House of Representatives Chamber to hold these hearings. As I work there in the Senate Chamber and go over to the House of Representatives Chamber frequently, I am always reminded though that here in Alabama our House and Senate Chambers have been in existence and in use as legislative bodies a decade or more than our House and Senate Chambers in the Nation's Capitol. We have a lot of history wrapped up in this Chamber and the Chamber across the rotunda. Of course, I am a product of the Alabama legislature and I always have a sentimental interest in coming back to Alabama to the State Capitol here and to drink up all the history and traditions that we have here in this fine Chamber. So, with these unnecessarily long introductory remarks, I am going to ask that my prepared remarks which have no connection whatsoever with what I've said be also included in the record, and I will not trouble you by reading them.

I think it is appropriate that our first witness this morning be one of Alabama's great leaders in agriculture, a man who speaks for the Alabama farmer, and a man who is an Alabama farmer, and who speaks eloquently on the needs and the problems and the role of the farmer in the Nation's economy and in the Nation's picture. This great farm leader will lead off this morning and in case you haven't recognized who I have reference to, I'll say our first witness is Hon. J. D. Hays of Montgomery. Mr. Hays, come over, please.

We're delighted to have you come and testify, and I feel that no meeting in Alabama having to do with farmers and farm problems would be complete without having your views and the benefit of your expertise.

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

Mr. HAYS. Thank you, Senator, and I am honored of course, to be here. I particularly appreciate the schedule which you have arranged for people such as myself and my contemporaries to express their views here on their home ground in Alabama with respect to farm legislation and other matters as well. I know it isn't easy for you to keep this kind of schedule. The Senate Committee is scheduled to officially hear matters of this kind in Washington, I believe next week—

Senator ALLEN. Yes, sir.

Mr. HAYS [continuing]. And it certainly is a convenience to us and undoubtedly a hardship to you to come and schedule these meetings, and for this and many other reasons, we are thankful. We do appreciate your leadership, not only in Alabama, but in the U.S. Congress and Senate, and particularly on the Senate Committee on Agriculture and Forestry. So, I feel that we are on common ground as we discuss these things. I have a prepared statement, which I will present for the record, and somewhat in deference to those that are to follow me, hopefully I will be judicious in use of your time and their time as well. I would like to, however, offer some extemporaneous or off-the-cuff comments that will be in the nature, I hope, of background information or additional information as we move through this session and as we move through the hearing next week, and as Congress itself prepares to write such laws that it deems, in its wisdom, appropriate for the agricultural scene in this country and the world as well.

The major issues that I have covered in my prepared statement, I think, would be that in 1977 we would like to include discussion on some of the things obviously that you have already mentioned, and which I regretfully acknowledge, I missed part of your opening remarks. But this would be such things as higher loan levels, target prices for feed grains, wheat and cotton, the basis for setting target prices and loan rates, a basis for setting these things; disaster payments; payments limitations; perhaps mandatory loans on soybeans; Government controlled reserves for major farm commodities; export controls; minimum price support levels for manufacturing milk; extension of the 1976-77 rice program; proposal for the reduction of cost of the peanut program, which I am sure you heard something about yesterday; and changing the rules under which tobacco allotments may be transferred. In general, the statement which I have written for the record is directed toward policy statements on these remarks. It is no effort to write legislation, to draw and draft details, but simply to direct the Congress' attention to what we think is the direction we should be following in these areas.

I might begin my remarks by making a comment or two on the economic sector of not only this country but the world as well, which obviously affects us all. The state of the business of this country, and the state of the business of the world as well. Economists tell us that in 1976, the world economics growth did move forward, but they also

*See p. 310 for the prepared statement of Mr. Hays.

tell us that it's very likely not to keep the same pace in 1977, as the growth that was experienced in 1976. I think we probably should keep that in mind. I will mention that in my closing remarks with respect, particularly, to agricultural exports. In our own country, the economic circumstances, I think, show some strength. Economists tell me that our economy wants to grow and is making an effort to grow. There have been some mitigating circumstances, we have had a terrible winter, there have been increasing numbers of people unemployed for various reasons, including the weather, fuel shortages, and these kinds of things. All of which have put a handicap on us in the first quarter of 1977. The people who finance this country's economy, the bankers, prime interest rate is now $6\frac{1}{4}$, and in reviewing this with them in the last 30 days, they indicate this should remain relatively stable, perhaps with the prime rate going up some during the last 6 months of this year.

Looking at the agricultural picture, I think we have to consider some of the things that are important to us. And these comments are very general in nature and not intended to be precisely statistical, but as a rather general position of where we are. I think, knowing me as a cotton farmer, you'd have to recognize that, that I think of cotton first. And, of course, world supplies are growing tighter in cotton, without a question of doubt, and the carryover is going to be down some. This has been reflected in the strengthening of the market price during the latter part, particularly, in 1976, and I can see a considerable amount of strength in the cotton market. This is also indicated by the preplanting intentions, that farmers have indicated they are going to plant, which now looks like somewhere between 12.2 to 12.8 million acres here in the United States. I think I'd have to say that this looks stable to strong, Senator.

Senator ALLEN. Good.

Mr. HAYS. With respect to soybeans, the carryover has been large, the utilization has been large, but in summary our end of the year supplies will be reduced and will be down. And so, again, this appears to be a strong, or at worst, stable condition. As a matter of fact, I'm rather optimistic about soybean production. The cost of production continues to go up, but still it is an optimistic situation.

Senator ALLEN. What would you say would be the break-even amount on the cost of production?

Mr. HAYS. Well, we have a number of figures available, and this varies widely from State to State and I am not prepared this morning to give you a precise figure on it. But it does range in the neighborhood from \$5 to \$6.75, depending upon the area of production, per bushel. The present price is somewhere in the neighborhood of \$6.50 to \$7, depending how you sell, contract or no contract, and so forth. I think, looking at the rest of the agricultural situation, we have to keep in mind that one real dominant factor, that is the record corn crop that we produced in this country last year, over 6 billion bushels of corn were produced in this country. And this is in front of us. It has its effect on all of the livestock industry and these kinds of things. So, I think we need to keep that in mind. The impact has not been quite as adverse as some of the agricultural economists had first predicted.

In the cattle field, following the corn, we have reduced numbers but we still have record numbers of cattle available in this country.

Senator ALLEN. Did many die as a result of the bad weather?

Mr. HAYS. I was in a meeting just last week that reached all the way from the Midwest through the South and the Southwest, and there are beginning to come in reports of substantial kill-off as a result of this very severe winter that we are having. So, there will be some reductions. Further, there is a reduction, an apparent reduction, in the number of stocker-type cattle that are going to market, and so people are beginning to replace with those heifers and these things.

In the broiler industry, broiler production, of course, was up during 1976 by about 10 to 12 percent and supplies, available supplies, in the early part of 1977 are still up. And coupled with the corn situation, indicates that this may be a relatively tough area and we will do well to hold our own here.

Wheat, I will skip over very briefly and quickly by saying, of course, wheat does have its problems. There are excess plantings, and we are building up surpluses of wheat. Very little wheat at this time is going into feed purposes, it's still going into human consumption mostly.

Now, with respect to what we are expecting in farm legislation, I did hear your remarks that one of the possibilities would be an extension of the act of 1973. The act of 1973 has been popular and has been in force and in effect at a time that the agricultural economy of this Nation has been a viable, movable force. I'm quite certain in my statement, when I say that by and large, it has been popularly supported by farmers throughout the country. Not unanimously, but popularly supported. And on this basis, we would like to see an extension of the principal provisions of the agricultural act, although it's not exactly called that. We use the word consumer in it, which I think is appropriate. We would like to see an extension of that for, certainly not less than 1 year and I think, under certain circumstances perhaps we could even move beyond the 1-year extension, depending upon how rapidly Congress develops its idea and how we assimilate these changes in 1977 that we're looking at.

Senator ALLEN. What would be the ideal length of extension, if you could settle on an ideal length?

Mr. HAYS. Well, I don't know that I have an ideal length, Senator, but I would favor as much as a 5-year extension of the 1973 act, provided we could work out certain—

Senator ALLEN. Escalative provisions, I assume, on the target and loan—

Mr. HAYS. Yes, something that would be applicable to this changing economic, national and world, situation which we have mentioned.

I also noted that the new Secretary of Agriculture released, I guess last week, a television appearance last week, that he favored a 1-year extension. I am also aware of the fact that Senator Talmadge has introduced a bill some months ago, approximately a month ago, but I also noted that he said, quote, it is not set in concrete, end of quote. So I felt that he was being constructive in offering something to the Congress and for the committee to work on, in light of the changing times.

Senator ALLEN. Of course, he suggested 5 years.

Mr. HAYS. He suggested 5 years, that's correct.

Senator ALLEN. Try to compromise, somewhere in between.

Mr. HAYS. I would hope that whatever Congress arrives at, that we would be mindful in these programs that agricultural products must move into the marketplace. If there has been a major strength in the act of 1973 and in the economic environment it operated under, it was that the market system functioned and functioned well. I hope then that subsequent legislation continues this, so that the market system will function. Today, agriculture has a great deal of flexibility in its ability to produce, in its ability to change rapidly from one crop to another as economic situations, prices and situations, dictate. Almost every piece of equipment in the Southeast that we use can be used for other purposes, other than the cottonpicker. We don't have any way yet to adapt the cottonpicker to other things. But, farming is far different today with the degree of its ability to adapt to change, and flexibility with respect to the profit incentive than we have ever had. So I think we as producers are ready to do that. I hope then, continuing these remarks, that whatever legislation is enacted, whatever provisions are made with respect to the loans, that these do not become attractive within themselves for production, thereby building up large reserves. As a farmer, I do not believe that either for farmers or the consumers, that large food and grain reserves are beneficial to the present and long-range economy of this country.

Senator ALLEN. There is a movement underway, as you know, there in Congress among some to set up reserves. I think Senator Humphrey is a leader in that movement. I don't believe it reflects the majority opinion at this time, but I am delighted to have you comment on the feasibility and desirability of setting up reserves of our crops. You think that would be against the interest of the farmer and against the national interest to do?

Mr. HAYS. Definitely, I do. I think it would be against the national interest. Well, it would be against the farmers' interest, first of all, because you couldn't get financing. There is a different financing situation today, and in your financing you have got to submit a cash flow and a performance statement on how to get your crop financed. And I was looking at some figures the other day, and the average loan now is somewhere in the neighborhood of \$250,000 a year to run a farm. So, with this kind of situation, where there are surpluses, a banker is not very prone to approve an extensive financing plan. Then, obviously, farmers under this kind of economic pressure, would quickly cut back so you would have these high swings and overproduction and underproduction, which ultimately would affect the consumer. And I have some remarks to make about that as I move on, and I suspect that I should begin in deference to my colleagues who are about to follow me.

Senator ALLEN. Now, these tremendous carryovers that we have had in the past, they are one of the chief reasons for the depressing effect on market prices, were they not?

Mr. HAYS. There is no question about this, and we have worked our way out of it over the past 6 or 8 years, and hopefully we will stay out

of that trap. I'm unalterably opposed to any significant buildup of stocks of any kind. The most dependable source for the consumer in this country is the so far unlimited ability of the American farmer to produce. And if he has an incentive to produce, he will produce. And that is the best reserve that this country has, is the production capacity of the American farmer today. We really don't know what we can produce, at this point in time.

I'd like to close, there are other things, of course, that tempt me and I'm not going to cover all this material here. But there are other things that tempt me to comment on. But I want to comment on one, what I consider to be a very, very important area. And that is the matter of agricultural exports. Looking at the 1975-76 figures, I find that we exported \$22.755 billion. We imported \$10.5 billion of imports, for a surplus of \$12.2 billion. This is one of the remaining significant areas where this country can earn balance of trade payments. And I suspect, although I can't support this, it is the largest single area. And it comes at a time when this country needs it. First of all, back to the consumer and the consumer interest. There are just two places for agricultural production to go really, into the consumer market or into storage, or to go into export. Now, we've already discussed what can happen to production if we build up stocks. Let's discuss briefly what can happen in the export field. The American farmer has the world record of being the most effective and efficient producer. And Members of Congress and economists and all of the people interested in world affairs, are still concerned with nutrition throughout the world, and there are still hunger spots in this world and will remain so. Here is a place, of course, that this can be used; apparently in 1976 Public Law 480 is expiring, and I think this is an area that Congress should give some attention to along with this matter of export and continuing to support some of these needy areas. This country is no longer in a position, we have priced ourselves out of the market in many of our exports. We no longer significantly export hardware items, such as steel, such as automobiles, such as refrigerators and these kinds of things. There has been a reduction because we have priced ourselves out of the market. We are meeting increasing competition from textile imports, where we are pricing ourselves out of the market in this country. And process textiles, fortunately cotton still holds about 30 percent of the fiber market in this country, and the Department of Agriculture figures look like that the exports of cotton, which we mentioned earlier, will probably be up this year, all of which is a plus factor.

Senator ALLEN. I wonder, right at that point, if there might be possibly increased use of cotton, in view of the fact that to produce cloth from manmade fibers takes about five times as much energy, I understand, as the production from cotton. With energy being so important in production, I wonder if there is some hope that cotton might make some gains because of the energy shortage?

Mr. HAYS. Hopefully, we do. The producers of the synthetic fibers, cellulose and noncellulose fibers, are both experiencing rather rapid

increase in cost of production that has, to some extent, offset the competitive position as a result of the increase in the price of cotton itself. And that is correct, and I do concur that as a matter of energy conservation, as well as the matter of the interests of myself as a cotton farmer, that we ought to pay more attention to that.

Parenthetically, I'm straying a bit here, but since we are on the subject, parenthetically, agricultural production and agricultural products are renewable resources, whereas many of these other things are nonrenewable resources, such as, for instance, coal and oil. So it behooves us to look at these renewable resources as items of export, rather than some of the nonrenewable resources.

And I would conclude these comments quickly, by saying that oil itself is in this category and this country is finding it necessary to increase its oil imports into this country. And one of the ways to offset these demands that consumers as well as farmers need in oil and energy imports, is through the emphasis on additional agricultural exports. And I think we can continue to do two things, satisfy the public with respect to its energy needs in oil. I think we can stabilize our economy with additional agricultural exports, and I think we can help stabilize our currency through using agricultural exports to help improve our balance of payments position. I think it would also help stabilize our dollar. So, I want to close by saying that whatever we do in this farm legislation, if it is substantially successful, it's going to have to stimulate agricultural exports from this country. You have a question, Senator?

Senator ALLEN. That was a mighty fine statement, Jimmy, and we appreciate it. We kind of had a running discussion as we were going along, and I believe that your prepared statement and your off-the-cuff remarks will be a big help to the committee. And I know, too, you would have the answer to any question I might propound, but I believe that we will pass on now to the next witness. Thank you very much. I appreciate your coming.

Mr. HAYS. Thank you very much, Senator.

Senator ALLEN. I'm going to ask the Committee on Agriculture to have bound the entire Alabama testimony in a separate document. I have not mentioned that to you, Jim. That can be done; can it not?

Mr. GILTMIER. Yes, sir.

Senator ALLEN. I think it might be a valuable addition to each of our libraries to try to do that. Of course, it will also be a part of the overall hearing. I would imagine the hearings there in Washington would go into several weeks. I do not believe we can finish them in 1 week, I believe it will take at least several weeks. So, this will—if my request is honored, the three Alabama hearings will be bound separately. At this time we would like to hear from Hon. McMillan Lane, Commissioner of the State Department of Agriculture and Industries. We are delighted to have Commissioner Lane testify, as the chief executive officer of our agricultural industry, and as a spokesman for the State in the matter of agricultural policy, and spokesman for Alabama farmers. We are delighted to hear from you, Commissioner.

STATEMENT OF HON. McMILLAN LANE, COMMISSIONER, STATE
DEPARTMENT OF AGRICULTURE AND INDUSTRIES, MONT-
GOMERY, ALA.

Mr. LANE. Thank you, Senator. First, let me say we appreciate you coming to the grassroots and studying agriculture. This is an excellent example of taking government to the people, and you are to be congratulated and commended for it. I have a prepared statement that I will put in,* and I believe your letter indicated you'd just like to talk a little bit.

Senator ALLEN. In addition to the prepared statement, that is fine. We appreciate that.

Mr. LANE. So, I have a few items I'd like to mention briefly. One: You indicated something about the cost of production in the farm bill instead of parity rights.

Senator ALLEN. Yes.

Mr. LANE. I like the sound of that, because cost of production is the big thing today. Inflation.

Senator ALLEN. Yes, sir.

Mr. LANE. According to our figures, in 1976 the cost of production increased 4 percent. The gross sales of farm products dropped 2 percent. So, our farmers ended up 6 percent worse off, according to my figures, in 1976 than in 1975.

Senator ALLEN. Yes, sir. I would have thought the figure was even higher than that, but I am glad to get these additional figures.

Mr. LANE. Like Tennessee Ernie's song about the coal miner, 1 day older and deeper in debt. Our figures indicate that is happening to our farmers and if I may give you some quick figures here.

The farm debt in Alabama in 1955, 10 years ago, was \$114,471,000. In 1975, it went to approximately \$635 million. So, that's five times as much indebtedness today as we had 10 years ago on our farms.

Senator ALLEN. Well, it is costing five times as much. It costs more per year to finance the crop, aside from the overall indebtedness; does it not?

Mr. LANE. Yes, sir. I have some figures on that also. And also, nationwide, in the United States the farm debt in 1955 was slightly better than \$8 billion. In 1975, it was a little better than \$46 billion, so that's a little better than five times. The national farm debt and the State farm debt are increasing about the same rate. How can farmers stay in business and owe so much money? Well, the only answer I have to it is the increasing value of farm real estate. In Alabama, in 1955, the farm value was estimated to be \$1.2 billion. In 1975, 20 years later, it was approximately \$5 billion. Nationwide, farmland was worth \$98 billion. In 1975, \$370 billion. But you see, the appreciation of the value of farmland is not increasing as fast as the indebtedness on our farms.

Senator ALLEN. Well, the rising cost of farmland is making it almost impossible for young persons to go into the business of farming, is it not?

*See p. 312 for the prepared statement of Commissioner Lane.

Mr. LANE. This is true. A lot of our farmland, especially up in the Tennessee Valley, is selling for \$1,000 an acre and over. And it's hard to make the interest, much less a profit.

Senator ALLEN. I am sure of that. You know, this rising value of farmland, of course, made change in the estate tax law absolutely necessary. And, of course, the American Farm Bureau Federation took the lead in calling on Congress through the years to change this estate tax law. I think that Congress did a very fine thing when it did greatly increase the exemption by way of allowing credit on its tax that will gradually rise for the next 4 or 5 years. Also, on the marital exemption, we greatly increased that. I feel that that was one of the best things that Congress has done in the tax field in recent years certainly. So, I am especially proud of the leadership that the farm organizations gave for that change. It never would have been accomplished without the leadership of the Farm Bureau and farm groups throughout the country.

Mr. LANE. Well, I'm very glad that legislation passed, because it put a lot of farm families out of business when the head of the house died. All right. Let me give you one more set of figures here, and I'll get on to something else. That is, what it costs to farm, the average cost per farm in Alabama.

In 1971, our farmers spent \$53 million producing. In 1975, they spent \$82 million. That's an increase of approximately \$30 million in 5 years in the cost of farming in the State of Alabama. The average cost expenditure per farm in 1971 was \$18,220. In 1975, it was \$29,172. You can see that's \$11,000 increase in 5 years. So, every year the cost of farming the average farm in the State of Alabama, has increased by a couple of thousand dollars a year. So that's the reason I like the concept of cost of production instead of a parity route.

You and Mr. Hays discussed food reserves, and I am in agreement most of the way with you. But the old adage is the army marches on its stomach. I think we should have an adequate food reserve, not big storage problems that we had in the past, but we should have some assurances that our food supplies are not going to dwindle too low. I understand we're in good shape now. At one time, we only had a 90-day supply or something like that, and that's cutting it too thin, I believe, Senator. I don't know how to go about it, I don't want to see the Government getting back in the business. But we should have something to see that our citizens have some bread to eat.

I'd like to say a few words about the family farm. You know, in George Washington's day, 95 percent of the people were involved in farming, today less than 5 percent. And the family farm has been rightly the backbone of this country. The family is the basic unit of society, and I'd like to see the family farm maintained, and the small farmer given some consideration. The family on the farm is close to the soil, it's close to nature, it's close to God. We don't have the crime and problems in our farming communities that we have in our big cities of sinners. So, I hope that we can do something along this line. I think here in Alabama there is a great opportunity for our small farmers, weekend farmers, part-time farmers, to get into fruit and vegetable production. As Mr. Hays was saying, farming is so expen-

sive now, a medium-sized tractor costs more than a Cadillac automobile. And as Mr. Hays mentioned, a two-row cottonpicker, I think, is approximately \$40,000 or above, and you can't do—he says \$50,000 and above, and you can't do anything but pick cotton with it. You can't dig potatoes with it. One thing we don't have in Alabama is a fruit and vegetable market. The only market we have in Alabama is the fresh market. If it gets flooded, we have to ship our produce out of state, or feed it to the hogs, or leave it in the field. The only facility I know of is the pickle factory here in Montgomery that does buy cucumbers and make pickles out of them. But, I think we need to do some planning and studying along that line.

The poultry industry is an example of what you can do on a small acreage and what it's meant to this State. It's one of the biggest agricultural enterprises, the combined poultry industry, in the State, with gross sales of over a half a billion dollars. I think we can, with proper leadership and everything, produce fruits and vegetables. We have the water and the soil, the climate, and the water for irrigation, and I think it's a good thing to think about anyway.

Senator ALLEN. What are the estimates for overall agricultural production in the State this year? Didn't it run around \$2 billion?

Mr. LANE. It didn't run quite that, about \$1½ billion, I believe, Senator. We should hit the \$2 billion mark, if we work at it hard.

Senator ALLEN. How would you assess the position of the individual Alabama farmer today, his economic position, as compared with 5 years ago?

Mr. LANE. According to these figures, he's in debt worse now than he was then.

Senator ALLEN. Well, what about the value of his holdings, would you assess his position as being, in the main, better off or worse?

Mr. LANE. I would think he is worse off. As these figures indicate, his indebtedness has gone up but his holdings have not appreciated as much as his debt.

Senator ALLEN. Well, in arranging for the witnesses at the hearing, the one down in Dothan, Mr. Mitchell of my staff, seeking to locate a farmer there in the wire grass area, called him at his home and they reported that he was out in Hawaii. And so he waited a few days and called him at home and they said he was down at Miami. And he waited a few days and called again, and they said he had gone up to Orlando and that he'd be back in a few days, so he finally located him by phone. I don't know whether that's typical of the average Alabama farmer or not, but this particular one was making some of the rounds. Yes, sir?

Mr. PHARR. Senator, I'll tell you this, it's wiped out the other farmers, the ones that haven't been able to get an education, the others have just accumulated more, but it's wiped out most of these that couldn't stand the pressure.

Senator ALLEN. Yes, sir.

Mr. PHARR. That's what's happened.

Mr. GILTMIER. Could the gentleman identify himself, please?

Mr. PHARR. Sam Pharr.

Mr. LANE. Let me just mention a couple of other things—

Senator ALLEN. I just mentioned that facetiously and——

Mr. LANE [continuing]. And I will hush. I agree with you and Mr. Hays on exports, that we have to have the export market because half of our soybeans are exports and about two-thirds of our wheat, and over half of the rice we produce in this country, I understand, goes to export. So, we do need to maintain and expand our exports. The Department of Agriculture here is responsible for the pesticides and herbicides and so forth program, and EPA, we're not too proud of the way EPA has taken a look at this. Our farmers have to have these tools to produce: insecticides and herbicides. I don't think our agricultural establishment, national or anyplace else, has much input into EPA. And I think you should have the oversight hearings in the near future and not wait until 1980.

Senator ALLEN. Yes, sir. I agree with you.

Mr. LANE. And don't let EPA put handcuffs on our farmers. I think that bears watching very, very closely.

Senator ALLEN. Isn't there an area for needed research, to come up with substitutes for some of the pesticides that EPA is seeking to ban, DDT and Mirex, must not we have research to replace these with pesticides that will accomplish their purpose but still not be a detriment to the environment?

Mr. LANE. I agree with you 100 percent. I don't want to do anything that will hurt the health or welfare of the people.

Senator ALLEN. I understand.

Mr. LANE. Of this State or the Nation, but I think they're a little far out on some of the things.

Senator ALLEN. I certainly agree.

Mr. LANE. I hope you all will keep an eye on them, because this new pesticide program goes in October 1 of this year, with all the schooling and registration, and so forth and so on. I have much more information in my prepared statement along that line, but just wanted to mention to it you.

Also, you mentioned crop insurance. I think we need a better, broader program of crop insurance. This winter is a good example of why we need crop insurance available to our farmers.

Senator ALLEN. Well now, right at that point, would you suggest crop insurance added to the disaster payments, or would you suggest that the crop insurance cover the whole area?

Mr. LANE. Well, it's my understanding that there is a Federal crop insurance program now——

Senator ALLEN. That is correct.

Mr. LANE [continuing]. That a farmer can go and pay his premium and buy his insurance, just like buying fire insurance or health insurance.

Senator ALLEN. That is correct.

Mr. LANE. I think that program should be expanded and enlarged, is my feeling.

Senator ALLEN. It would not take over the disaster payments?

Mr. LANE. No, sir, I was talking about——

Senator ALLEN. In addition to that?

Mr. LANE [continuing]. Strictly crop insurance.

Senator ALLEN. Yes, sir.

Mr. LANE. So, if the farmer wanted to buy it, it would be available to him at a reasonable cost.

Senator ALLEN. We have a program of that sort already.

Mr. LANE. Yes, sir.

Senator ALLEN. But I'm sure it could be improved and have more coverage.

Mr. LANE. Yes, sir.

Senator ALLEN. We had a complaint in Decatur by a farmer who had carried crop insurance for 10 years, he paid some \$4,000 during that time, and had collected some \$10,000, and the Federal crop insurance administrator refused to renew his insurance, pretty much like an automobile owner you know. I think there ought to be some sort of arrangements to cover a situation like that, where a man could get insurance if he wanted it. The fact that he had bad experience should not rule him out of getting insurance.

Mr. LANE. On insurance, I had a call yesterday, I believe, from a man operating a cotton warehouse and because it is a small operation and because it doesn't have a water facility, he can't put in a sprinkler system and insurance companies are backing off from insuring his cotton warehouse because it doesn't have a sprinkler. He said, I'll put it in when we get water in a year or two, but I need insurance now on the operation, don't you see. So, we do need these protections.

Let's mention energy just slightly. Our farmers need to be assured of a supply of fuel to produce with. There's no horses and mules left to farm with now, so if they don't get fuel they cannot produce a crop. I think there should be some protection or assurance of fuel for tractors.

Senator ALLEN. I certainly agree, and I do believe that Congress recognizes the need for establishing very high priorities for energy for agriculture. That concept was embraced in this emergency energy bill that was passed just recently by Congress. The bill put agriculture on the same basis of protection as life and health and energy for hospitals, and nursing homes, and day-care centers. So, I believe that the Congress is mindful of the fact that agriculture must have a top priority in obtaining necessary energy.

Mr. LANE. Let me mention one other thing. I don't know whether it's appropriate to do it here or not, but we're just talking and if you don't want to put it in the record, it will be fine. There's a Mr. Cutler, I believe is his name, who has been nominated Assistant Secretary for Research and such as that. I do not know Mr. Cutler, never met him, don't know anything about him, but I've talked with a number of leaders in our State and also a number of Southern States and they are not too proud of him. So, when he comes up for confirmation, I hope you and your committee take a very close look at him.

Senator ALLEN. I appreciate the information, and certainly we will consider it very carefully.

Mr. LANE. Well, I appreciate the opportunity, and I hope that I haven't taken up too much of your time, and I enjoyed talking with you.

Senator ALLEN. Thank you for coming. We appreciate it very much. I'm going to call on Mr. R. C. Bamberg, as the next witness, please.

**STATEMENT OF R. C. BAMBERG, CHAIRMAN, CARTER-MONDALE
FOOD AND AGRICULTURE COMMITTEE FOR ALABAMA**

Mr. BAMBERG. Good morning, Senator.

Senator ALLEN. Mr. Bamberg, we are delighted to have you come before the committee, to give us the benefit of your experience and your knowledge and expertise in this field. We welcome your testimony and look forward to hearing from you.

Mr. BAMBERG. Senator, I would say this, I have here before me a report compiled by key members of the Alabama Carter Food and Agriculture Committee, in an attempt to define the principal problems facing American agriculture. Now, I do this, because of the fact that I was chairman of the Carter-Mondale Food and Agriculture Committee for Alabama this past election, so I would like to present this for the record.*

Senator ALLEN. Thank you very much.

Mr. BAMBERG. I would like to give a little conversation, because we've got more or less a captive audience here today, everybody wanting to put in their worth. So I'd like to put in mine.

I find this, that is hard for me to understand, the input in the production of food and fiber which is absolutely necessary to life, the Lord gives you air, light, and water. And the input that is going into agriculture, someone is smart enough to say what a fair price or cost of production is. The labor on the farm, the Government has said you must pay the minimum wage. Then when you go out to buy a pesticide, herbicide, fertilizer, equipment, pickup truck, you go the merchant who sells it and he says that the price is this, you can take it or leave it. And I say well, why does a cottonpicker cost \$40,000? Well, you know, we've got the raw material in it, we've got the labor in it, we've got all the production expense, and then I am entitled to a reasonable profit for my investment in it. Now, today I'm going to emphasize this, that the cost of production, the target price system, I'm not going to argue with you, but if you don't set the target price that reflects in the cost of production, your target price is not going to be worth anything. For an illustration, and I happen to know it's been testified before this committee, that when you were in Decatur, a Mr. LeCroy gave you factual information with a bale and a half of cotton per acre, it was necessary for him to receive 62 or 62½ to get the cost of production on it. Now, it's very unfortunate and why we don't have it, I don't know, but we do not have today, commodity-by-commodity price on the cost of production. I've asked our land grant colleges to see if they can't come up with it.

Senator ALLEN. Wouldn't that vary, all over the country?

Mr. BAMBERG. Well, it probably does, but I'm representing Alabama farmers, because I am an Alabama farmer, but I think that you need to take that and commingle it with other sections of the country. We, I think, are in a crisis in agriculture, and I say this for this reason. We've been told for the last 3 or 4 years that we were going to have a shortage of energy. But, it's typical of the American people that we don't act until we have a crisis. Now, we know this past winter what

*See p. 314 for the prepared statement of Mr. Bamberg.

a crisis we did get into as far as energy is concerned. Being a senior citizen, 65 degree temperature doesn't appeal to me like 72 degrees does. So therefore, it's very difficult to get down to 65 degrees and enjoy life as I would like to have it. Now, the only reason that New York City is in a crisis monetarily, is because they can't print money. I think the National Government is in a crisis financially, but they've got the printing press. Now, the farmer, he is in a crisis now. And the only thing that's saving him is this inflation of his land, which enables him each year to go back and borrow a little bit more money. So therefore, I say that I believe under the long pull, that we need to look at our problems on the cost of the production of the food and fiber that is so necessary to life today. Now, I am for foreign aid, and I am for helping less fortunate nations, but I am not for it at the expense of the Alabama farmer or the farmer here in the United States. I think there needs to be a close tie between our foreign aid program and our agricultural program here. We say that we have had \$12 billion that the farmer has been able to bail out the Federal Government. All right. Now, he's been bailing out the Federal Government because of some foolish programs that it has put into existence, mainly in our foreign aid program which need to be corrected. Now, this is a big undertaking that you and the Senate Committee and the House Committee is going to wrestle with in the next session of the Congress. Certainly, you have the support, and the committee and the Congress have the support of agriculture, seeking in some way to have a program that will make the way of life in America much better than what it is today. Now someone says, I'm opposed to grain reserves, or cotton reserves, or peanut reserves, or anything else. Being fortunate enough to let the taxpayers finance me overseas during World War II, in North Africa, Sicily, and Okinawa, seeing the people there in which there were no reserves, seeing the destitute condition, I do not think surplus is a disadvantage for our people. Now, I think you can have a burdensome surplus, but a reasonable reserve, to me, is essential to a healthy economy in the State of Alabama.

It certainly was a pleasure to be here and see you, and I send my greetings to the other members of the committee.

Senator ALLEN. Thank you very much, Mr. Bamberg. You gave a real fine statement, and we appreciate it. Senator Mims, we are delighted to have you, both in your individual right and as chairman of the Senate Committee on Agriculture in the Alabama Senate. We know of your knowledge of farming and farm problems, farm opportunities, and farm needs. We are delighted to have your testimony and look forward to hearing from you.

STATEMENT OF HON. MASTON MIMS, ALABAMA STATE SENATOR, URIAH, ALA.

Senator MIMS. Thank you, Senator Allen. Certainly, I am honored that you would permit me a few moments here today, and I will not try to hog the time because a lot of people here would like to be heard. But I do wear two or three different hats, you might say. I have some figures that are factual, with regard to our particular

operation,* which I will leave with you, and it has some notations on it which, some sidenotes or footnotes, that give the reasons for our cost of production being what they are. And when you look at this, you will find that there are no actual cottonpicker costs on the cost of production of cotton on our farm, because we bought two pickers many years back, two rowpickers, and we remanufacture these every year, so we actually don't have any cost of paying for the machine because it was paid for a long time back. So that cost of production on our farm does not reflect what it might be on some other operation, and I have so noted these items on here as you will find if you have time to go over them. Our cost of production, you will find, is going to be much lower because of this particular item. However, in 1977, the cost of land you will also find—I have noted here—has been a tremendous increase in our cost of land from the land-owners. You know, you don't argue with a man that's got good land. He tells you what he wants for it and you gear up and be ready to meet whatever the competition is. It's simple as that. If you're not geared up then, it means that you have to hunt some other way to make a living. But our input has been continuing to climb, and this has been noted by many other people, I'm sure, as you go over the State. We have looked at the way other people arrive at their profits, and everybody, it seems, is of the opinion that they are entitled to return a profit. And yet, somehow, and I've got a burr under my saddle on this one, not with anybody in the Government but with the fact that so many people are of the viewpoint that they are entitled to a profit. And they are entitled to eat for nothing. And the same people that think that they ought to eat for nothing, in many cases expect us to pay \$10 or \$15 an hour for the equipment that they manufacture that only we can use. And if we did not purchase that equipment, then they wouldn't even have a payday. And I am highly incensed that people who then, again, present themselves, and I don't know if there is any way to do anything about what I'm talking about, but the very people that we are supporting by purchasing their machinery and whatever, their input that they manufacture for us, we give them what they ask. And then they even—some of them—go and march and stop the movement of grain when we have a chance to make it good, so to speak. Somebody jumps up and wants to slap us back. I've had just about all that I need, and I think all of the farmers in this State have had just about all they need. We had it happen right here in our own port city. People take for granted what we have done and the dedication that has taken place. I'm not a farmer for any other reason than I love it. And I love what I'm doing in the political arena for my farm friends at this time. I love to farm, but I like to try to make a living at it, and I think that this is the basis for everybody being whatever they are. But I am going to rise up and say my piece when I can, and I think that people—I said this before civic clubs in the metropolitan area—that it's ridiculous whenever somebody thinks they ought to have a profit and get their eats for nothing. And I am resentful of people who assume that—now, not everybody is this way but a great mass of people think that it just falls in a can somewhere automatically, and

*The fact sheet submitted by Senator Mims is retained in committee files.

it doesn't happen that way. But there are some things I have listed on here, the 1974 costs for production of cotton—

Senator ALLEN. That is your own operation?

Senator MIMS [continuing]. In my operation, in our operation, 1975 costs, and 1976 costs, and with the footnote that I mentioned. Now, in my traveling around, it looks like—I haven't heard all the other testimony—but this is what I have been able to sense, that our people probably would look favorably to the extension, a 1-year probably, extension of the present farm law. But with some provisions of increases for target prices. And frankly, I'm just speaking for myself now. I know a lot of people probably share this same viewpoint, but I'm not being all-inclusive, but the target prices are not what we are necessarily interested in. What we'd like to see the new farm program, once we get past this year I think we need a year to get one together, I don't think you can get one together now. I mean, that's not for me to say that you can't, but—

Senator ALLEN. This, of course, applies to next year's crop?

Senator MIMS. Right. But whatever time it takes to get one together, I think that our people would support the idea of much higher production costs, not necessarily just a target price, but have some vehicle in there whereby we won't be run over backwards by people, once we get stuff produced and the hour of movement is at hand and you've got to move it with—

Senator ALLEN. You want to be allowed to market your product, either domestically or overseas; is that correct?

Senator MIMS. That's correct. And the second part of it I'll address myself to, which I have believed all my life. It is a twofold thing. One of it has to do with what is currently happening. And it is all tied together. It may sound like I'm fixing to go into something confusing, but it is not. All we have to do is to put the vehicle into the hands of the grain producers in this State and in this Nation. With the proper kind of grain storage building program, I mean, for the individual farmer. Now, we appreciate very much our locks or whatever we have in the rivers, and all the river development and we are not diminishing the importance of that, or the grain elevators that we have, and certainly we recognize their value to us. But the facts of life are, Senator, that we are in a position of only being at the mercy of these facilities, so to speak, as they are put through facilities, in most cases. The majority of cases would be as they put through items and they really serve not the kind of purpose at the hour of market that we would like to have. We'd like to be able to be in a position to have qualified storage of our own, but sometimes it might be necessary to go a step further and the average man might not be in a position to have the kind of financing available to him that could put him into business this way. We put in some storage, back a few years ago, and it's the best thing we ever did. We're just got a standard-type farm arrangement, but this has paid for itself many times over and we're not at the mercy on our little operation, of the fellow saying, well, you know, you've got to sell it to me today because the elevator is full, and the barges are about to fill up, and you know you had better get rid of it, and if prices go down, it's a glut situation.

Senator ALLEN. Well, is that something to be addressed by legislation, or is that something for the individual farmer?

Senator MIMS. I am suggesting this, that some renewed effort through the ASC provisions that have been available, a renewed effort along this line, but not without—and I'm going to emphasize this, if I may—not without, don't provide the money without some form or somebody within the framework of either the ASC or some other vehicle, of trying to, if a man has a loan, don't let that man have his money unless he has some kind of schooling in what to do with that equipment after he puts it up. Because I don't care how smart a fellow is, he can mess up in a hurry on grain and you really might not be doing him a favor by letting you put the thing in, the unit in, unless he has some schooling on it. And I think this is worthy of some consideration. And I'm not trying to, you know, read any guidelines on what they ought to do with their own project, but I'm saying if we have a grain storage program, and a grain bank program, it can be had through this method.

Senator ALLEN. In other words, let the—

Senator MIMS. Let the farmer provide—

Senator ALLEN [continuing]. Let it be stored on the farm, rather than by the Government storing it elsewhere.

Senator MIMS. Right. Of course, this is a matter of philosophy that could be argued all day either way, backward and forward. On one side, I could see the advantage of this Nation having some Government-owned grain in stock, in certain places. You know, that can be batted around forever, I guess.

Senator ALLEN. What are your crops?

Senator MIMS. We have everything except peanuts and sugarcane, and that's a complete livestock program, from goats and rabbits on up.

Senator ALLEN. Give us some of your cost production figures.

Senator MIMS. We gross, on our cost of production on cotton, and a lot of people are going to laugh at this because we don't have any cottonpicker cost in this as I indicated earlier. On 500 pounds of lint, our cost this year was \$46.03, and that is factual and it is accurate, no doubt about it.

Senator ALLEN. That is well below average, is it not?

Senator MIMS. Oh, yes. But now, I've got a friend right across the fence from me, guy just bought a new cottonpicker and is in an altogether different category. Of course now, 1977 land rent is going to go up by \$15 or \$20 an acre over 1976, so this is going to be an altogether different picture. So, I probably am less qualified to give information, but for the sake of variety I did furnish you this information, because it is factual and it can be documented if you need it further verified. Because we have a printout on all of these, I just got this off of it.

Senator ALLEN. Then you think the target price ought to be set, not at your cost of production, which is certainly low—

Senator MIMS. That's right.

Senator ALLEN. But at the average cost, is that where you think the target price ought to be set?

Senator MIMS. I think that's what you ought to shoot at. There's some people in this room that have a far greater cost of production

than I do, because of area, because of weather, maybe varying from time to time. And there's so many variations in this from south to north Alabama, until mine would look entirely out of proportion. You know, you read all kinds of articles about what it costs to make a pound of cotton, just like you do about hogs, or cows, or whatever.

Senator ALLEN. I believe the committee's figures are around 53 cents a pound on cotton, is the average cost of production.

Senator MIMS. Well, some of my neighbors have a cost of—to give you an example, of 10 cents above mine, which would give you 56 cents, but they have other things, that I don't have.

Senator ALLEN. Well, it is not your thought that the Government should underwrite a profit for the farmer in his operation, but to protect him against economic calamities, is that correct?

Senator MIMS. That's right. We've got to keep growing. If we ever get to where we can't keep going to where we can't keep going back and grabbing a new hold, we're going to be in big trouble, and that is the thing that has kept us and inspired us, is the fact that we, you know, we always feel like we can just grab on again and go.

Senator ALLEN. That's right.

Senator MIMS. And the second part of my little inspiration about what to do about preserving against disaster happening tomorrow, would address itself to some type of program in which the U.S. Government would be willing to involve itself in some irrigation efforts. Now, to what extent, and in what manner this would be, I certainly am not in a position to say, but I believe this, that what's happening right this minute in certain areas of this country, a lot of people who think it just falls in a can, or falls in a sack, are in for a rude awakening. Because we could be stretched out across this country in a drought for an extended period of time. And we have water, and I think that we must start now to be ready, to prepare ourselves for this, or else we've got nobody to blame but ourselves. The water is under us, in many cases near to us as we walk about. And a lot of people would possibly laugh at this. But we are not talking about whether people laugh, we're talking about whether we're able to provide for the people and that's basically about all I care about. You know, your grandchildren and the youngsters coming up, if we don't have a little foresight sometimes, then they could suffer tremendously.

Senator ALLEN. You are thinking of some sort of cost sharing program on irrigation?

Senator MIMS. I don't really know. I just raised the question, and maybe somebody else can elaborate now or expound on it, or add to, or whatever. But I do believe that with accelerated or expanded grain-handling facilities on the farm, with the proper educational program for the farmer to know how to do the things necessary to keep his grain in top quality. I have seen some of this. I've seen a man put it in one, didn't know anything about it, and he didn't believe what somebody told him, and he messed up, the worst mess you've ever seen. They had to take dynamite to get it out of there because it turned black and all kind of shape and stuck up there and he couldn't get it out. He lost most of it, so he had a very bad kind of a situation. And that's the reason I insisted that some type of

instruction go along with it, if a man qualifies for a program through the ASC. Put some more money in the ASC grain-drying program, that's No. 1, I think, we need. And also, to go into the irrigation field at some level, by some method, and I don't know how you would handle this, but I would certainly ask you to put it at a high priority, because we could very well dry up.

I got in the cattle business in 1954, and 1955, and 1966, because of another man's problems. Because everybody was dumping the cows because it was dry out in Texas to the Carolinas, and even beyond. We are not beyond that happening here, and there is no need for us to sit here and moan at the last minute, when it's too late, and act on a crisis basis about water when we are just walking about on plenty of it if we just get busy after the problem.

Senator ALLEN. I see you have some interesting figures there. Have you got a figure on your cattle production cost per pound?

Senator MIMS. If I didn't grow cotton, I couldn't grow cattle. I tell you, we use our—

Senator ALLEN. You make on cotton what you lose on cattle, is that right?

Senator MIMS. We use our cotton land to run most of our cattle through the winter. And without this, we just—we gain some benefit and some residual fertilizer—but without the cotton program, we couldn't have a cow program. Now, a few years, we have made some money with the cow business, but we are in tough straits right now. And I think this would be the case with everybody. We fed more feed this winter than in the past 5 years, we have fed very little hay, or no feed, absolutely no feed other than hay and very little hay, but this year we have made up for it. We have fed just about everything we can get our hands on, and we have every year continued to add to our haypile and built two or three new barns. But we are just about to empty all of them, because we didn't get too much grazing this winter. We're getting them back out on the fields now, it is beginning to grow a little bit.

But the hog business, it is up-again, it's off-again, it's on-again, that kind of thing. You know, sometimes you do and sometimes you don't. It goes and comes so fast, we have a few good months and a few bad ones. But again, we like to grow hogs just like we like to grow cotton. How long we'll be able to grow some, when it gets to where, you know, a few months back, we had a situation where, we always try to as near as we can, keep everything on a separate sort of a basis as much as possible. But it got to where the hog business was getting over in both hip pockets where everything else was getting.

Senator ALLEN. The price got up so high that they started producing more and more. Everybody got in the hog-raising business.

Senator MIMS. And the cost or the input remained very high at the same time the price of hogs came down.

Senator ALLEN. Well, for a time there, was not the cost of hogs well above the cost of cattle and hasn't it now gone back below?

Senator MIMS. It's lopsided there, really got out of kilter, I'd say.

Senator ALLEN. It's back in its traditional relationship now, isn't it, or very near it?

Senator MIMS. Well, I haven't sold any cattle, because the last time I noticed on the market, they were so cheap and mine were so poor that I didn't figure I was qualified to sell any. But, I think that about covers all that I need to take up your time with Senator, and I appreciate very much your allowing me to be here.

Senator ALLEN. Thank you very much, Senator Mims. Your testimony was excellent. We were honored to have you with us.

Governor WALLACE, would you come down, please. Governor WALLACE, you have always been kind enough to respond to our request that you appear before our committee hearings. I think one of the finest statements that we have had throughout the country on the subject of rural development was the fine testimony that you gave before our committee, our Agriculture Committee hearing, here in this Chamber a few years ago. You always enunciate the desires, and problems, and needs of our farmers and you, speaking for Alabama State government and the people of Alabama, have always been able to put the farmers' needs, and problems, and aspirations in proper focus. As I have explained, this testimony will be part of the overall testimony before the Senate Agriculture Committee on the shaping of the new farm bill. We brought the committee to Alabama, in order that more Alabamians can have an input into this important subject that has such a major impact on the lives of our people. So, we are delighted to have your testimony, speaking as Governor of Alabama, and speaking for the people of Alabama in this area. We welcome your testimony.

STATEMENT OF HON. GEORGE C. WALLACE, GOVERNOR, STATE OF ALABAMA

Governor WALLACE. Well, Senator Allen, I want to say again, as I have said before, we appreciate very much your being here as a member of the Agriculture and Forestry Committee to take testimony of Alabamians regarding the prospects for extending the present farm program of which you play a splendid role, in seeing from the past. I have written a statement, Senator, that I am going to file with you, which is brief, but I think to the point, regarding the attitude of Alabamians toward the future farm program as they envision in their minds, and hopefully they will come about.*

But first, I want to say that I am appreciative of your coming back to Alabama, as you have, I know, been back a number of times. You have already taken testimony, I believe, in North Alabama, in Dothan, and now here in Montgomery, and I would say that both everything that has been spoken before your committee I would be willing to adopt and accept as my own. I don't say everything, I was telling Maston Mims, I'd adopt most of what he would say except as a Senator. Being a Senator though, I have to look it over pretty carefully, but I would say, generally speaking, Senator, those that are appearing here today, I would adopt their testimony as my own, because we have a number of farm experts and forestry experts here that I see present, who have been, of course, active in all phases of agriculture, not only in the matter of administration of policy at the State level and Federal level, but also the producers themselves. So, I'm sure that I can add nothing new to the support of the farm legis-

* See p. 339 for the prepared statement of Governor Wallace.

lation, other than as the Governor of Alabama, in that regard as supporting that which has been already spoken by those who are experts in the State. But I did want to say also, if you will just pardon this personal remark about you, Senator, that I have so much confidence in your representation of Alabamians and the Senate of the United States that your representation of farm people of our country, and those representatives, not only of farm, aspirations of farm people, but also the aspirations of the average citizen of this country. Because I think you have been one of the finest U.S. Senators that Alabama has ever had. And I don't mean to embarrass you by saying that here before you, I think that's concurred in by everyone here and by an overwhelming majority of Alabamians. You know that I've told the people that I hope that you will remain a member of the U.S. Senate as long as you want to remain, all of the rest of your life. And I will put it in the bank and take whatever your decisions are about matters of policy that effect the future of this Nation and the free world as much as any one man I've ever known in that particular body. And I think you know that I know all those in that body. But I've had experience given to me by the people of Alabama that allowed me to come in personal contact with all the distinguished members of that deliberating body. And I know most of them on a first name basis, as you know, and I'm very proud that you stand right there, among the tallest of all of them.

Senator ALLEN. Thank you very much. You are most kind.

Governor WALLACE. I think it's very evident that you're going to have even more testimony here today, but I think we kind of overlook the fact that agriculture is becoming more important, not only to the survival of the free world, but really as a matter of those nations who are undeveloped. Not that I advocate the complete giveaway of all of our resources, which we cannot, but the most important production that can be rendered by this country, and one of the reasons that most of the world is alive today is because of the efficiency of American agriculture. And I would hope that the Communists would recognize, this is so very important, and that we spend probably a smaller part of our tax dollar, smaller part of our earned dollar for food than any people in the world. But this, in itself, is very important, because it is a test of not only the free enterprise system that exists in this country, but also the fact that Government itself has, in most instances, involved itself in the policies mainly supported by the majority of our people in agriculture. But I just want to tell you that I support the program that you support which is, I believe, an extension of the program for another period of 5 years.

I do know that I would like to briefly state that we have talked about forestry, or the other witnesses have, forestry, cotton, peanuts, soybeans. All of these, in every phase and aspect—cattle. Of course, the matter of peanuts, there has been some mention on the part of those in the Congress and some regions of our country to destroy and do away with this most important program, that I consider an important program, especially for people of my particular region. That won't affect people of all the State. And, therefore, I am sure that you are going to lend your assistance, to see that that particular program is not emasculated by some of those who would like to emasculate it.

I conclude by saying that, really I've said nothing too specific, except to say that I do support extension of the present program, that I believe you are a cosponsor of legislation, along with Senator Herman Talmadge of Georgia, that I believe would be in the best interests of the farm people of Alabama and the Nation. And I want to thank you for your support and active interest in this program that is so important, not only to us here in the United States but the entire free world. And, therefore, I will file this testimony without boring you with reading it. And again say that I would like to adopt the testimony of the fine people who are assembled here today and speaking on behalf of agriculture and forestry. Senator, again, thank you for coming to Alabama and we appreciate the splendid job you're doing for our people.

Senator ALLEN. Thank you very much, Governor Wallace. We are deeply grateful to you for your fine expressions, your statement of support of the renewal of this bill, and we certainly appreciate your most generous personal remarks. You, the Governor of Alabama, have done an outstanding job for the people. We know of your concern for the agricultural economy of our State and our Nation, and your interest in the farmers of Alabama and those connected with Agriculture. We think it's only fitting and appropriate that you appear before the committee and we appreciate you recognizing the role that you play as Governor, and the weight that your recommendations will have on the renewal of this bill. We have found general support throughout the State, among Alabama farmers, for renewal of the bill. Some slight difference of opinion about several of the items, but by and large, there is uniform agreement, unanimity among our farm people, on the need for this bill, and for the support of the bill. Your statements, your prepared statement and your extemporaneous comments, will become a part of the record. I stated earlier that I was going to call on the Agriculture Committee to have a transcript of the hearings bound as one volume, that is the Alabama testimony on this subject. I know that the testimony you have given will be a great value to the committee in shaping this legislation. We always appreciate your contributions so very much, and we appreciate your willingness to respond to the needs of our people. I will say that I am deeply grateful to you for the fine support that you have given my efforts in the U.S. Senate. This has enabled me to proceed with a confidence that I am acting in accordance with the wishes of the people, because I feel that you, as Governor of Alabama, occupy a prominent role in expressing the public opinion of our people. I am deeply grateful to you for your cooperation and support that you have given us. We also appreciate you allowing us to have this office in the State Capitol. I understand, have been told, that I am the only U.S. Senator who has an office in his State Capitol. Most of them have their offices in the post office buildings or Federal buildings. But I recognize the need of cooperation between the State government and the National Government. We feel that our office here, Mr. Tom Coker and Mrs. Marsha Goldwin, that we have, through this office, rendered a service to the people and to the State government. I want to say that the cooperation of our office and the Governor's office has been most pleasant indeed. Thank you very much, Governor Wallace.

Mr. Wilson, come around, please.

STATEMENT OF E. H. "HAM" WILSON, EXECUTIVE VICE PRESIDENT, ALABAMA CATTLEMEN'S ASSOCIATION, MONTGOMERY, ALA.

MR. WILSON. Thank you very much, Senator Allen. Thank you so much for letting us come and visit here today, and I want to concur with everyone who said what they said today. We want to thank you for the great job you do in helping us in agriculture in Alabama. I don't know of any State that has a more competent Senator on the Agriculture Committee, who listens to the people more than you do, and I want to say that on behalf of the cattle industry, to whom I address myself today, we appreciate so much all that you do for us.

SENATOR ALLEN. Thank you.

MR. WILSON. First of all, Senator, I want to say a few words about agriculture and farming in general, and especially beef cattle. We are concerned tremendously with the image that agriculture and cattle have in America today. No industry, to my knowledge, in my lifetime, has been more cussed, more discussed, and more maligned than has agriculture. We are concerned that the consumers, and the politicians, and the labor unions have subscribed to a cheap food policy. And we feel very strongly that our Secretary of Agriculture should be a strong, vocal spokesman for the farmer. He should be strong and vocal for the farmer, just as the Secretary of Labor is for the AFL-CIO and all the labor unions. And I think that this is something that we can do. In my opinion, the State Department and the Defense Department have more to say about agricultural exports and imports than does the Agriculture Department. And I hope that some day we can get agriculture back in the Agriculture Department and get it out of politics, so that we can all go back to farming in a productive capacity where we are going to be able, and we are going to have to feed the world. The cattle business has been good to everybody in Alabama. The last 3 years, of course, we have had a tremendous disaster. No industry, I am sure, in Alabama has been more affected than has the cattle industry. I'm sure that General Motors and Ford Motor Co. and General Electric, if they had had the drop in equity that the cattle business has had, that they would probably be out of business today. But, as some of the cattlemen say, we're just going to keep on farming until the money runs out, and then we'll borrow some more. But we've got to have a profit. I agree with Senator Mims, profit is not a dirty word with the cattlemen of Alabama or agriculture. If we do not have a profit, where are we going to get the people to produce the food and fiber. As I say all over the State, Senator, everybody in Alabama and America is for good food, everybody is for good roads, everybody is for safe prisons, everybody wants fine mental hospitals, everybody wants fine mental health care, but if they don't have anything to eat, all of that goes by the wayside. And so, I say to you that we need to get the image of the cattle and livestock and of farming in general, people take for granted that you have to get up at 3 o'clock in the morning and milk a cow. They think—the consumers of America, we realize it, live in the very metropolitan half a dozen cities in America, contain more than half of all the consumers in this country. But they have no conception

of what we have to go through to produce a bale of cotton, or a watermelon, or a tomato, or to milk a cow. They think all you have to do is go down to the local supermarket and pick it up. And we've been giving our side of the story on page 96 of the Wall Street Journal, and the little lady who boycotts and wrecks a \$90 billion industry gets on the front page. And so we think it's time now that our side of the story ought to be told, and the best way we can tell it is through our people in Washington. I don't recall ever seeing a farmer come out of the White House with the President on a visit, and every night, practically, I see some business leader, some labor leader, some foreign dignitary come out, but nobody ever seems to think about the farmer enough. And this is what we're concerned about. We're concerned about the energy policy. If we can send a man to the moon, and build an atomic bomb, I'm convinced we can build something to run an automobile without fuel. And if these people want our food, then we ought to swap it for oil and have a little bit better swap than we do, because they've got to have our soybeans and cotton. We subscribe to the farm policy that you have advocated. We think that farmers must have some type of protection, and you know it's been wrong, support of the cattle industry would be against any direct controls or subsidies. We tried it. We told them, back in 1973, when they put the price controls on beef, that it wouldn't work and it would wreck our market, and it did. And hopefully, we've learned our lesson on that, and we don't want any aid, or disaster aid, of that type. I was amazed, this past week, at our convention where we had some thousand cattlemen, representing every county in the State and we took a poll in our directors' meeting about disaster aid, or aid, or this. We went through that several years ago, where we gave corn away and things like, most of our cows wouldn't eat it. And so we decided the best thing to do, we'd just try to work it out ourselves. There's not anything wrong with the cattle business, except we just had too much cows, too many, we just couldn't consume them enough. It was our fault, we learned our lesson. We declined the cattle numbers this year in Alabama about 17 percent, we grew faster than anybody else, and you're going to continue to grow faster in Alabama, because we've got the natural facilities, the rainfall, and this is going to be the new cattle area of America, this Southeast, from east Texas on into the Carolinas and Virginia, I'm convinced of that.

About three things I want to mention to you on your committee, and I hope that you will be alerted to. One is the Meat Import Act of 1964, which curtailed the amount of beef coming into America. We are the dumping ground, we're the biggest importer, we're the biggest producer of beef, we're the biggest importer of beef, excuse me, in the world, and we have no—we know we can't cut out imports altogether, we know that foreign trade is a two-way street and we are not trying to do it. But we do have an import law that does limit the amount of beef that can come in, and we hope that you will continue. There are, we understand, going to be some attempts made to amend or even to do away with that law, and I hope you will strongly—and I know you will—vigorously oppose that bill. We also are concerned with national use planning of land. Our cattlemen

and farmers own, of course, an abundance of land in Alabama, and naturally we'd be concerned with land use. And I want to say to you that we oppose all types, any type, of government land use planning, unless the last veto power is in the hands of the local government in the States. There should be no Federal veto power at all.

The Consumer Protection Agency is another agency that we don't like. They would just about, in my opinion, put the farmer out of business. The EPA, they've done away with our DEX, they've done away with our DDT, they're doing away with all of our insecticides, and they won't listen to what the farmers or the research people are saying, they've got no more impact, in my opinion, than do our agricultural colleges, and they are the trained men who know pesticides. We can't run agriculture in America without insecticides. I don't say that we shouldn't be careful, we certainly should be, but we ought to have—the farm people ought to have more input into what is going to be done than some little agency in Washington that has never been on a farm that say strike this insecticide without having the proper credentials. We do away with farming, of course, we are going to do away with the other insecticides. And then, the Packwood bill, the foreign meat inspection. The meat coming into America is supposed to be wholesome. It comes in frozen packages, and it's really in competition with our cows. We've spoiled everybody in America, we eat 5,000 of those choice steers that everybody eats now. But we're getting back into a hamburger market again. Forty percent of the total beef eaten in America today is hamburger, McDonald's, Burger King, Jack's, they have revolutionized the beef business. How long that's going to be, I think we're going to have to revolutionize our cattle industry. And in the South, we may be producing a grass-fed hamburger type cow. Because that's what it looks like everybody wants to eat. And so, we need this Packwood bill. It's already been introduced in Congress, you have already approved it out of your committee. I hope that it will not be necessary for you to have other hearings on it. I hope you all will go on and report it out of committee. This Packwood bill requires all foreign beef to be tested for insecticide residue, to be required to be inspected just as our beef is in America. And that's not asking too much, I don't believe, to protect the cattle.

One other thing I want to address myself to, is this "Good Morning" show on TV the other day. Senator McGovern, Senator Percy, Senator Dole, and Senator Kennedy, had a lot of scare tactics about the recent report of the Senate Select Committee on Nutrition. Now, they suggested that there should be a cutback in meat consumption, because it's not good for you. Now, those facts have not been validated, we've got the same facts that say beef is good, is not going to hurt you, and I hope that you will speak out to that and read some other reports. And I deplore these Senate committees that will get up and try to wreck an industry like that. I think, I understand now that you all have done away with that committee, or give it one life or one more year, I think, and I hope that you will cut that out altogether and just see what you can do on that.

Those are my feelings, representing 16,500 cattlemen and 2,900 Alabama cow bellies for a total of about 20,000 people, who are

engaged in business. We have had some tough times, the cattle business has been good and we have made money in the cattle business. We haven't lately, but we're not going to let it kill us, we're not going to let it die. This past year, we sold more cattle in Alabama than we ever had. We slaughtered over 400,000 of our own brood animals. That's going to cut production down substantially. We sold about \$240 million worth of cattle. So, cattle is a big business, tremendous industry. You take money invested, land use, cash income received from the sale of cattle each year, you will find it's about a billion dollar industry. So, it's nothing—and we join with these other farmers here, in saying that we do need a farm program, similar to what you advocate and Senator Talmadge, with probably minor changes. Each commodity would have a change and so forth, and I'm not going to get into that, because my specialty is in the cattle business.

It is good to be here, and thank you so much for letting us come and present these facts to you.

Senator ALLEN. Thank you very much, Ham. I tell you, talking about the image of the cattle industry, I don't know how long you talked, about 12 minutes, but, if you had a TV camera on you there, and they made a record of that and run it on prime time throughout the country. I think you would have people thinking favorably about the cattle industry. I should like to urge the cattlemen to continue with your program to enhance the image of the cattle industry. Certainly I am going to cooperate with you every way that I can, to counteract the propaganda activities of these who unfairly attack our domestic cattle industry.

I recall very vividly, when the creation of Senate Select Committee on Nutrition came up before the Rules Committee on which I serve. Proponents of the committee came in under a promise that the committee would be set up for 1 year only. They made an ironclad commitment that it would be in existence 1 year. Well, at the end of that year, they came in again and, of course, requested an extension of the life of the committee. I was against it when they set it up, and I was very much, even more against it, when it came up for renewal. We told them that they had promised to just be in existence for a year, and what about it. Well, we need 1 more year, they replied. So, the Rules Committee, over my objections, gave them another year of life. That's happened for 4 straight years, each time, the proponents wanting another year. But the last time, they did not talk about limiting at all, because they had built up such a terrific staff and had carrying on such widespread activities that they felt like they could win out on any vote there in the Senate on retaining the select committee. They have built up a staff now of over 40 staff members, and I believe that's about four times as big as the entire Senate Agriculture Committee, is it not, Mr. Giltmier?

Mr. GILTMIER. Yes.

Senator ALLEN. Happily, the select committee was folded into the Agriculture Committee, and by action of the Senate, under Senate Resolution No. 4, but at the last minute, this was right before resolution was passed, they came in, and while they set it up as a subcommittee of Agriculture, and they gave the committee another

year's life. I protested that on the Senate floor, but they went ahead and gave them another year. Rest assured that I am going to do everything I can to hold them to this year this time. Some of the matters you were talking about, I might comment on. Certainly, the Packwood bill, I feel, should be passed at the earliest possible moment. That's going to be one of my legislative objectives in the 95th Congress, to see that a bill relating to beef imports does get out of the committee and placed on the calendar at the earliest possible date. Certainly, we do not want any expansion of imports of beef. If anything, we want to make the law tighter rather than to relax the statute.

On land use planning, I certainly feel like that ought to be under local control, and I fought all efforts up there to pass a Federal land use bill, and we have had many efforts to pass land use bills under one guise or another. If we beat them back under one guise, they pop up somewhere else with a different name, but they all still mean the same, namely, Federal control of private property. Of course, you know my opposition to CPA, the Consumer Protection Agency legislation. I first started out against such legislation in 1972. Senator Sam Ervin and I were able to have some extended debate on that and the Senate was not able to break that filibuster. We have been able to hold it back now for 5 years, which is really quite an accomplishment up there, when you consider that some of the liberal pressure groups making CPA their number one legislative goal.

I certainly want to commend you on the image that you do have as cattlemen, as being rugged individuals, supporting not only with words, but with actions, the free enterprise system. Bill Brown testified over in Dothan, and he told of the action of your board of directors and resolutions that you passed at your meeting. Bill addressed two areas that he thought we should move on. And they are, more research, and more land conservation. Certainly, I feel that both of those areas will receive good attention. We do recognize the problems and want to help in every way we can, not only in legislation, but in helping you carry your case to the American people. Thank you, Ham.

Mr. Ivey and Mr. Baldwin, from our pesticide institute, will testify jointly. Will you come around, please, gentlemen.

**STATEMENT OF VAL T. IVEY, PRESIDENT, AND BILL BALDWIN,
LEGISLATIVE REPRESENTATIVE, ALABAMA PESTICIDE INSTITUTE**

Mr. IVEY. First, let me say, Senator Allen, we appreciate very much the opportunity to come before you today and share with you, and express to you, some of the views that are shared by the Alabama Pesticide Institute. I have a written statement I'd like to submit at this time.

Senator ALLEN. That will be inserted in the record.*

Mr. BALDWIN. And I would like to give you a brief summation of what contents are contained in the statement. Let me say first, that the Alabama Pesticide Institute is an organization that is composed

*See p. 316 for the prepared statement of Messrs. Ivey and Baldwin.

of some 132 active members and some 42 company sustaining members, that all are actively engaged in the demonstration, the research, and the marketing of pesticides in and around the State of Alabama.

Senator ALLEN. Now, you represent pesticide applicators throughout the country, but do you represent any of the manufacturers of pesticides?

Mr. BALDWIN. Yes, sir. Our organization is primarily composed of the basic pesticide manufacturers of chemicals, the aerial applicators, and the distributors of pesticide products in the State of Alabama.

Senator ALLEN. In other words, it would be national companies, as well as local companies, but national companies which are in the business of producing pesticides, is that correct?

Mr. BALDWIN. That is correct, yes, sir. The Alabama Pesticide Institute feels, Senator Allen, that over-regulation of pesticides has virtually buried the Environmental Protection Agency in paperwork. This paperwork that was mandated by Congress has resulted in the interruption of registration of new and existing pesticides today. Without these registrations, without this registration process, of course, new pesticides cannot get to market. And, of course, the result—the effect will result, very shortly, even in 1977, in what we feel will be inadequate crop protection, less efficiency in agriculture, and ultimately higher food and fiber prices to the consumer.

Today, key products such as Endrin, EPN, Toxaphene and Sevin, and most or practically everyone in this room is very familiar with Sevin, are in serious jeopardy of being removed from the market. In fact, there are some 40-odd products that are up for review by the Environmental Protection Agency very shortly. And I dare say that these products, if they are removed from the market, could leave the farmer defenseless in the protection of his crops in the near future. And I do feel like, I don't want to take anything away from the farmer, but the Alabama Pesticide Institute feels that the average farmer is really unaware of exactly what is taking place and how it is going to affect his livelihood. Now, the Alabama Pesticide Institute feels that there is a definite need to change section 3 of FIFRA, as was recommended by the State-Federal FIFRA Implementation Advisory Committee, better known as SFFIAC. This was printed in the Federal Register on June 30th, and we support fully these recommendations and would be most appreciative and suggest that they be reviewed. We feel that the authorization for funding of FIFRA should not exceed 1 year, thus not beyond September of 1978, and we would request that the de la Garza subcommittee withhold hearings and consideration of any amendments to the FIFRA until after action on the farm bill has been completed.

What I'm really saying, in down-home terms, is that we would like to see legislation passed that would put more commonsense into the rules and regulations of the Environmental Protection Agency. We would also like to see more scientists, more agricultural scientists, placed on the staff of the Environmental Protection Agency, and remove possibly some of the staff lawyers that we have on the ledger today.

I appreciate the opportunity to make these comments.

Senator ALLEN. Thank you. We appreciate your being with us.

Mr. BALDWIN. Senator Allen, we have a joint statement, and I just have a few remarks that I'd like to make, that might bring some of the problems we're facing a little closer to 1977. We are extremely concerned about 1977. We feel that products on the rebuttal presumption list right now, 40 or better products, some of these are really going to cause a real problem for farmers if they are canceled. He is depending on us, as formulators and suppliers of pesticides to protect his crops. The EPA is on the brink of removing products that can cause the farmer serious trouble in 1977.

To give you an example of one, to be exactly specific, is EPN. This product is the only widely tested insecticide that is left to control tobacco bud worm species which is becoming one of our worst insect problems the cotton and soybean producers face. EPN is also approved for corn. And all of these crops including cotton, are food crops. I guess a lot of people really don't think of cotton as a food crop, but cottonseed meal is very much so, in the cattle business and various livestock producing industries; also soybeans, very much so in human food and food for livestock. This is the thing that concerns us, the problem of EPN differs from other pesticides on the list because the tolerances on EPN are threatened to be removed at this time, I mean, it can happen any day. With the voluntary removal of Galecron and Fundal used for control of the worm species in past years, we have left only EPN used with methyl parathion as an effective, proven controller of this insect. With the removal of tolerances, it's going to remove EPN completely from the market leaving the farmer defenseless in protecting these particular crops. We feel that something should be done immediately in this regard, to help relieve this situation. EPA, we feel, has failed to weigh the value of pesticides. They're looking, we feel, too much at the harmful aspect and nothing at the helpful aspect. I don't believe we can name a product that is available, medicine, or anything imaginable, that there is not some harmful effects that can be derived from that product.

We feel that the EPA is being a no-no type organization, strictly a regulatory agency. We feel this is wrong, in that they are administering FIFRA to control pesticides for agricultural use. EPA is dedicated to cleaning up the environment and the thing we need are acceptably safe compounds to protect our crops, so we can feed America and the world. We have never known in America to feel hunger. Maybe some people have, a small percentage of our population, but we are a well-fed Nation and we are helping feed the world. In 1977, we can have a turn-about. We can have a deficit in food supply, and we could be importing food rather than having food to export.

We feel that, as far as balance of trade, our deficits can be reduced by the sale of agricultural products. We feel that it's our last source of correcting this deficit. Something that I feel, and our industry feels should be considered is taking FIFRA out of EPA and establishing, say another agency, either to handle it strictly, on its own, or either put it back in the USDA. We just feel that it should be in a food production agency, rather than a regulatory agency.

Another thing that concerns me is section 208 regarding point and nonpoint run-off. July of this year, 1977, there can be absolutely no run-off, say from one of our production plants or from any storage area that stores any type of toxic material. By October of 1978, the nonpoint section comes into effect, and that's speaking of the farmer. For example, if he has fertilizer applied to his field adjoining his neighbor, or cattle waste near his land line and a rain comes and washes this, regardless of how small an amount, onto his neighbor's property, he's in violation of the law and is subject to serious penalty. We don't anticipate this type enforcement being carried to this extent, but to enforce this type law is, in my estimation, about like us calling the weather bureau and telling them that we absolutely are not going to have any storms for 1977, we had our share last year. It's an act of God, and the facts are here that we just absolutely cannot control. I can't see writing laws that are strictly irrelevant and there are absolutely no chance to enforce.

Senator ALLEN. I believe that is actually the Clean Water Act.

Mr. BALDWIN. Yes, sir.

Senator ALLEN. Section 208 of that act—

Mr. BALDWIN. Yes, sir.

Senator ALLEN [continuing]. Is the same thing.

Mr. BALDWIN. I want to say one brief statement in closing, about the oversight hearings. We feel that the full Senate oversight hearings should be held and we hope it will be done real soon on these products, so that we can get some decision as to what we can do.

And we appreciate, I'd like to say, sincerely appreciate your time and you giving us the opportunity to express ourselves.

Senator ALLEN. Thank you very much, gentlemen, you made a real fine statement and it certainly will be of benefit to the committee as it makes its deliberations. Thank you very much, gentlemen.

Mr. E. C. Allen, would you come up, please. Ed, we appreciate your coming before the committee, to give us the benefit of your views and your expertise.

STATEMENT OF ED ALLEN, PRESIDENT, ELLIS IMPLEMENT CO., CENTRE, ALA.*

Mr. ALLEN. Thank you, Senator. I appreciate the opportunity to offer this statement and appear before your committee. Before I get started, I would like to add that I appreciate the fact that you are a Senator who is not a recent convert to the idea of bringing Government to the people, as this seems to be the vogue of the time. I'm wondering how some of these are going to last. It will be interesting to see. We do appreciate the fact that you are working hard to make our Government more responsive to the people, even though it hasn't been a very popular cause. The people of Alabama appreciate this. I have told you this on the floor and up in your office.

I'd like to begin by stating that my name is Ed Allen, and I'm a farm equipment dealer who represents the small agribusiness dealers in northeast Alabama. We think there is one thing that is of particular trouble to all of the farmers—this is the lack of stability

*See p. 316 for the prepared statement of Mr. Allen.

from year to year in their operations. They have so many ups and downs and pitfalls. I have a prepared statement I'd like to give you for the record.

Senator ALLEN. All right, sir. Fine.

Mr. ALLEN. I would like to make some brief comments on it. I know that the instability has affected everyone in the agricultural community, it affects the barber, it affects the grocery store, it affects me, and it affects everyone connected with business. It even has a little effect on the jingling of the coins in the plate on Sunday morning at the church.

For my 30 years in business, I have been active in the National Farm and Power Equipment Dealers Association, and have had the privilege 4 years ago of serving as their national president. In traveling over the country, I found that our problems are no different than those in other parts of the country. They have this same problem of uncertainty. There are certain things that cause this uncertainty which you have mentioned here this morning. You have acts of nature, weather, storms, insect infestation, prices. My basic belief is that farmers themselves are sincere, honest, hardworking people. They are fiercely independent: they like to have the opportunity to make their way, but some times things come up that prevent them from making long-range plans. I think we need to establish a program of making long-range plans. I understand, although it is not official, that you will be chairman of the Subcommittee on Farm Credit, or Farm Financing?

Senator ALLEN. Farm Credit and REA, yes, sir.

Mr. ALLEN. Well, this leads exactly into what I would like to say. If a farmer who is willing to take his ups and downs, is given the chance, I think, he can make another crop.

He has faith in the good Lord, and if the good Lord smiles on him, he can make it back. We had this turn down in 1966, 1967 with a freeze. By hard work and ingenuity, most of the farmers recovered from that. It was a long, hard struggle, and it really shouldn't have been this hard, if there had been some interim financing that they could have gotten to carry them through their year. You can understand the reluctance of the small country bankers to continue to put money into a crop where the man didn't make it one year and he has to go the next year. I understand that there is a vehicle for this in the Rural Development Act of 1972. The act has been in effect for some 5 years—but has been used very little. The number of cases that have been used in this particular loan procedure is just infinitesimally small. I'm sure you are acquainted with the fact that the local bankers handle the loans through the Farmers Home Administration. In our opinion, we think that the people who have the pulse on the farmer is the local bankers. He knows the man inside and out, and when he gets to the point where he can't go with them, then he needs somewhere to go. Under the present regulations, with the extremely low interest rates, the low amounts of the loans, and the inability to pass this loan on to secondary financing institutions, he has been prevented from using this. I hope that in your position with the Farm Credit, that something can be done to alleviate this. I do not know whether this should come under the farm bill or under another bill. We leave it up to your judgment to put it where you think that it should be.

Senator Mims was speaking earlier about putting storage on farms, which happens to be one of my lines. We have had a lot of difficulty with the restrictions that the ASC plan has placed on grain storage. No. 1, a year or so ago, they increased the downpayment from 15 percent to 30 percent, which makes it a real burden to pay 30 percent down, and then in the fall make another payment, whereby you end up paying more than half of your construction in the first year. Another restriction they put on them was that 2 years grain storage capacity or production was reduced to 1 year's grain storage production, in determining how much you could actually borrow. If this was put back to where it was about 3 or 4 years ago, it would be much better. The dollar value that they will lend is extremely small, only \$25,000, and when you are speaking of, as they were talking earlier about the price of cottonpickers, the price of storage for grain has gone up and it would be something in the neighborhood of \$1 to \$1.25 per bushel of storage. It doesn't take a very big farmer to have 25, 30 or 40,000 bushels of grain. Here he is out of a storage program. He can't use it. Under the Rural Development Act, this would be possible, but here again, the banks won't handle it under the setup that they have. I'm thinking of one particular farmer customer who was interested in expanding his storage facilities. He produced something like 55,000 bushels of grain last year. He needs to increase his storage facilities and to put in elevators and dryers which will cost something in the neighborhood of \$40,000 to \$45,000, and he has nowhere to go for the money. So, he is limited to what he can do, and this happens to be a young farmer. Something was mentioned about young farmers, and the hardships for that young farmer under the present setup to get a start. He just has to have some help, and I think the only place that he can really look for help is to the Federal Government. Not necessarily to give him something, I don't think any farmer wants anything given to him, he doesn't want any handouts, but he is looking for a fair shake, and an opportunity to do business, an opportunity to farm on a continuing basis not just 1 year at the time.

Thank you very much, Senator. I appreciate the opportunity of coming, and I have hurried my remarks because I know there's others behind me.

Senator ALLEN. Thank you very much, Ed. I do appreciate your fine testimony. It will be a part of the permanent record. Thank you.

Dr. Mayberry, please. Dr. Mayberry, we are delighted to have you come before the committee, speaking for Tuskegee Institute and for yourself. We look forward to hearing your testimony.

STATEMENT OF DR. B. D. MAYBERRY, DEAN, COLLEGE OF APPLIED SCIENCES, TUSKEGEE INSTITUTE, TUSKEGEE, ALA.

Dr. MAYBERRY. Senator Allen, I'm honored to have the opportunity to appear here. After reading this release of January 17 by Senator Talmadge, I readily recognize that this is a bill that, if passed, would be of immeasurable value to the farmers of Alabama, to agribusiness, and ultimately to the consumers. Of course, you have people here who are far better qualified than I am to speak on it from agri-

cultural, or let us say a farmer's point of view. I do want to make a short comment with respect to one small part of this bill, and essentially ask your help. Unfortunately, I have not had an opportunity to read the bill. I understand some copies were here, but I guess you ran out before I called for one. I do not have one—

Senator ALLEN. We will mail you a copy.

Dr. MAYBERRY. I hope to respond more fully when I have that, but a small item which I want to call your attention to and ask you for some help, relates to the short statement in the release that states that this bill would create a new charter for agricultural research. This is also referred to in the announcement by Senator Herman Talmadge. One very short statement of history here. The land-grant college system created in 1862 was followed by a very fundamental piece of legislation in 1887 which provided for research at the land-grant colleges. Subsequently, in 1890, there was passed the second Morrill Act which established the second land-grant college in those States having legal separation of the races. This piece of legislation in 1890 provided that funds, Federal and State, going to these institutions, would be made available at a rate the same as if these students were at the 1862 college. Of course, that didn't take place. We did not get funds for research comparable to the Hatch Act money until 1967, and at that time we received \$282,000, divided among 17 colleges, which ended up being about \$17,000 per campus. We continued our efforts to get research and finally, by fiscal year 1972, we were able to get \$8.6 million, which was divided among us. This has increased up to the present time, to about \$13 million, or approximately \$14 million, for fiscal year 1978.

Now, the problem. During the past 90 days, there have been several drafts of legislation overlapping the things we are discussing here today. But in each one of them, research, it seemed to be a real problem among those discussing this as to what to do we do about the historically black land-grant colleges, because so many different versions have come up. Of course, Dr. Rouse here is far better qualified to respond to this than I am, because I think he is one of the members of the Baker committee.

Some of the specific things I'm concerned about are, one, it seems that there is an effort to either repeal or transfer the 1890 Morrill Act money out of HEW into Agriculture. Now, this on its face, may not be bad and with you looking into it, it may not be bad at all. But what I'm afraid of, there may be a possibility of the loss of legislative authority to exist. Moving the money, on the surface, looks all right, but what I'm asking you, Senator, what happens to the legislative authority of these institutions to exist, because we have evidences already that when these schools become a part of the State system and in many cases become integrated, of which I am in favor, but they are integrated out of sense in some cases. Just to give you an example, you can take a look at what happened at South Carolina when you removed agriculture from Orangeburg to Clemson. And so on. So, I think these schools have a sufficiently beneficial history that efforts should be made to strengthen them such that students attending them, black or white, would no have to sacrifice quality of education. So, I'm saying, don't close but strengthen. Don't

remain a segregated institution, but integrate such that those students who choose to go there may go there, but without the loss of any authority at all to get high quality education.

Senator ALLEN. You do not want to lose your identity under the 1890 act, is that right, Dr. Mayberry?

Dr. MAYBERRY. Well, yes; that is essentially what I am saying. I'm saying integration should not necessarily mean abolition. Now, this has happened in the case of many high schools in the Nation. It is happening increasingly with the colleges, and I'm speaking for the 17 Southern States which have these colleges. Really 16 now, since we lost West Virginia. But all I'm asking you to do is, as you come up with research programs, try and do it in such a way that there is equitable distribution of the funds. Now, we have enjoyed a pretty favorable situation since fiscal year 1972. We receive the funds directly from the Secretary's office, under Public Law 89-102. Now, on the surface, it seems to me this is a good way to go, but if you look at the executive budget for fiscal year 1978, you would notice that everything is moved out of it except a half million dollars for competitive research and a small amount for pesticides in the black colleges. So why is it that all of the other important competitive grants being moved out of 89-102 and left alone. You see, if you get everything out of it except 89-106, everything except historically black colleges and then you repeal the act, what happens to us. Now, the alternative has caused some very heated discussions over the past 90 days, because one discussion came up, one suggestion was that these colleges should have been included in the Hatch Act, as the legislation of 1890 said they should be. But if we go on the Hatch Act, the funds have to be matched. These, I think, are as much of the Hatch Act as exists now. The funds have to be matched, then the State has got to come up with a share of the research money. Right now what money we're getting is 100 percent.

Now frankly, I'm not enough on the inside to know all the ramifications of what happens if we go into Hatch, I just don't know that. But what I have been looking at, the draft of the food and agriculture bill of 1977 which is now called the Food and Agriculture Science bill of 1977, in the several drafts which have taken place in December, January, and February, they were in on one hand and out on another. So, I asked for the final bill, I don't know whether they are in now or not. Of course, Dr. Rouse is able to speak to that, I think, because he is a member of the committee. So whether we are in Hatch is not my argument today, I'm simply saying that we ought to be in some bill that provides some relative continuity of research. Even 89-106 has a 5 year life for every act, but we want to be in something that is just as solid as the Morrill Act of 1862 or the Hatch Act of 1887. Ordinarily, I would say the Morrill Act of 1890, but efforts have been made to repeal the Morrill Act of 1890 since the early days of Nixon. I mean, when he first came in, one of his first acts was to try to repeal the Morrill Act of 1890. Now, I'm not fighting against the repeal of the act, I'm simply saying, whatever takes place in the shifting of money around or in the funding of grants for research or in nomenclature which says land-grant college, we are not excluded.

I appreciate the opportunity to be here, and when I have a copy of the bill, I shall be pleased to respond further in writing to your office. Thank you very much.

Senator ALLEN. Thank you. I'm informed by Mr. Giltmier that the February draft you speak of is a part of the Talmadge bill.

Dr. MAYBERRY. Well, I think it's quite changed—you say the February draft?

Senator ALLEN. Yes, sir.

Dr. MAYBERRY. Oh, no, I haven't seen that.

Senator ALLEN. Yes, sir.

Dr. MAYBERRY. I'm speaking of three drafts, in December, two in January, and the latest one in January I know of, I believe is January 17th. Now, what has taken place since then, I don't know.

Senator ALLEN. Well, Mr. Giltmier, if you will, address that question, please.

Mr. GILTMIER. Yes, Senator. Dr. Mayberry, the January 17th, there was a draft in February, but it was only minor changes from the last draft that you saw and they didn't have reference to the 1890 schools at all. So the draft you saw, the January 17th draft, is essentially what was included in Senator Talmadge's farm bill.

Dr. MAYBERRY. Well now, since the Committee on Legislation and Policy spent so much time with the different drafts and since on each occasion there has been reference to the historically black land-grant colleges, what does this make the status as of the January issuance, which doesn't mention them at all, therefore, what?

Mr. GILTMIER. I think your concerns are valid, the question you raised has not been addressed in the act, as I understand it.

Dr. MAYBERRY. One last thing, and this is quite personal, and I guess I don't mind speaking for my personal interests so long as there is no conflict. In the legislation which we have been getting, from fiscal year 1972 up until now, it specifically pointed out that Tuskegee Institute should be included with the historically black land-grant colleges, though we are not 1890. As I look at the January draft, there is no mention of it. But in previous bills, there is a statement which says, for purposes of this bill, Tuskegee Institute shall be considered land grant. Now we're trying to get, as many people think, because the 1893 Alabama Legislature designated Tuskegee private, they say we are private. We are a public school, named private. If that were not the case, then the U.S. Congress would not have granted us 25,000 acres of land in 1899, as a land-grant college. Further, you look at our origin, we were created by the Alabama State Legislature, not by some church or something or other. And as of today, the Governor appoints six members of our board, and Governors don't appoint members of the board of a private school. So, I just want to be sure, if you don't specifically put us in, then we may not be specifically in, when you start splitting the pie.

Senator ALLEN. Well, I will certainly bear that in mind in referring to these drafts. Now, Dr. Morrison of Alabama A & M appeared before us in Decatur on last Tuesday. Of course, he has some similar concerns, except that he does not have, I assume, the private as against public question on Tuskegee.

Dr. MAYBERRY. No.

Senator ALLEN. Dr. Morrison stated that they were in process of preparing legislation, or an amendment to the bill, a suggested amendment. I would suggest that you contact Dr. Morrison at once and make sure that these suggestions that he is talking about also incorporate your suggestions. And after you have had an opportunity to study the last draft of the bill, I would appreciate you addressing a letter to me pointing out the specific areas of your concern, because certainly we support Tuskegee, and we certainly want to see that it has every advantage that it possibly can have under the bill. So we certainly are going to work with you and cooperate with you, and I hope that you will stay in touch with us as well. I feel sure that you will.

Dr. MAYBERRY. Thank you very much, Senator.

Senator ALLEN. Thank you very much.

Dr. Rouse, it might be well to give us the benefit of your views about what Dr. Mayberry has expressed as being his concern.

**STATEMENT OF DR. R. DENNIS ROUSE, DEAN AND DIRECTOR,
SCHOOL OF AGRICULTURE AND AGRICULTURAL EXPERIMENT
STATION SYSTEM, AUBURN UNIVERSITY, AUBURN, ALA.**

Dr. ROUSE. Thank you, Senator. I appreciate this opportunity to appear in Alabama before you. I too have to add my compliments for the extremely fine job and deeply appreciate the leadership you are providing us, and especially as you are serving the chairman of the Agricultural Research Committee of the Senate. It has certainly been most helpful there.

There are many issues in this bill, and I will be brief, I have a statement for the record.*

Senator ALLEN. All right, sir. I will see that it is inserted in full.

Dr. ROUSE. You see from the ragged appearance of the bill that it has been used since January, when I talked to you about it. I want to say just a little about the commodities aspect, which I'm not qualified to speak to, but we do have an agricultural economics department at Auburn University, and they want you to know that they have been engaged in a study in recent months to gain opinions of the Alabama farmers concerning the commodities program and many issues related to agricultural production. They are in the process of summarizing this, and they have a series of tables that they wanted to present at this time. This is a part of a six State study, three Midwestern States and three Southern States. They have sent questionnaires to the 1,497 Alabama farmers and received responses from the farmers that expresses—

Senator ALLEN. That is very valuable, and without objection it will be inserted in the record.**

Dr. ROUSE [continuing.] To you their opinions on many of these issues, such as the commodity programs, and cost of production. Robert C. Keen at Purdue University, who is an Alabamian and a graduate of Auburn University, is in the process of summarizing this for the six State area and that report will be made available to you.

*See p. 318 for the prepared statement of Dr. Rouse.

**See p. 322.

Of the 98 pages in this farm bill, almost half concern agricultural research, as Dr. Mayberry alluded to. You know, as well as I do, that we have adequate legislation on the books to do the things in research that need to be done. The problem is, these have not been sufficiently attractive to Congress, or we have not presented the needs for agricultural research sufficiently strong, to have agricultural research funded at the level needed to do the job. So we have been diligently working on new legislation that might accomplish this. We want to do two or three things. One, to provide an image of coordinated agricultural research, and certainly this bill does that. In fact, it overdoes it. It provides for a great deal of "superstructure," but it does identify the Department of Agriculture as the lead agency in food and agricultural research, something that had been badly needed. I present arguments in my statement that point to the need for reassigning priorities in research. This Nation in 1940, allocated 40 percent of the Federal research and development funds to agriculture and food. Today, it's 1.6 percent. We have 11 percent going to basic science. Up until 1950, when the National Science Foundation was established, useful and basic research marched together, but they were separated at that time. Since then useful research, agricultural research, has declined. In the last 2 or 3 years interest has increased appreciably, I believe, and we are most appreciative of this renewed interest of the Congress in funding the research. I have a list of the percentages of funding going to research and development. You are familiar with these, but they are impressive. Thirty-five percent of the funding for research and development is in basic areas, and 1.6 percent in agriculture.

Thank you, sir. I have appreciated the opportunity of working with the staff in the Senate Agriculture Committee on development of research programs, and I will continue to do so. With your permission, I will present to them the detailed changes that I would like to see incorporated.

Senator ALLEN. We would be glad to have your recommendations.

Dr. ROUSE. In regard to Dean Mayberry's concern about Tuskegee being included, on page 22 of the bill, under definitions, it does say including Tuskegee Institute. So, it is considered as one of the 1890 land-grant colleges. There has been some confusion about legislation, because it has been approached from so many different directions. Let me say that yesterday in Washington, there was a meeting of representatives of the State experiment stations and 1890 institutions and agribusiness representatives concerned with agricultural research. It is my interpretation of their reaction, they endorsed overwhelmingly S. 275 title VIII as the basis for developing the necessary legislation for funding agricultural research. We will have, as I indicated, some suggestions for revision, but there are revisions in the matter of wording emphasis and coordination and not of the basis aspect of the bill. We have requested time on March 7th, when the national hearings will be conducted on agricultural research, to present testimony on behalf of the Nation's interest in agricultural research. I urge you to continue the strong effort that you have demonstrated in the past in support of adequate funding for agricultural research. I'd like to hand you a schedule of the hearings. You may not have seen it.

Senator ALLEN. No, sir, that's the first time I have seen it. I knew it was coming, but I had not seen it until now.

Dr. ROUSE. The hearings on agricultural research are scheduled for March 7th?

Senator ALLEN. Yes, sir.

Dr. ROUSE. I feel I must speak to title XII, the extension of FIFRA. We do need a strong EPA. We appreciate you providing a forum before the Senate Agriculture Committee for an Alabama delegation last February to present their concern before the then Administrator of EPA. I need to tell you that we have endeavored very diligently to work out mechanisms to interact with EPA since that time. It looked favorable for a few months, and the last 3 or 4 months we have not been able to make any effective contact with that Agency, well before Mr. Trane resigned. So, we are alarmed that this bill calls for a 3-year extension, which we take to mean an endorsement, in effect, of some of their past practices. We must do something, Senator, to bring that Agency back to reality so that the scientific community, the people who know pesticides, can interact with them in a formal, orderly manner. We would certainly encourage you not to grant this long extension, but maybe a 1 year or less, so that Congress can continue to keep a close eye on the methods of operation of this Agency.

Senator ALLEN. I certainly agree with you, and I certainly will make every effort to limit the term of its extension.

Dr. ROUSE. Thank you. Then finally, I appreciate what you have done in title XII, because you know Auburn University has long worked to bring the importance of aquaculture to this State and the Nation that it merits. In our opinion, the major limiting factor that is holding back the development of aquaculture in Alabama and these other Southeastern States is a responsible system that could come from having responsibility for this placed in the Department of Agriculture, along with the agricultural commodities, so aquaculturists could receive the same kind of services that are being received by swine producers and others. This I commend to you and hope that it can be passed with the bill.

Thank you for this opportunity, Senator.

Senator ALLEN. Thank you very much, Dr. Rouse, and we will sure look forward to hearing your further testimony before the full committee.

Dr. ROUSE. Thank you.

Senator ALLEN. Thank you, sir. I think we will hear from Dr. Bowie and Mr. Alton Hall before we go to lunch, as a matter of information to the other witnesses. And as soon as we have heard from them, we will recess for 45 minutes and then come back. That is as a matter of information to the other witnesses.

If Dr. Bowie would come around, please.

STATEMENT OF DR. EDWARD BRAYE, SCHOOL OF VETERINARY MEDICINE, TUSKEGEE INSTITUTE, TUSKEGEE, ALA.

Dr. BRAYE. I am Dr. Edward Braye, from Tuskegee Institute, School of Veterinary Medicine.

Senator ALLEN. Your position there at Tuskegee is what?

Dr. BRAYE. I'm head of the Department of Large Animal Medicine and Surgery.

Senator ALLEN. All right, sir. Are you going to present your testimony, or Dean Bowie's?

Dr. BRAYE. This testimony—

Senator ALLEN. Is your own?

Dr. BRAYE. Yes, sir.

Senator ALLEN. It reflects Dr. Bowie's views, I'm sure?

Dr. BRAYE. That's right.

Senator ALLEN. All right.

Dr. BRAYE. Senator Allen, it is indeed an honor to appear before this group and present these views. My position at Tuskegee Institute, of course, is in the position of chairman of the Department of Large Animal Medicine and Surgery, and in that capacity, of course, I get involved in quite a number of things that relate, basically, to animal health and livestock production. I teach a course that is referred to as large animal medicine and surgery, a course that deals basically with infectious diseases, and during the year I try to cover roughly what I consider to be 80 of the major infectious diseases of domestic animals, and in addition, I try to cover some 40 diseases which are termed minor diseases. One of my basic concerns here, of course, is in the matter of classification. We call these diseases major, because at some point in time, some individual perhaps felt that these diseases were of extreme economic importance to this country. My main point, and one of the main concerns that I have as I present my material to students is the fact that we really do not have a good handle on just how important a large number of these diseases are. For instance, it's my estimate that for no more than 20 diseases can I give you reasonably accurate figures as to just how economically important these diseases are. We do not have the figures on nationwide mortality, we do not have figures that tie in actual pharmaceutical production, we do not have figures that tie in what we might call fees paid veterinarians for the treatment of these diseases. So, one of the main points that I think that we need to critically look at in this country, really is some type of nationwide monitoring system to identify what are the major causes of livestock losses. Now, we recognize that on an annual basis we are going to have quite a number of disease problems. We no longer, of course, have hog cholera, and we are somewhat in the terminal stages of eradication of brucellosis, but here again, that is a disease and condition that we still have some problems with. So, my plea here today is to try to develop within the Nation and possibly through legislation, some increase in nationwide surveillance. That is, we really need more information on what our major animal problems are. I recently served on the national committee through the National Research Council, which deals with the world's food and nutrition study. And we completed this report back in December and it is part of the National Research Council, and I hope that the committee would actually review what we said in the report on animal health.

Senator ALLEN. I'm sure we will.

Dr. BRAYE. This monitoring system, I think, will give us, if it's on a nationwide basis, a reasonable idea as to what these losses are, and

where they occur in the country. I think it's at this point, of course, that we really need to critically look at the element of research, particularly with reference to the infectious diseases. Now, being my major field, of course, I'm much more interested in the infectious level, but I still suggest to you that there are major losses occurring at the noninfectious level. For instance, yesterday, I talked with a farmer who had lost the piglets from 16 sows, over 150 piglets. And these losses, I suppose, at some point with additional research, could be prevented. I'm talking about a problem with TGE. We do not have, at the present time, the capacity to immunize or vaccinate animals against transmissible gastroenteritis. In our own State, on an annual basis, we witness tremendous losses as a result of the treatment of animals for pinkeye, infectious keratitis. We also have really no good handle on just how much infectious pododermatitis, foot rot, is costing us. So, I think here, we have good examples of animal problems that are occurring, and there is considerable waste and money tied up in actual loss of animal weight and therapeutic procedures. And what we need here is capacity to develop what we call reasonable preventive and curative measures for these diseases. In the case of infectious keratitis, I think research is going forward and there is a good possibility that a vaccine will be developed. But the problem of foot rot, this is an age-old problem in Alabama, and I would dare say that we do not have a good measure on just how much it is costing the farmer each year. The problem of calf diarrhea is another serious problem. What is the loss, total number of calves that die each year in the State of Alabama or nationwide, as a result of this problem? To what extent can we prevent this problem through the development of new vaccines and the development of new control programs? So, these are some of the things, I think, that should concern us. In the problem of brucellosis, over in our country now, we are experiencing a tremendous problem in identifying why we can't carry this disease to its final termination. We are now seeing the problem appear repeatedly in herds. Is it related to wildlife, do deer bring the germ in, spread the germ to cattle? We don't know, but we need to do more investigation, we need to do more research.

One of the pressing problems, I think, that we are seeing now in our immediate area as our people get out and work with animals, is the problem related to forage toxicity. Ham Wilson a little while ago spoke of feeding more cattle on grass. We have seen now a greater capacity in Alabama to bale hay and store hay, but at some point, we are witnessing large numbers of animals, whole herds, actually get wiped out in a relatively short period of time through some aspect of forage toxicity. We need the capacity to identify those conditions under which hay becomes toxic or poisonous. We need to know more about grazing of land, what grasses would do well, what grasses are less apt to be more toxic. Then, I think one of the problems that has been expressed to me is the failure on the part of many people in the rural areas to obtain veterinary services. I think this, to some extent, relates back to the delivery system. How do you encourage a young man who graduates from veterinary college to go and locate in a rural area? I think this has also been a problem in human medicine. We have tried at our school to develop what we think might be a pilot

research proposal or grant, which will identify on a selection basis, those students who might have the capacity, or might have the interest to maybe go through 4 years of veterinary school and then upon graduating not thinking about going and locating in New York City or some urban area, but perhaps going back to the rural area and locating there. We hope that maybe we can get some support for funding of this particular pilot study.

I would also like to address a point that relates basically to some capacity of income that might be generated through small landholders. We oftentimes are faced with problems, trying to help what we might call low-income producers, individuals who have a limited capacity to maybe raise cattle or other livestock. We have taken a look at the role in which the goat might play. Now, I've served on a committee that's done some work overseas, and one of the points through this study in USAID is that we found that in many parts of the world, you cannot raise cattle because of the land, maybe as a result of the size of the land, terrain, the forage that can be produced on the land, might be suitable for some other species. So, what we are suggesting now is that there are perhaps people in our State that perhaps do not have the land and may not have the capacity to raise cattle. But can their state of nutrition be improved through some other endeavor? What about the possibility of maybe getting some of these individuals involved in the goat industry? It might take some time, it may take some change of social patterns, it may take some change in the individual's taste, but we feel that in some way, the role in which the goat might play as a means of supplying milk and food, and possibly income, to certain people might be of benefit. So, we'd like to see, maybe as an element of research endeavors of the act, some attention be given to this species.

One of the big problems that I have witnessed in recent months, particularly with reference to the cold, is a constant statement on the part of many farmers who say that the winter has been hard, but if they just had a means of storing some food, they possibly could have made it. So, my thought here is that if money is available for an individual to maybe fertilize pastures, and money is available for an individual to build a fish pond, what about the possibility of making money available for an individual to construct a barn where he can store some hay? These are some things, I think that farmers have expressed to me. They also talk about inability to maybe pay for services, even though the veterinarian is available, they talk about, we don't have the money to have our cattle dewormed, we don't have the money to have our animals vaccinated. I think what we really have to look at critically, and I know that some of this took place back in the late forties and the early part of the fifties, that we did have programs which in some way did provide vaccine, it provided diagnostic services for individuals. I think if we look rather critically at our immediate area, and I think to some extent in my travels throughout the United States, we do find that there are certain disease problems, particularly black-leg in cattle, parasitic problems in all species, but we find the tremendous losses associated specifically with these two problems could be alleviated if they have means to provide immunization for these particular animals.

So, I'm not here to suggest that a man who has stock shouldn't be able to take care of the stock, but I am wondering, are there, or would there be, any means through some Federal funding to provide for help. We have provided insecticide at some point to take care of fire ants, and we do have a brucellosis program. I think an immunization program for livestock certainly is something that we ought to look at. To what extent could the Federal Government make available to farmers some limited parasite assistance, some limited immunization aid. I think these are some of the things we would like to see considered. That would just about conclude my statement.

Senator ALLEN. Thank you very much, Dr. Braye. You have given a real fine statement. I know it will benefit the committee in shaping the bill. I certainly want to thank our fine school of veterinary medicine at Tuskegee. It enjoys a fine reputation nationwide for its excellence.

Dr. BRAYE. Thank you.

Senator ALLEN. I am certainly proud to have two great schools of veterinary medicine in Alabama. There are so few States that have any at all.

Dr. BRAYE. That's right.

Senator ALLEN. We have two, and I think we are very fortunate to have them. I think you're limited by a lack of funds for research, and, as you recall in the last Congress, we did pass an animal health research bill that would have provided up to some \$40 million for research in animal diseases. That bill did not become law, because of a Presidential veto, but it is typical, I believe, of the thinking of many Members of the Congress and I am confident that we will return to that subject during this Congress. I am hopeful that we will make some progress in this regard. In these hearings, I have been heartened with the recognition of the average farmer of the need for more research, not just those who carry on the research, but the need for research in a number of areas. Certainly, in the area of cattle and other farm animals, research in forestry, research in production of major crops. We have made such rapid strides in the last 10 years in productivity, but we feel that more research is necessary to continue that upward spiral, because we are going to have to produce more and more, as I see it, to feed the people of this country as well as the people of the free world. So, we do appreciate your testimony. I assure you that we recognize the need for more research in this field, and certainly we are going to be mindful of your testimony.

Dr. BRAYE. Thank you.

Senator ALLEN. Mr. Hall. Mr. Hall, we appreciate you coming before the committee, to give us the benefit of your expertise and your views. We will be delighted to hear from you in such manner as you wish.*

STATEMENT OF ALTON HALL, OXFORD, ALA.

Mr. HALL. Senator Allen, I am pleased to be here. First of all, I'd like to thank you for the work you have done, personally.

Senator ALLEN. Thank you.

*See p. 330 for the prepared statement of Mr. Hall.

Mr. HALL. I farm and operate a farm supply business in White Plains, Ala. My principal interests are in poultry, beef, and soybeans. I would like to thank you for inviting me to come here today to discuss some of the legislative needs that I see in agriculture and particularly those that we feel in the poultry industry. In addition, I would like to thank you for the interest, and concern, and help that you have given to farmers as their representative in the Senate.

The broiler industry is Alabama's largest agricultural enterprise, generating nearly 30 percent of the State's agricultural income. It is nearly 100 percent vertically integrated and controlled by large corporate interests. The producers of broilers own 90 percent of the production capacity in houses and equipment and while the ratio may vary, the producer's investment is roughly equal to that of the company in hatchery, feed mill, trucks, processing, et cetera. Producers with this ratio of investment need a tool which will permit them to participate with their company. I do not feel that this type of partnership will occur voluntarily and would ask assistance for the contract producer in the broiler industry in the form of passage of an agricultural bargaining bill, similar to that offered in the House by Representative Bernard Sisk of California.

Poultry production requires large producer investment, frequently the PCA, and the Land Bank, the Farmers Home Administration, and other lending agencies will continue to lend money for the construction of poultry houses when the production capacity in the integrator's area of operation is already sufficient to meet 100 percent of his production demands. It would be of great assistance to the contract producer and a protection to his investment if the Federal banks were required by regulation to cease lending money for new poultry house construction when integrator capacity is reached and to require that existing producers be given the right to expand their capacity when new integrator capacity is developed.

A wide variation in payment procedures and contract terms from one area of the country to another is another problem. It would be a great help to contract producers who are trying to work with their companies to have a report prepared by the Statistical Reporting Co., which reports contract terms on a State, regional, and national basis, on a quarterly basis.

Senator ALLEN. In other words, it reports what the contract arrangement is in the various areas?

Mr. HALL. That's right. Yes, sir. On a quarterly basis. Then, you know, you could know what they were doing in each area.

Senator ALLEN. Well, in a given area, do they have different contract amounts, or is it pretty uniform in a county, say?

Mr. HALL. Well, it's fairly uniform, say in one area. But in the State as a whole, it varies.

Senator ALLEN. It would vary throughout Alabama?

Mr. HALL. That's right, it sure would. The last recommendation, I would like to encourage the consideration of a revision of the Packers and Stockyards Act, to include poultry under the same administrative procedures as other livestock. Current regulations require that procedures be concluded in a court of law. This is too costly and time-

consuming a procedure, and the number of cases considered in poultry is evidence that the Packers and Stockyards Act, for all intents and purposes, excludes the broiler industry. I know this was not the intent of the law. But it is so.

Senator ALLEN. Yes, sir.

Mr. HALL. Once again, I'd like to thank you for inviting me to appear. I will be happy to assist you or your staff in implementing any of these suggestions.

Senator ALLEN. Thank you very much. Now, do I understand you to say you had your production divided between beef, poultry, and soybeans?

Mr. HALL. Yes, sir. I've got approximately 250 head of cattle, and we run about 140,000 chickens on the farm and, of course, we've got about 500 acres in soybeans.

Senator ALLEN. You've got a big operation.

Mr. HALL. We've got our hands full.

Senator ALLEN. Pretty well diversified. Now, in which area has been most profitable to you, which of these three areas, out of curiosity?

Mr. HALL. I would more or less say that the poultry. Of course, we're having a rough time of it right now with the price of gas.

Senator ALLEN. Yes, sir.

Mr. HALL. In fact, I just sold off 45,000 chickens night before last. And my gas bill on that right there, just on three houses there that was sold off, is going to run approximately \$2,500. By the time you pay the gas bill, the electricity bill, we grew the bunch of chickens for nothing.

Senator ALLEN. Well, do you have to absorb the increases in utilities?

Mr. HALL. We have to absorb every bit. The producer has to absorb it. Yes, sir.

Senator ALLEN. Squeezing your margin down to nothing, is that right?

Mr. HALL. That's right.

Senator ALLEN. What about your soybeans, has that been pretty profitable?

Mr. HALL. Soybeans, it's looking better next year than what it did this past year. But, I would say that I'm making less off my cattle operation than I am anything else.

Senator ALLEN. Yes, sir. If you're making anything, with the market price like it is.

Mr. HALL. Well, if it wasn't for the fertilizer we get out of the chicken litter, we probably couldn't recognize anything out of it, if we had to fertilize, or buy commercial fertilizer for our pasture.

Senator ALLEN. Do you have a fairly good idea of how much your production cost is per bushel of soybeans?

Mr. HALL. No, sir, I don't. I really don't.

Senator ALLEN. Does it run over $5\frac{1}{2}$, say?

Mr. HALL. I would say somewhere around five, just guessing.

Senator ALLEN. Around five. That leaves you a pretty good margin there. How much acreage do you assign to your cattle?

Mr. HALL. Well, on the 250 head that I've been running, I've got approximately 350 acres in pasture.

Senator ALLEN. Have you ever thought of putting that in soybeans?

Mr. HALL. Well, I'm thinking about doing that, but I hate to sell my cattle at the price they are right now. I am thinking of cutting them down.

Senator ALLEN. And doubling your soybean acreage?

Mr. HALL. That's right.

Senator ALLEN. That is real interesting, and we appreciate your testimony. This is the very kind of testimony that we need, from somebody that is in the production of the agricultural products. We appreciate your testimony, and I'm sure it will be of benefit to the committee. Thank you very much, Mr. Hall. We have come now to the time promised for recess, so we will come back at 1:30.

[The committee recessed at 12:45, to reconvene at 1:30 p.m.]

AFTERNOON SESSION

Senator ALLEN. Mr. Louis Anderson, please. Mr. Anderson, we are delighted to have you come before the committee and give us the benefit of your views and your expertise.

STATEMENT OF LOUIS ANDERSON, TUSKEGEE INSTITUTE, TUSKEGEE, ALA.

Mr. ANDERSON. Thank you, Senator Allen. I bring greetings from Dr. Pinnock and Dr. Foster of Tuskegee. Dr. Pinnock regrets he could not be here.

Senator ALLEN. I am so sorry he could not.

Mr. ANDERSON. We have the same concern, in that we are both in the area of human resource development, so my remarks are basically not so much to the meat of the bill, but its impact on the marginal farmer and the small farmer. There's just two areas, I'd like to address myself to the food stamp program part of the bill and the Farmers Home Administration. We are happy to see that this procedure will be simplified, and hopefully the problems that we have had in the past will be rectified, and those who are needy can expedite their applications to get their stamps with a minimum of problems. We have no quarrel with the incentive program. We feel that those who are able to work should work. We do feel that those who are in need should get speedy relief and responsiveness to their needs. We endorse the food stamp program. We would like to take a further look at it before the bill is passed and perhaps submit some remarks. I was concerned about the bill, that appears that we feel that most legislation deals with those persons who are able to cope with the terms or able to understand fully the provisions of the bill. We feel that the rural farmer in the area in which we operate, basically in south central Alabama, basically do not get the services for two reasons. One is he doesn't understand the bill, does not understand the benefits that he is entitled to, and two, the delivery system is geared so that he is the last person to be served. In the area which we are dealing with, I believe the Farmers Home Administration, county extension agent, is a

point of contact. We have felt for the past 10 or 12 years that the county extension agents are overextended, that he has all of these programs which he is the initial point of contact, he has had to collect farm loans, crop loans, and he has had to deal with everything and anything, and he is understaffed, overworked, and we say that he's prejudiced. We don't say he is prejudiced from a racial standpoint, we say he's prejudiced because he just cannot get to the person who has the least expertise to deal with him. Therefore, we are hoping that when the bill is implemented, it will be implemented in such a way that the farmer with 50 head of cattle on 10 acres, or 20 acres, or 200 acres of land, can be dealt with. We would like to see in the Farmers Home extension agent's office, someone who has the knowledge and the time to deal particularly with the small farmer in the area of probably cooperative marketing and cooperative buying, just the counsel service that would enable this particular group to become a part of the system and to enjoy whatever benefits they have. In that case, particularly, we advocate some special resources to deal with the marginal farmer. Unfortunately, he may be uneconomical, but he is there, will be there, and he has no place else to go. We hope that some system will be provided, that the implementation of the bill itself will allow for the full participation of the rural poor. Thank you.

Senator ALLEN. I certainly thank you for your thoughts. Not only is there inadequate communication with the rural poor and the marginal farmer, but even if they could communicate with him and get him in, the county agent and extension service is so overburdened that they might not be able to give attention to his needs, is that correct?

Mr. ANDERSON. Correct.

Senator ALLEN. So, actually then, you suggest our beefing up the extension service through the county agent's office, and also of more outreach program to the people who are not now coming under the provisions of the bill and don't know the way to apply for its benefits?

Mr. ANDERSON. Correct.

Senator ALLEN. Mr. Giltmier called my attention to the fact that Senator Huddleston of Kentucky, has a bill pending which institutes a small farm program, modeled after the program being carried out by Texas A. & M. Are you familiar with that program?

Mr. ANDERSON. I'm not familiar with that, but I would like to have a copy of it.

Senator ALLEN. See if you can send that to him early next week, Mr. Giltmier. Thank you very much.

Mr. ANDERSON. You're quite welcome.

Senator ALLEN. Mr. Bowden.

STATEMENT OF BEN F. BOWDEN, EUFAULA, ALA.

Mr. BOWDEN. I appreciate the opportunity to discuss the new farm bill.

Senator ALLEN. Thank you.

Mr. BOWDEN. And the related problems that go with it. First, I'd like to thank you for your past effort, your good judgment, and your concern in our behalf.

Senator ALLEN. Thank you.

Mr. BOWDEN. My predecessors here this morning commented on the exports and their concern of the exports, and for the need of additional funding for agricultural research. And I wholeheartedly agree with them. I don't agree with some of them that the farmers are not prospering, because I feel like the farmers are better off than they have ever been before, primarily because of the past farm bill. It is the best one that farmers have ever had, in my opinion.

Senator ALLEN. I'm glad to hear you say that.

Mr. BOWDEN. And I feel like it allowed the development of the individuals who really wanted to farm. For the first time in years, we could be more flexible and diversified. We could plant what was needed for the market. By being able to do so, we now realize that we're not just working for ourselves, we're working for our community, for our country, and for the world, and we will, as long as it is profitable. You know, the markets have done a good job, utilizing all of the production up to now. But I see surpluses building in a lot of commodities. For instance, we have wheat, corn, rice, pork, dairy, and beef, and they're all under pressure and this is where we need protection. The success of the last 4 years has not put the pressure on us of having to live with these target prices, and we don't even know if we could or not. We don't know if we can manage with them for 1 year, but I do feel like the target prices and payments have no value if we have a payment limitation attached to them. Because a farmer is operating on such a large scale, the input is so great that even a \$20,000 price support payment could still cause financial disaster because of his tremendous inputs. We've had testimony here this morning of what it costs to run an average farm. When we're going all out to produce for the consumers of this country, I'd like to know that they would go all out in supporting us with unlimited support.

The proposed increase in the loan price and the target price are up some, but I don't feel like they are up as much as the cost of production, and I feel like we could, as I said, hold on for a short time without limitations of payments. With the price levels that we have projected in the new farm bill, they won't create an incentive for overproduction, I'm sure, costing the Government money in carrying charges and storage costs. But once again, I would like to emphasize, the target prices, in my opinion and in the judgment of all the farmers I've talked to, have no value, really, if payment limitations are attached. You know, speaking of disaster payments, we have a problem on the profit side of farming, too. When a farmer makes the right decision, plants the right crop and happens to get a good price for it, he makes a little money one year and then he is discriminated against, through his tax liability. I am sure you are aware that farmers are not allowed the same 50 percent earned income tax exemption as are other professional people. Doctors, lawyers, accountants, executives, they do have 50 percent liability limit on tax. Farmers are only allowed 30 percent of his profit as earned income, and the rest of it is taxed, at the ordinary income bracket. This should be changed, because in the future, with the continued increased volume and the cost of operating a farm, more and more farmers are going to find themselves affected by this ruling, and this is just a ruling.

Senator ALLEN. That is certainly a good thought and I will check into it.

Mr. BOWDEN. In connection with chemicals, and I feel that the Insecticide, Fungicide, and Rodenticide Act could be better managed by the U.S. Department of Agriculture. You know, they do a lot of research and then turn around and hand it over to the EPA and they turn around and do the judgment on it. This should be transferred to that Department. It should be interpreted and managed by the people who are more aware of the need for chemicals and the benefits and the costs that are derived by the use or the loss of use. We should use economic values as priorities in the cancellation of chemicals. I'd like to comment again on what I mean.

In my opinion, the present fuel crisis is caused by some of the irresponsible past rulings of the Environmental Protection Agency on fuel pollutants. They switched everybody over to natural gas, and now we don't have enough natural gas to go around. Now, these same kind of rulings by the Environmental Protection Agency, or any other Agency, could cause a food shortage. We need more supervision for these Agencies. One way would be that the heads of these Departments be elected by the people. Then the majority would help make these decisions. Another way would be to have a review committee with veto power, to review these rulings before they are put into practice. And still another, I think, would be to treat them just like the farm bill, have a termination date, have a time for reevaluation, and a time for justification. Then they would expire if they were not needed, or were not serving the best interests of the country. Let's change these Agencies from a position of unlimited power and unlimited duration.

Senator ALLEN. I agree with that.

Mr. BOWDEN. Another vital area is land use. We don't have a national land use plan, but we do have land use. If we don't stop the encroachment of the Environmental Protection Agency, and the Occupational Safety and Health Administration, the Corps of Engineers, and several more, pretty soon we're not going to have anything left to regulate, won't be any need for a land use plan. These Agencies are slowly taking the freedoms that made our country great. We are being governed more and more by the unelected, unmanageable, bureaucratic Agencies and less by our elected officials. If this trend is not reversed, soon every move and every effort of every individual is going to be dictated by somebody else. This will have removed all incentive and individual creativity, pride, and desire, and the development and use of intelligence will all be gone. We'll all be sitting here looking for handouts, that's all that will be left. And I don't think this is what we want.

I might have strayed a little bit from land use, but I think people are our greatest resource, and we need to be able to perform according to our ability. If a land use policy is inevitable, I think we need to keep these things foremost in our minds. First, the inalienable right guaranteed by the Constitution to own and hold property. We should oppose land use, unless it is initiated and supported at the district or county levels and we object to zoning as a land use tool. I think we

ought to support the grandfather clause in all land use cases. One back door land use policy of the Environmental Protection Agency is the environmental impact statements and best management practices. Normal agricultural practices should be exempt from this policy. Farmers just can't handle all these regulations and still provide economical food and fiber. Farmland is a valuable, nonrenewable resource, and its conservation should receive the highest priority. Most farmers are good servants and stewards of the soil, and they should be encouraged to do more conservation. We would with increased cost share funding through the Soil Conservation Department, ACP. These kinds of practices are ones the farmers want to do anyway, and they will, with a little encouragement and assistance.

I was thinking about the minimum wage, and I don't feel like the minimum wage should be increased to the proposed \$3 minimum. You know, most people will find a job, and earning power, according to their ability, they will reach their plateau. But once you put on a minimum you deprive a lot of people of a job, and you just create more people on welfare. I realize that we are having some continual inflation and that most of this, personally again, I feel like is caused by organized labor. Several years ago, they used to ask for 2 to 3 percent annual increase in salary. Now, they're asking up to 16 percent. Who knows what it's going to be in the future. But there has to be an accounting and a stop somewhere along the line, or we're going to be carrying money around in a handbag, and it will have no value whatsoever.

I want to talk about peanuts now, I am a peanut farmer, and I derive the major part of my income from their production. But I can't understand the logic of the last proposal to change this program. If peanuts are already in surplus, how can we help the situation by open-end planting and creating additional producing areas. This program didn't work for rice, the rice people tried it. It will be even worse for a perishable crop like peanuts. Peanuts have a shelf life of less than a year without refrigeration. Other crops can be stored over a long period of time without much additional cost, but peanuts are different and they should be kept separate from this general farm bill. If we have to change the present peanut program, I'm in favor of lower price supports instead of an acreage reduction. Now, you heard a lot of peanut farmers yesterday, and I don't know what they said.

Senator ALLEN. It went both ways.

Mr. BOWDEN. But I don't think we ought to create new producing areas and start open-end planting until we have a market. We do have the necessary tools in the present program to create additional acreage, once the surplus is gone. We have the first deficiency payments this year, and it is to rice farmers who went the open-end route. If we change it, it could end up costing more than the present program, while no one would be making a profit.

I want to thank you again for having the interest you do in the farm community, for giving your time and coming out into the field to gather this information. We admire you and we are thankful for you. We are confident that you consider our profession of great importance. Thank you.

Senator ALLEN. Thank you very much. I appreciate your fine testimony, and I appreciate your kind references to me. You recall that in the last Congress, they had this bill that I felt scuttled the peanut program. It would have cut the acreage down from a million six to a million two and put in this concept of open-end planting. And I couldn't see how that would do other than create a large surplus, reduce the price, pull down the price of that in the allotments, where it all seeks the lower level. And, as you say, a much larger expense to the Government, to the taxpayer. That bill was supported by friends of the peanut farmers, but they had a different concept of what the peanut farmer needed than I did. The bill passed the House and it looked like they were going to try to ram it on through the Senate. I don't think it would be inaccurate to say that I stopped the bill in the Senate committee, and I'm glad that I did. I am hopeful that having a peanut farmer in the White House may result in a little bit more friendly consideration of the position of the peanut farmers than was the case before. But we have to recognize that in the last few years, there's been an attack on the peanut program by the administration itself. They have been hacking away at it, and every barrier, or every load, or every regulation they could load on the peanut farmer, they did. As you know, the Secretary has appointed a task force to work with the peanut producers and processors, and the Department, to try to come up with a bill that will suit all segments of the economy. I am hopeful that some kind of workable program can be devised, but I do not believe that open-end planting should have any part in it. I am interested in what you say about lowering the support price rather than lowering the acreage. And, of course here again, the matter of research comes into play, and what we need to do is find more uses for the peanut. I am hopeful of coming up with a good peanut program, and certainly I'm not in favor of seeing the program scuttled. We've got to have a good, viable program for the benefit of our peanut farmers, and processors, and the economy of all the Southeast, Alabama for that matter and much of the Nation. I do feel that the peanut program has some real fine friends on the Agriculture Committee. Of course, Senator Talmadge is the foremost leader of the peanut farmers, and I am sure that he would not do anything that he did not think was in the best interests of the peanut farmer. So I am hopeful that we will be able to save the program. Also, you note that we do not have any peanut program titled in this bill. It was in the original draft of the bill, but Senator Talmadge pointed out that there is no unanimity of opinion among the peanut farmers as to just what to do, so it was left out. I hope we don't put it in the bill——

Mr. BOWDEN. Right.

Senator ALLEN [continuing]. Because it enjoys permanent status now, and I would hate to have it scrutinized every 4 years and then have to fight the battle over every time we have a farm bill. So, if we could keep it in its present form, with adjustments, but not put it in the overall farm bill that needs renewal from time to time. We all recognize, however, that some adjustment must be made in the present peanut program if peanuts are to remain competitive and if we expect to move peanuts in the world market.

*See p. 331 for the prepared statement of Mr. Bowden.

Mr. BOWDEN. Thank you. I have these notes that I did not follow exactly, and I'd like to give them to you and have them put into the record if you like.

Senator ALLEN. We will put it in the record then.* Thank you very much.

Mr. BOWDEN. Yes, sir. Thank you.

Senator ALLEN. Mr. James Cook.

STATEMENT OF JAMES COOK, EVERGREEN, ALA.

Mr. COOK. Senator Allen, I'd like to commend you, along with the other fine gentlemen in the Senate, not only for the farmers but for America as a whole.

Senator ALLEN. Thank you very much.

Mr. COOK. I know that you're in favor of speaking your piece in the Senate, or wherever you have an opportunity.

Senator ALLEN. Thank you.

Mr. COOK. We appreciate that. I have no formal statement, as such, to present, but I would like to comment on a few things.

Senator ALLEN. We welcome your comments.

Mr. COOK. I'm a dairyman and I raise some grain for commercial sale, and I'm in the minority, I guess, in the country as a whole. We have very few dairymen left in the State of Alabama and probably in the Nation, and we have just about as many problems as anybody else. We are unique in the dairy business in Alabama at the present. I can sell milk and buy it back for about the same price that I sold it for. So we do have a marketing situation in Alabama that is not too good at the present time. As I've already expressed, we have some problems with the EPA, and marketing, and other regulations. There is one thing on the national scene that we'd like for you to look into. The FDA has proposed that the standards for skim and low-fat milk be amended to permit the use of stabilizers or staple agents and nonmilk solids or additives. The FDA proposal, in effect, would legalize the use of such substances as seaweed compounds and tapioca flour to substitute for nondry milk and low-fat skim milk. So, to summarize it, if the standards for skim milk or low-fat milk are changed to permit the use of nondairy additives, efforts would then shift to the adulteration of whole milk and manufactured dairy products. Farmers have invested millions of dollars in the dairy farms and the production of milk, and we think it's one of the most wholesome foods that farmers produce. It's one of nature's most perfect foods.

Senator ALLEN. Certainly.

Mr. COOK. This was referred to as docket No. 76N-0175, if you want the number.

Now this, of course, leads into one of my main subjects but I believe it's already been pretty well covered and that is farm credit. It's been pretty well covered, but I'd like to touch on it just for a minute. The main source of credit, of course, is the FHA, VA, the Federal Land Bank, and commercial banks. We favor the present setup in the farm credit system and the Farm Home Administration. We feel like these, Federal Land Bank and the PCA, should be sepa-

* See p. 331 for the prepared statement of Mr. Bowden.

rated, and as far as FHA, we think it's very essential to our credit system. It enables the young farmer to get in business. I've seen this in my own county. In fact, I was granted a loan, or guaranteed a loan at a local bank when I first started farming, so I can see the need for it. The young farmer needs a lot of capital, as you noted here today and probably have heard over the years, every year increasing.

Senator ALLEN. It would probably take 10 times as much to get started in farming today as it did 20 years ago, would it not?

Mr. Cook. Right. Dairy farmers may be a little worse, I think it is, since I'm in the dairy business, and it's hard to crank up a dairy business without a lot of capital, or maybe inheriting one.

Another thing I'd like to touch on is rural water systems. We've been working on one in our community for some 3 years and there's quite a bit of redtape involved there, Federal grants involved, and it's one of the central needs of the community to have a sanitary water supply.

Senator ALLEN. No doubt about that. That is one of the very best programs that the Federal Government has got, bringing running water in, so to speak, to rural communities. And I might say, I'm a strong supporter of that movement and, of course, each year they appropriate anywhere from \$300 million to \$500 million for this purpose. And many tens of millions of dollars have been obtained here in Alabama, and there's so many of the systems that it just takes a little while to get around to them, you know. Of course, the Government recognizes the importance of this program and gave you some of the revenue-sharing funds for that purpose. But I can't think of anything better that the Federal Government can do for rural areas than to send what you might call city water to the rural areas. If we can get all the city services at home, in the rural areas, we're going to have a mass migration back to the rural areas from the cities, that's all we need, that and jobs out in the countryside.

Mr. Cook. We, of course, think this will bring industry—

Senator ALLEN. Yes, sir.

Mr. Cook [continuing]. And we might be talking in a different direction in a few years when we fill up the country and might not have a place to farm, so we'd probably have to have a place—

Senator ALLEN. Move farther out, then.

Mr. Cook. Another thing is the Federal marketing order. Of course, we favor a Federal marketing order to provide orderly marketing and the even flow of high quality products to the consumer. Of course, elimination of a Federal order would cause undue distress to farmers and consumers, undue fluctuation of market conditions, and we here in Alabama have been studying the Federal orders relating to milk, the marketing of milk. And we have been talking about them for several years, and it seems like we are closer to that point than we've ever been before. So, we would certainly want to keep those laws that regulate the Federal orders of marketing.

I do appreciate the opportunity to talk to you here today, and if you have any questions, I'd be glad to answer them.

Senator ALLEN. I appreciate that, and appreciate your fine testimony. I am very glad indeed to get some input from someone in the dairy business, because that's a very important aspect of our farm

bill and our farm problems. We are certainly going to profit by your statement. And Mr. Giltmier, you are going to check on this matter he mentioned, specifically. Thank you very much.

Senator ALLEN. Colonel Blake, we appreciate you coming before the committee to testify, and look forward to hearing your fine testimony.

STATEMENT OF COL. THOMAS BLAKE, HAYNEVILLE, ALA.

Colonel BLAKE. Thank you, sir. Since I am the 17th speaker, Senator, I believe that most of the subjects that I was going to talk about have already been covered quite fully already.

Senator ALLEN. We sometimes save the best for near the last.

Colonel BLAKE. Well, I would like to make a few comments, however, and I will make them as brief as possible. We are finding in Lowndes County, and I appreciate the opportunity because I'm speaking for the farmers of Lowndes County. I had a little informal meeting together, to find what their thoughts would be concerning the new farm bill, and that is what my written testimony is, which I'd like to present to you for the record.*

Senator ALLEN. Yes, sir.

Colonel BLAKE. We are already finding out in Lowndes County that we're having trouble getting fuel. We just started breaking land down there with the fine weather we've had for the last week, and fuel is already slowing up and our major supplier is saying that he can't get the quantities that are required at this stage. His excuse is that all the fuel oil is going North, of course, for the cold weather. But that is a significant problem as far as the farmer is concerned, we must have fuel particularly at this stage of the game.

We feel that target prices have been discussed already, but we feel that the cost of production is more area oriented than anything else. And possibly this should be considered in the restructure of the target price system.

Another subject we had is the EPA. I won't say anything about it, because it's been discussed by a lot of people already. We feel that EPA, instead of giving them more money and more power, that something should be done to curb this.

We'd like some assurance of no more embargoes, of course. We feel that the agricultural conservation program is quite beneficial and should be continued at an increased level if at all possible.

But the primary concern of the farmer is to reduce the amount of risk that is involved in making a crop. Anything that this new farm bill can do to reduce that risk would be most beneficial, particularly to the small farmer. We find in Lowndes County that we have a lot of these small farmers, and some of them have been practically put out of business because of this.

Again, Senator Allen, I appreciate the opportunity to speak for the farmers of Lowndes County, and we appreciate the fine support that you are giving us. We want you to know that we think a lot of you. I don't know anybody that could talk against Senator Allen. And we appreciate it very much.

*See p. 333 for the prepared statement of Colonel Blake.

Senator ALLEN. Thank you, sir. I'm glad you made a canvass among some of the farmers in your area, to get their views, so that you speak not only for your views but in their behalf as well. The target prices certainly should cover the cost of production. Now, one way, as I see it, that the target price concept might not be sufficient, or the way it's applied might be inequitable, in trying to determine whether the target price has been met. The present system, as I would understand it, would be to figure the price of the product over the preceding 12 months, rather than the period during which the farmer might have his produce available for sale. So that he would be charged with the possible high price period, say for example, I could be wrong on this and Mr. Giltmier, if I am, you correct me. As I understand it, in computing whether the target price has been met, so there could be no claim, they figure the average price for the year. And say, during the time that the farmer didn't have it, say that was a 6 month period, and maybe the price of cotton, say it was 80 cents but dropped down to—well, say it was 70 cents, dropped down to 50 cents, something of that sort. Over the average of the year, the target price would be met by averaging it off, but the farmer could not sell unless he had it. He could not sell during the period that he did not have the cotton to sell. It looks to me like the target price period ought to be computed on the period that the farmer actually has the produce, or be near the point where he has it.

Colonel BLAKE. I certainly agree with you, and you will find that most farmers don't have the flexibility to hold their products. They must sell, to meet the mortgage notes and so forth, at a time when it could be a critical time for them to sell. And this would be most beneficial if they did compute it on the basis you indicated. Again, thank you very much, Senator.

Senator ALLEN. Thank you. Dr. Butterworth. Dr. Butterworth, we are delighted to have you come before the committee. We are sorry to save some of our stars to the very last, but we hope that you have not been inconvenienced. We are anxious to hear your testimony.

**STATEMENT OF DR. C. E. BUTTERWORTH, JR., REPRESENTING
AMERICAN SOCIETY FOR CLINICAL NUTRITION, UNIVERSITY OF
ALABAMA MEDICAL CENTER, BIRMINGHAM, ALA.**

Dr. BUTTERWORTH. Thank you very much, Senator. I am delighted to be here and happy to meet you, and I want to thank you for holding these hearings and, like the others, I add my commendations to your efforts in our behalf in Washington, particularly your forthrightness and honesty. That means a lot.

Senator ALLEN. I thank you.

Dr. BUTTERWORTH. I have a prepared statement that I would like to submit.*

Senator ALLEN. Yes, sir.

Dr. BUTTERWORTH. I will not read it, and in the interest of time, I will dispense with my credentials except for—

*See p. 333 for the prepared statement of Dr. Butterworth.

Senator ALLEN. They are admitted.

Dr. BUTTERWORTH [continuing]. Saying that I'm not a farmer and I feel a little out of place here, but I hope my presence will symbolize the relationship that I think should be fostered. I think the medical profession and medical research, human health research in particular, can be a benefit to the farmer, and I'd like to comment on that and try to put it in perspective.

First, I am here as a representative of the American Society for Clinical Nutrition and the National Nutrition Consortium, which is an organization of scientists. Although I am a professor at the University of Alabama School of Medicine, I don't speak for UAB. Our group is concerned and opposed to some of the provisions of the bill, that I believe are before your committee, S. 248 and S. 272, and I would just like to say first that we support fully what these bills stand for, the background statements and the objectives. And I think the proponents are to be commended for the way they have approached the bills. They do describe some very serious problems affecting nutrition and health in this country. I think it's true that the efforts of various agencies are not well coordinated and bringing the fruits of agricultural productivity to the citizens. I would probably be willing to go a step further and say something that you gentlemen in the Senate would be reluctant to say, and that is, I think the weakest link in the chain that brings the benefits of agricultural productivity to the people, is the health care delivery system for humans. It's not the farmer, the processor, the shipper, the grocer, or the housewife, but on the contrary, I believe that the problem is lack of information at the doctor-patient interface. I believe that the development of new knowledge and better utilization of it offer the potential of making enormous contributions toward the improvement of public health. The Nation needs to know as much about feeding its citizens, along with the cost factors involved, as it knows about feeding its dairy cows, beef cattle, dogs, and chickens. I should have added cats, we left out cats. We know a lot about feeding animals and it's a shame we don't apply some of that basic scientific expertise to humans.

Congress should be aware that recent studies in Birmingham, in Boston, and other large municipal hospitals, show that 40 percent of all patients suffer from protein-calorie malnutrition, and that much of this is preventable. Again, it's not caused by the farmer but by deficiencies in education and health-care delivery systems. There is a rising tide of evidence that some of the most cost-effective means of dealing with our major health problems, obesity, atherosclerosis, heart disease, and some forms of cancer, is primarily prevention through dietary modifications. The main thrust of our message is that we laud and commend the people who proposed this in the name of agricultural research, but we feel the thrust for the support and expenditure should go through NIH or an agency of Health, Education, and Welfare, and as the bills are written, HEW is virtually excluded. We think this channel is in existence, it's well equipped to deal with human health problems. And we think that the Congress, the country, and agriculture would be served if funds were appropriated and mandated through this channel.

Senator ALLEN. The point you're making then, is the research under the bill is that that would produce more crops, more timber, and provide better health for our farm animals, and little emphasis given on the nutrition habits of humans, is that correct?

Dr. BUTTERWORTH. Yes, sir.

Senator ALLEN. In other words, what you are talking about then would, in effect, take up where these others leave off, isn't that about right?

Dr. BUTTERWORTH. Yes, sir.

Senator ALLEN. So it would not be taking away from any of these other programs, but divert some of the emphasis over to the effect of the nutritional habits on human beings?

Dr. BUTTERWORTH. Yes, sir, additionally, I think it might be an investment that could reap dividends for agriculture, open up new markets, new foods, new applications for mankind, and possibly develop some application of knowledge in problem areas, I've heard problems mentioned with EPA, and with pesticides, and earlier speakers mentioned the problem of adulterated milk and such things. I think if we had a closer relationship with the scientists involved in human nutrition, it could benefit agriculture.

Senator ALLEN. By making better use of the products of agriculture, is that right?

Dr. BUTTERWORTH. Yes, sir.

Senator ALLEN. And as far as the bill has to do with the human nutrition aspect of research, you would like that over in the National Institutes of Health, rather than USDA?

Dr. BUTTERWORTH. Yes, sir.

Senator ALLEN. That's certainly a good suggestion that merits consideration, I feel sure. Mr. Giltmier, who is with the Agriculture Committee, would like to ask you a question too, Dr. Butterworth.

Mr. GILTMIER. Doctor, would you agree that there is some appropriate role for existing research going on in the land-grant colleges for nutrition research? I mean, there is already some.

Dr. BUTTERWORTH. Oh, absolutely. I didn't mean to detract from that at all. I was trying to strengthen the human aspect.

Mr. GILTMIER. Yes, sir. And would you think that there is some appropriate role in nutrition education for the Extension Services?

Dr. BUTTERWORTH. By all means. I think this is a resource that needs to be exploited, and developed, and augmented, to improve the education of the people who the extension agent, the county agent, would reach.

Mr. GILTMIER. Would you be more favorable toward this research portion of the bill, if it provided for interface between USDA research and NIH research?

Dr. BUTTERWORTH. Yes. That sort of provision would certainly improve the bill.

Mr. GILTMIER. Would that satisfy you?

Dr. BUTTERWORTH. Well, of course, I'd have to see it. I think, in the past some of the purposes of agricultural research have been different

from what I perceive now as problem areas in human nutrition. For example, to exaggerate, perhaps, I think the thrust might have been to produce, or to sell, or dispose of surplus commodities for human nutrition. And I think there should be more emphasis on directing, coordinating the production of crops with human need.

Mr. GILTMIER. Thank you, Doctor.

Senator ALLEN. Thank you very much, Dr. Butterworth.

Dr. BUTTERWORTH. I appreciate your holding the hearing and allowing me to come.

Senator ALLEN. Thank you, sir.

Mr. Sanford.

STATEMENT OF JAMES H. SANFORD, PRESIDENT, McQUEEN SMITH FARMS, INC., PRATTVILLE, ALA.

Mr. SANFORD. Senator, I have a prepared text.

Senator ALLEN. All right, sir. It will be inserted in the record,* and we will be delighted to hear from you as you make your presentation, and take as long as you see fit.

Mr. SANFORD. I am a diversified farmer, producing cotton, swine, cattle, grain crops, soybeans, and seed crops. I apologize for not being here this morning, to have the benefit of your previous testimony. I appreciate the opportunity of appearing before you at this time.

I also represent, and am appearing as an ex-officio director of Autauga Quality Cotton Association. They had designated a director to present testimony before you today, Milton Wendland, who, I guess, got the flu like the rest of us and could not attend. So my comments will reflect some of the feelings of the directors of that marketing association.

We, in general, feel very favorable for renewal of the 1973 farm bill, although we may not exactly agree with all the administration of the bill, we feel like the Congress passed a good act. I think all of us realize the dependency that America, especially the economy, has on agriculture. The main point that we would like to bring out is that there has been some talk about having loan, or target price concepts, or subsidy payments tied to the cost of production, which we think is a good idea, but we'd like to point out two caveats for costs on this concept. One is that I think we all realize the relationship between the cost of producing cotton is variable between the regions of this Nation, as well as variable within each region. We happen to be in a region that is very high, as far as producing cotton, and it would be difficult for us to compete on a cost-of-production basis with, say the high plains area of Texas.

Another point we would like to steer from is, we believe in a free market concept of agriculture. We believe that an adequate loan needs to be provided, as well as an adequate disaster program. But we would hate to see either the loan or target price concept, or subsidies become

*See p. 335 for the prepared statement of Mr. Sanford.

the market for our agricultural commodities. We would like to encourage Secretary Bergland in his pursuit to provide a feasible and actuarially sound crop insurance program for agriculture. This we feel like should be offered to the agricultural industry, just as any other industry in this Nation has a chance to insure its business risks.

Senator ALLEN. To what extent, if any, would that replace the disaster payments provisions of the farm bill?

Mr. SANFORD. Personally, I feel like it should replace the disaster provisions entirely.

Senator ALLEN. Would you not be shifting the cost completely from the Government then, to the farmer?

Mr. SANFORD. We believe that insurance programs should be Government-involved. We would have to see what costs we're talking about, as far as the farmer bearing the entire cost.

Senator ALLEN. I see.

Mr. SANFORD. But we feel as sound, or as feasible as possible, the farmer should try to pay his own way. This may not be possible, but certainly the insurance program, if one can be provided. And let me say that I believe it would be difficult to devise a sound plan, and certainly the disaster provisions as we know it today should be changed until a sound insurance program is provided.

Senator ALLEN. I think that is sound.

Mr. SANFORD. But it will be difficult to come up with a crop insurance program. This program, if it can be devised, should be offered in all counties, should be available to cover the entire planted acreage, and premiums and payments for losses should be made on the individual farm yield experience. We feel like it should be across the board on that.

There were three points we would like to bring out. One is, we feel like the payment limitations are still highly discriminatory, not only just corporate farms but on individuals. I come from a county where we have several large cotton producers that the \$20,000 payment limitation affects. And we all know what has happened to inflation since 1973. And we certainly feel like there should be some revision in the payment limitations. Of course, I know better than to say this, but I'd like to see it eliminated, but I realize this may be impossible but certainly an adjustment should be made.

One area that we feel very strongly, and I guess if we had to put any emphasis on any one of our points, it would be that Congress needs to fund on a long-term basis, research, education, and extension. I think all of us are aware that American agriculture is the success of America in the future. The success of America in the future depends on agriculture. If we hope to continue to be competitive in the marketplaces and if America's economy is to continue its world leadership, we have got to provide and change our priorities on funding, research, education, and extensions in agriculture. We feel like this is most important. It should be based on a long-term, and not just a 1 or 3 year period of increased funds.

Another point of emphasis that we would like to emphasize is the, and I hesitate to mention this, because this is a very sensitive subject,

but it is the allotment system. The allotment system is traditional, it goes with the land, it has not been able to change with shifting production, although release, lease, and sale, and reapportionment have tried to provide a change in shifting of production. We feel like some study needs to be given to the revision of allotments, at the same time protecting the ownership of today's current allotments. We certainly don't advocate taking allotments away from someone that has it today. But we feel like a plan could be devised whereby a—let's use cotton as an example—a noncotton farmer who has a cotton allotment, could be given a negotiable, redeemable certificate for that allotment. If he ever decides to sell, or decides to go back into the production of cotton, he can use that redeemable, negotiable instrument to secure his wishes.

Senator ALLEN. Redeemable for what? I mean, just redeemable by putting it to use?

Mr. SANFORD. Yes, sir, to get the use of it back.

Senator ALLEN. In other words, you have a moratorium on benefits under an allotment, but they would stay there, frozen, to be unfrozen when somebody wanted to plant under the allotment, somebody wanted to plant under the allotment, on that land, is that right?

Mr. SANFORD. That's correct. Now, we would propose that the use of that allotment be used by a cotton producer, where he would not have ownership of that allotment as far as being able to sell, but he could derive the benefits under the disaster programs, as well as loan and participate in ASCS programs. But he would not have the ability to sell that allotment.

Senator ALLEN. I see.

Mr. SANFORD. Ability to sell that allotment to still remain with the owner of the allotment who is not a cotton producer. Whether this could be worked out under the current law as it is now, or whether it would take additional consideration, would remain to be seen.

Another area of major concern is, as I understand it, several specific examples have been mentioned today on this, is in the area of agriculture today of proliferation of unwarranted rules, and regulations, and restrictions, of what we call the super agencies. Certainly, the laws that have been created by Congress have good intent and are needed, but we feel like in carrying these laws out that the actions have dangerously headed in the wrong direction. We feel like the cost versus the benefit of programs such as OSHA and EPA have not thoroughly been analyzed. Operating procedures of these Agencies have approached violations of constitutional rights. Additionally, and I think possibly more serious of these super agencies, is that they effect competition, both domestically and worldwide. We certainly appreciate this opportunity to come before you at this time, and we want to express, as you have expressed in your newsletter, that our philosophy is basically the same as yours that you have mentioned on occasions, the quote of Chaplain Edward Everett Hale some two generations ago. We feel like we only have one opinion, but we would like to do what we could with this opinion and we certainly appreciate your listening to our viewpoint and giving us this time.

Senator ALLEN. Thank you very much. That's a real fine statement, and a real inspiring statement. We appreciate you giving us the benefit of your views and the very constructive suggestions you have made, and assure you they will be given consideration by the committee and certainly by me personally. I see Mr. Giltmier has made copious notes here in your statement and we are very much impressed by it. Thank you very much, appreciate you coming before us.

Mr. SANFORD. Thank you, sir.

Senator ALLEN. Now, this ends all of our scheduled witnesses, but we do want to ask any other persons here who would like to testify, to come up and give us the benefit of your views. If not, the hearing stands adjourned.

[Whereupon the committee adjourned, subject to call of the Chair.]

ADDITIONAL STATEMENTS AND MATERIAL

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

In April of 1973 I came home to Alabama to ask the farmers of our State how I could best serve the needs of Alabama agriculture in Washington.

That was a critical time. There was a raging national debate over whether farmers should rely wholly on the so-called free market, or whether the government should back up its plea for all-out farm production with a program that would protect farm income in the event of radical market fluctuations.

At that time I said, "It would be the rankest sort of discrimination to insist that the American farmer survive in a free market when other segments of the economy were not forced to do so. The labor unions have collective bargaining. Some companies so dominate their market that they can charge any price they choose for their products, regardless of market conditions.

I asked Alabama producers to tell me what kind of farm bill they wanted, and they responded admirably. As a result of their input, we were able to devise a farm bill that was generally fair, but which also reduced government payments to producers by about \$3 billion.

I find it difficult to convey to you how important those field hearings were to me, and to the deliberations of the Committee on Agriculture and Forestry as a whole.

In Washington we are able to hear from professional lobbyists daily on a wide range of subjects. But it seems to me that in this case, it is far more essential that we hear from the professional farmers whom we call upon to feed and clothe our nation at a sacrifice of great personal labor, and in the face of rapidly increasing prices for farm inputs like fertilizer and machinery.

Our land and water resource base, and the fine men and women who work that soil for our food and fiber are the backbone of our entire economy. We should make no mistake about that. Without their efforts to feed us all, there would be no steel mills in Birmingham, nor a growing industrial base which is helping to balance Alabama's economy.

I am pleased that this year we will not be working on farm legislation in a crisis atmosphere. Crisis generally means chaos, and frankly I sometimes wonder how it was that we were able to enact such generally good legislation as we did in 1973, given the circumstances.

In those days we were telling farmers to "produce, produce, produce at any cost". Now I wonder if we had not better take a harder look at that direction and perhaps modify it a little.

I don't mean by that that we should return to a large set aside program. But I do think we had better take a closer look at what is happening to our land and water resources as a result of our production emphasis. Perhaps we should change the direction to one of "Produce", but produce with care so that in our zeal for short term economic and production gains, we do not risk the loss of our resources for all times to come.

Many of us recall the ancient stories about the cedars of Lebanon. But those cedars have been gone for many generations, and today wealthy Lebanese farmers, trying to use American production techniques, are finding that the land is now so poor that even modern technology cannot make the land produce increased yields.

We must be good stewards of our resources in Alabama so that the tragedy of the land in Lebanon may never be visited on our people. We must produce more. But we must protect more too.

Despite the lack of crisis in agriculture this year, our farmers and our nation have met a number of changes since we wrote the last farm bill in 1973.

Our cattle industry has gone through perilous times. Prices have not been sufficient to equal the cost of production, and in recent months there have been drastic reductions in the number of cattle in all sections of the country.

Also this year, we must come to grips with Federal disaster programs in some way. I don't know as yet whether this will come as part of the overall farm bill efforts, or as separate legislation. But surely it must come.

We are on the horns of a dilemma. On the one hand, severe weather conditions all over the nation have played havoc with American agriculture, or will do so when the spring thaw arrives. In the northeast, snowbound dairy-men are unable to get their product to market. When that snow melts, we could have floods in many areas. In Minnesota the Mississippi River is so low that it froze solid this year for the first time in memory. There is no snow to protect much of the winter wheat crop, and much of it could be lost. In the Colorado River basin and in California water supplies are so low that some experts are wondering where people will get water to drink, not to mention needs for irrigation.

On the other side of this question is the growing cost of these programs to the government. It is estimated that because of this year's bad weather, disaster programs for agriculture alone will cost the Federal Treasury over a billion dollars.

I am not certain how we will come to grips with this situation at this time. Some legislation has already been introduced. I understand that Agriculture Secretary Bob Bergland is considering an Administration bill. It will be most difficult to come up with a bill that is both fair to producers and which will also not break the Treasury.

Finally, I would like to say a word about peanuts. All of you know that this one crop has been the subject of heated debate in Washington for the past two years. On the one hand the peanut program has been labeled essential to producers. On the other, it has been called a public scandal.

Alabama grows 250,000 tons of peanuts per year on about 200,000 acres. Its value to the State last year was well over \$100 million and should be much greater this year.

As I said earlier, it is my job to represent Alabama's interests in Washington rather than the other way around. I am going to be very slow to tinker around with a program which means so much in terms of farm income to my State. We were able to derail efforts last year to change the program. And I will continue to oppose any legislative changes in the program until I get a clear signal from Alabama producers as to what they can live with.

But now I have said enough. I came here to listen to what you have to say, and I intend to do so. I do not want this hearing to be stiff and formal. I want to hear what each individual believes in his heart about Federal farm policy, and how that applies in practical terms to the good dirt of Alabama. As was indicated in the invitations to witnesses, formal, written testimony will not be necessary unless witnesses wish to present it for the record.

We are all friends here united toward common goals, and therefore I hope we can talk together informally as friends always do.

STATEMENT OF JAMES EARL MOBLEY, SHORTERVILLE, ALA.

ECONOMIC VALUE OF THE PEANUT CROP TO ALABAMA

In recent years Alabama has moved to number 2 as a peanut growing State with annual harvest of more than one-half billion pounds. This comes to more than \$105 million dollars at the farm level, not to mention processing, which generates many more dollars.

The wiregrass depends very much on the peanut crop and the entire state benefits much from it.

FOURTEEN THOUSAND PEANUT ALLOTMENTS AVERAGING LESS THAN 20 ACRES EACH

Harassment of peanut growers by past administration. I do not believe in the past Secretary's philosophy of "Boom or Bust", for commodities. I believe we must have stability in all commodities. Whether we like it or not, we have a peanut farmer for president. His party's philosophy is more in keeping with our thinking than the past administrations. The last five years have been almost a nightmare to the peanut growers not knowing what will come next administrative wise.

No one wants to change the peanut program, but if it must be done, it seems we have 3-4 alternatives:

1. Open end program.
2. Lower peanut allotments, prices and parity.
3. Maintain minimum of 1,610,000 acres and gradually lower parity.
4. Go to a poundage type program. (So many pounds domestic, balance will be for crushing or export.)

The Secretary of Agriculture Bob Bergland has announced that he would create a task force on peanuts within the Department to develop the modifications. He says the time has come to put past differences and divisions behind us. We must start with a clean slate. It is imperative that growers from all peanut producing areas and other segments of the industry work in harmony if the program is to survive. The Secretary has asked the national organizations and other segments of the peanut industry to work with the Department of Agriculture to develop proposals which will be fair to growers, fair to consumers and fair to taxpayers.

We can ill afford to let happen to peanuts what has happened to cotton in this area of the State of Alabama.

RESEARCH

The Agriculture experiment station director must have increased financial support if he is to serve this nation through agriculture productivity. He must have freedom and flexibility to direct effort where the need is the greatest. He must be able to respond to the problem of the producer.

He has been in tight traces; he has not been able to administer a program of research that meets the needs of the consumer because he just has not had the funds. Senator, as you know, I am a peanut farmer, also a hog farmer, a corn producer and a cattle farmer. I appreciate the need for a total Agricultural research program. I have two sons that are following me in farming. We must make the investment in Agricultural research to prepare for the future.

STATEMENT OF H.E. RALEY, DOTHAN, ALA.

I have prepared this statement to be made a part of the record of the hearing. Listed below is the Houston County gross farm income for 1976:

Corn	\$ 6,300,000
Hogs	5,500,000
Beef Cattle	3,000,000
Soybeans	1,800,000
Truck Crops	1,800,000
Timber	1,200,000
Other sources (including dairying, poultry, hay, pecans, etc.)	2,800,000
Peanuts	17,287,000
 Total	 39,687,000

This cash return is far different from the early sixties when peanuts, hogs, and cotton each grossed about 3,000,000 annually. It's easy to see why any new peanut legislation is of vital interest to everyone in the Tri-States peanut area. Peanut's share of the total farm income dollar has been above 40% for about 5 years here in Houston County.

Recognizing that we have problems in our present peanut program, I would like to make the following suggestions toward the solution of the problems in the peanut program.

1. Reduce support price to 65% of parity.
2. No change in present national allotment of 1,610,000 acres.
3. No production for world market.
4. No target prices.
5. Remove storage, handling, and inspection charge if possible, if not removed, apply to only those peanuts placed under loan.
6. Write in the law that the Secretary of Agriculture will promote the sale of peanuts by all known means.
7. Do not allow the sale or transfer of allotments as long as the surplus is causing a loss to the U.S. government.

STATEMENT OF A. W. "BUCK" COMPTON, NANAFALIA, ALA.

"First, I would like to speak to Title VIII entitled "Food and Agriculture Research." This title devotes a great deal of time to federal coordination of agricultural research and then addresses some specific funding for competitive research grants, facilities, human nutrition, and animal health, all of which are important.

The Act specifically states it is the intent of Congress that federal support for food and agricultural research should be funded at a significantly higher level than it is currently being funded. Senator, from what I've observed, this assertion is fully justified. I have seen information that in my opinion fully justifies at least a doubling of present funding to meet the needs, both of the present agriculture of this state and nation, and the future needs of this nation. I am concerned that Congress feels it necessary to pass additional legislation to obtain this funding. The Agricultural Experiment Station System of this nation has been one of the most striking examples of effective use of public funds that exists. It has been held up as a shining example around the world. I plead with you to use your ability to obtain needed funding for agricultural research but without increasing bureaucracy unnecessarily. The problem in the main is out where the people are. The State Agricultural Experiment Station is out where the people are. Leave research administration to the Director of the State Agricultural Experiment Station and the people served by the Stations to assure that the research programs are directed toward the greatest good. Congress needs to appropriate to the states the funds necessary to do the job. I ask that you give considerate attention to our national priorities for research and development. I have seen the report by the Federal Council for Science and Technology which shows that only 1.6 percent of our federal R&D funds go for food and agricultural R&D. In contrast, 43 percent goes to defense. I am convinced that agriculture productivity is our greatest defense, our greatest national resource, and deserves a greater share. 14.1 percent goes to space when our problems are on the farm and in the marketplace not in outer space. 11.3 goes to basic science but I understand our agricultural scientists do not share in this funding in a significant way and yet we urgently need more basic research in matters concerning agriculture. 10.5 percent goes to health-biomedical and 9.7 percent to energy and 4.4 percent for social. Certainly these latter cannot be argued, but surely agriculture deserves a greater share.

As I read Title VIII, I see all the areas of research provided for are important but I am confident the only reason these research needs have not been more adequately addressed by our State Agricultural Experiment Stations and USDA research agencies is because of inadequate funding. If federal support for agricultural research had kept pace with needs, we would have a more viable research program and a more productive, healthy agricultural industry to meet future needs. I urge you to work to assign higher priorities to funding of agricultural research.

Now I would like to speak to Title XII which provides for a major extension of the authorizations of the Federal Insecticide, Fungicide, and Rodenticide Act. Senator, I fully support a need to reduce unnecessary hazards to man and his environment but the FIFRA had been administered without adequate regard to the practical world in which we live. I believe more control needs to be placed on the generation of regulations by EPA under FIFRA so as to bring its administration to reality. I believe it would be a drastic mistake to give EPA a vote of confidence by extending its life for three years and by increasing the level of funding without greatly reducing its power to make law through unjust regulations. It is my opinion they should be required to replace their legal counsels with agricultural scientists that understand the nature of the world in which we live so as to regulate for the benefit of mankind and not for the exercise in legal interpretations. EPA by imposing the complexities of regulations, in effect, acts as though it was the intent of Congress that all chemicals be banned from use in agricultural production. I urge you to find ways of bringing the mission of EPA back to the purpose of the original Act of 1964 which stated "An act to regulate the marketing of economic poisons and devices."

I want to express approval of the reference to aquaculture needs in Title XIII, this is an area that certainly has great potential in Alabama and the

southeast for diversifying and increasing income through culture of fishes taking advantage of our abundance surface water. I see great potentials in catfish farming.

I wish to express particular concern at what I understand is a serious lack of support for forest research. My background brings a broad scope of appreciation of what has been accomplished in agriculture and how little has been accomplished in forestry in the way of increasing knowledge through research. Many of our forestry management and harvesting practices have basically changed very little from the time of our fathers and forefathers. This state offers a tremendous potential for increasing efficiency of growth and production in management of our forestlands which make up two-thirds of the land area of the state. There is a great interest in young people in studying forestry and yet the funding for forestry research is minimal and not many of these young men and women get opportunities in forestry research, research to broaden the knowledge base and make this industry more nearly comparable in productivity per man year to that of agriculture. I solicit your strong attention to increased support for research both in the Forest Service and in the State Agriculture Experiment Stations. A few months ago you participated in the dedication of a new USDA Forest Engineering Laboratory at Auburn. This laboratory in partnership with the Forest Products Laboratory and the other programs of the Agricultural Experiment Station of Auburn University offers great hope. This hope can only be realized if Congress can see fit to fund these programs at a more adequate level. I realize the restraints on the Federal Budget but I'm a businessman and I also realize the returns from investments and Senator I've seen evidence of the high return of investments in agricultural research for the good of this nation. I encourage you to make a concerted effort to increase this investment in research for the good if the people living today and those that will follow tomorrow.

STATEMENT OF DR. J. MICHAEL SPROTT, DIRECTOR, ALABAMA COOPERATIVE
EXTENSION SERVICE, AUBURN UNIVERSITY, AUBURN, ALA.

The following comments refer to S-275, filed January 18, 1977, by Senator Talmadge et al, as a bill "to provide price and income protection for farmers and assure consumers of an abundance of food and fiber at reasonable prices, and for other purposes."

I believe that the bill should be expanded to include the word "Extension" to the title and other appropriate places throughout the bill.

I strongly support the modifications which were suggested to the authors of this bill by the Extension Committee on Organization and Policy dated 12/23/76, where Extension is identified throughout the bill as the primary disseminator of research findings, in line with our long-standing Smith-Lever responsibilities.

Additional funding for Extension programs is critical; in terms of real dollars, Federal support for Cooperative Extension Service work has decreased by almost 50 percent in the last decade. The ECOP recommended modifications to S-275 included a technique for formula funding which I am in complete support of.

The need for Extension programs in forestry throughout Alabama is critical, and relies on Federal support which has not to date been forthcoming. Both the Thorton Bill and the Wampler Bill have recommendations of increased funding for forestry work, and I am in complete support of the intent and the level of this funding.

I believe that both an Extension Director and an Experiment Station Director should serve on the Research and Extension Advisory Committee.

It is imperative that the limit placed on funding by the 350 Section be established at no less than \$50 million above the current level for the Extension Service; this would mean not less than \$290 million. It is imperative that this upper limit be raised to allow us an opportunity for additional appropriations.

The concept of multi-year farm plans is workable and should be continued. A word of caution is in order, however; the present farm bill has allowed America's farmers to operate to a great extent on their own initiative; it has

allowed freer regional and inter-regional competition; it has operated at a reduced cost to the public, and encourages overall efficiency. Any retrenchment into the experience of the '60's, where we had significant involvement by government in the business of agriculture should be avoided. The excessive paperwork and regulations involved in production and distribution of food and fiber were unwieldy and inefficient, and I would, therefore, commend the authors of S-275 as they attempt to build in a very positive Agricultural Act of 1970, as amended.

I am concerned that the cost of production estimates which will be used to establish target prices and consequently loan rates, may not reflect reality in the individual regions of the individual states. ERS-USDA has been charged with this responsibility and has done a commendable job; however, much remains to be desired in the area of allocating land charges and other fixed expenses. It would be a mistake to establish target prices and/or loan rates at such an unrealistically high level so as to foster additional production in areas which may not find ready markets either here or abroad.

I would recommend to the authors of S-275 that they continue to require open access to world markets for U.S. food and fiber products.

I would strongly urge that all efforts be made to increase the actual appropriations for rural development research and Extension work in line with the approved budgeted amounts. Rural development efforts have generally been constrained by insufficient funding, especially in the light of authorized spending limits which are seldom equaled by actual appropriations.

We in the Alabama Cooperative Extension Service appreciate very greatly the support for human nutrition research (and extension) which are embodied in S-275. Our experience with the expanded food and nutrition education program in Alabama has proven without a shadow of a doubt the worth of this effort.

Thank you for the opportunity to make this testimony available as you continue your deliberations and hearings on the Food and Agriculture Act of 1977.

U.S. SENATE,
COMMITTEE ON RULES AND ADMINISTRATION,
Washington, D.C., February 23, 1977.

Dr. J. MICHAEL SPROTT,
Director, Cooperative Extension Service,
Auburn University, Auburn, Ala.

DEAR DR. SPROTT: Many thanks for your letter of February 22 which arrived in the morning's mail.

I so much enjoyed seeing you at the farm hearing in Dothan on February 17, and I appreciate your sending me the additional information we requested concerning Title XII of S. 275. Your letter will be made a part of the permanent hearing record following your remarks to the Committee. If you have any further thoughts concerning this or any other feature of S. 275, please let me have them.

With kindest regards, I am
Sincerely,

JAMES B. ALLEN.

COOPERATIVE EXTENSION SERVICE,
AUBURN UNIVERSITY,
Auburn, Ala., February 22, 1977.

Re. S-275, Title XII, FIFRA.

HON. JAMES B. ALLEN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ALLEN: Again let me indicate how much I appreciate the opportunity to appear before you in Dothan to give testimony on S-275. I trust that my comments were of value to you and your aids, and again want to indicate my concern that S-275 currently is deficient insofar as recognition of the educational role which the Cooperative Extension Services have in implementing the adoption of technology developed by agricultural research.

During my testimony, you asked that I elaborate on suggestions or guidelines which should be included in Title XII. As indicated during my testimony, I

will defer to ECOP and ESCOP as they prepare the statements to be delivered to you and the other members of the Ag Committee. It is now my understanding that these recommended adjustments to S-275, and particularly to Title XII, are in the developmental process and should be made available to you in the very near future.

I would like to point out, however, that I believe strongly that an Experiment Station Director and an Extension Service Director should be members of the EPA Pesticide Policy Advisory Committee. Further, I believe that the funding for Title XII should be on an annual basis rather than a multi-year basis, allowing a constant monitoring of the impact of EPA guidelines and regulations. This would dramatically improve the probability of constructive surveillance of said regulations as they are promulgated and applied. Again, additional and more detailed recommendations on S-275 are forthcoming from ECOP and ESCOP, and I trust you will give them whatever attention they warrant, based on your judgment.

My very best wishes as you labor on this most important national legislation. If this office can be of further assistance, please don't hesitate to so indicate.

Sincerely yours,

J. MICHAEL SPROTT,
Director.

STATEMENT OF DR. NELSON KING, COORDINATOR, ANIMAL HEALTH RESEARCH, AGRICULTURAL EXPERIMENT STATION, AUBURN UNIVERSITY, AUBURN, ALA.

Senator Allen, I am Nelson King, Associate Dean for Research, School of Veterinary Medicine, and Coordinator Animal Health Research, Agricultural Experiment Stations, Auburn University.

I appreciate very much having the opportunity to appear at this hearing to speak in behalf of the need for new legislation which would strengthen the support for conducting animal disease research.

The National Academy of Science's Committee on Veterinary Medical Research and Education (1972) estimated that diseases of food animals caused losses of 15 to 20 percent per year in the United States and 30-40 percent in the less developed countries of the world.

Disease losses must necessarily be reflected in the cost of meat, milk, eggs and wool. The price of pork is influenced by the number of young pigs which die before they reach marketable age. Bovine mastitis reduces milk production and increases the market price of milk. Disease losses are a part of the cost of production, and the consumer must pay for this, as well as the cost of feed and care of producing animals.

In addition to the economic pressure of continuing losses, the responsibility to increase the effectiveness of animal disease control is made more urgent because many of these diseases are transmissible between animals and man—e.g., salmonellosis, brucellosis, leptospirosis.

Furthermore, the presence of certain livestock and poultry diseases—e.g., trichinosis, salmonellosis, brucellosis, Exotic Newcastle Disease—is limiting the demand for livestock and poultry products on the export market and may even limit interstate movement here at home.

In the report of a study requested by the U.S. Senate and sponsored jointly by the Association of State Universities and Land Grant Colleges and the U.S. Department of Agriculture (A National Program of Research for Agriculture, 1966) it was stated that, "infectious diseases represent the single greatest hazard to the production of an adequate and wholesome supply of animal protein."

More recently, in the report of a working conference on Research to meet U.S. and World Food Needs held in Kansas City last year, livestock and poultry diseases ranked at the top, or near the top, of the important problems that require research for the various animal commodities. Some of the disease problems mentioned are as follows:

For beef production—reduce effects of respiratory and enteric diseases, including shipping fever and calf scours.

For pork production—develop improved methods to prevent and control swine diseases: arthritis, atrophic rhinitis, enteric diseases, etc.

For sheep production—prevent and reduce losses from diseases of parasites, poisonous plants, etc.

For dairy production—determine incidence and distribution of disease problems on a continuing basis, evaluate health care systems.

For poultry production—develop method to improve the control and prevention of Newcastle, avian influenza, airsacculitis, infectious bursal disease, mycotoxiciasis, fowl cholera, etc.

Other animal production—prevent and control diseases of goats, particularly respiratory diseases, enteritis, mastitis and reproductive disorders.

Develop better methods to prevent and control rabbit diseases—particularly enteritis and respiratory diseases.

Basically, the reason why animal diseases are causing such heavy losses is because of the lack of high level, sustained funding for conducting research on these problems.

Congress recognized the need for expanding animal disease research by passing H.R. 11873 by overwhelming majorities in 1974. Unfortunately, the bill was vetoed by President Ford in the early days of his administration. The bill was intended to encourage and assist states in carrying out a program of animal disease research through grants for research and research facilities needed to solve disease problems of livestock and poultry.

The distribution of sources of funding for research in eighteen schools and colleges of veterinary medicine in 1975 as follows:

	Percent
USDA	5.6
Other Federal agencies.....	57.6
State appropriations.....	23.2
Industry and private sources.....	11.3
Miscellaneous	2.3

Due to the very limited funding for food animal disease research, the colleges of veterinary medicine have utilized their research expertise primarily as a strong component of human medical research. Such research has emphasized the study of human diseases, using animals as experimental models. As a result of this unique capability, the colleges of veterinary medicine (and some of the departments if veterinary science) have attracted large amounts of funds for human-health-oriented research from federal agencies. While such research contributes to basic understanding of biomedical phenomena if animals, it detracts from placing major emphasis on disease and parasite problems of importance in the production of livestock and poultry.

The deficiency of funding for research on animal diseases is primarily responsible for the high incidence of disease, the ensuing losses being experienced by producers and increasing prices charged to consumers. The states have not provided the level of funding required to make the necessary advances. Food animal diseases are national in scope and require national attention, if efficiency in food animal production is to be improved. Efficient animal production is part of the solution to providing adequate wholesome supplies of food and the control of animal diseases is vital to efficient production.

New legislative authority is required to make adequate federal financial support available for animal disease research in the schools and colleges of veterinary medicine and in departments of veterinary science. Such new authority could be provided by a separate bill for this purpose, similar to the H.R. 11873 passed in 1974, or could be a specific part of other legislation to provide expanded support of agricultural research, such as S. 275.

We appreciate very much your interest and concern for what we feel represents the single greatest hazard to the efficient production of an adequate and wholesome supply of animal protein.

STATEMENT OF W. A. ELLIS, JR., CENTRE, ALA.

I appreciate this opportunity to express my views on our agriculture situation as I see it here in Alabama.

The farmer today, while working hard, long hours, borrowing every penny possible in order to make a crop, risk his life's savings and hope for a good crop that will produce a fair income. This past November, the farmer received

less for his beef, pork and corn since 1933. The farm parity level has dropped to the lowest it has been since the spring of 1933. Except for soybeans, cotton and eggs, farm income would have shrunk even more. The farmer averaged about 6% less for his product than a year ago. The farmer had to pay 3% to 5% more for the products he purchased. This imbalance can go on just so long before something has to give.

I know all of you have read as I have that a farmer can go broke every year and go right back into business the next year. This may have been the case in the 1930's and early 40's when we farmed with mules and inexpensive equipment and with very little cost outlay. In those years a very small amount of fertilizer and groceries was furnished until fall and in case you failed that year, credit would be financed you another year because there was such a small amount of cash involved.

This is far from being the case today. I was in Arizona a week or so ago and was talking to a farmer there and he said the amount of credit they will extend for an acre of cotton is \$325.00 per acre. The equipment, fertilizer, chemicals and daily living expenses are all due as purchased with surely no longer than 30 days credit.

The small family farmer has gotten squeezed until their number is getting fewer and fewer each year.

If the American people want to continue to enjoy the food and fiber at a reasonable price, then the price support on our farm commodities has got to be raised to a working level. What I mean by a working level is when we have made a crop failure, as many of us have in the past few years, our creditors will be able to take our price support which will enable him to finance us another year. Our lending institutions have been good to all of us or we would not be here today, however, we can't expect them to continue with no more security than they have at the present time. I think the answer to our problem is a much higher support or you might call it a disaster payment, on all farm commodities.

I hate to think that this country would ever let its finances get in the shape that Great Britain has. I believe our financial condition would be exactly like their's today—and that is broke—if it were not for our hard working farmer.

Let's keep allotments off because I feel that most every farm may be adopted to crops other than the one they have allotments for.

I would also like to comment on the Food Stamp Program and other food programs as I see it here in Alabama. I believe that every able-bodied American should work!!!

I feel that the people on these programs should mow grass, pick up paper, work in parks or do something that will help make their community and this country a better place to live.

I believe that we should start a program such as the CCC's that we had during the 30's, and improve our forests land by deadening the undesirable hardwoods and planting pine timber that will enable our younger generation to receive some benefit from it. There are many programs that would be worthwhile and I believe that we should concentrate on these rather than so many give-away programs that have no lasting effect.

I would like to close by expressing my appreciation to Senator Allen for the fine job that he is doing.

Very sincerely,

W. A. ELLIS, JR.

STAR ROUTE,
Gordon, Ala.

Senator JAMES B. ALLEN,
Agriculture and Forestry Committee,
Capitol Hill, Washington, D.C.

DEAR SENATOR ALLEN: I am an independent farm owner and timber grower. My holdings are not large so it may follow that my scope is limited when the needs of those in agriculture and forestry are considered.

I have found that the Forest Incentive Program (FIP) is a good means of encouraging the small timber owner to stock his wood lot for the greatest potential. The limitation of the program to those farms of 500 acres or less is

self defeating. I feel that this limitation should be removed and that the whole program be granted more funds to insure its success. In connection with the FIP program the ACP programs work well. Continuation of this is desirable also to promote good forestry and to aid in the production of much to be needed fiber of the future.

The length of time required to grow the forest crop to maturity makes it all the more necessary for us to be sure well ahead of time that we have ample supplies of this fiber coming on for the generations that follow.

In connection with the peanut production in this area the answers do not come easily. I can only add a thought that may become a useful tool in the event more drastic measures become advisable. My thought is toward a revitalization of the old soil bank program, applicable to peanut allocated acres only and for a limited duration. I am sure your committee has been handed all of the problems that it needs. Perhaps one idea will enable it to solve some of the problems more easily.

Thank you for permitting me to get this statement before your group.

Yours very truly,

C. K. KNOX.

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

I am J. D. Hays, President of the Alabama Farm Bureau Federation. It is a pleasure for me to appear here today in behalf of our 195,000 members. We thank you for coming here to listen to our views and needs. We are indeed fortunate to have you serving the people of Alabama on the United States Senate Committee on Agriculture and Forestry. Based on your distinguished record and your untiring devotion, we can rest assured that our best interests will continue to be ably represented in the halls of Congress.

1977 begins another historic year in the history of our nation. We are entering the third century of our nation. We have a new administration at the mantel of our government. We all look forward to a new era of growth and prosperity.

Farmers have a high stake in the legislative program of our Congress. Considerable progress has been made under the Agriculture and Consumer Protection Act of 1973 which is due to expire in 1977. Congress will be under heavy pressure to enact new farm program legislation in 1977. If no new legislation is enacted, expiration of the Act of 1973 will reactivate provisions of earlier laws, which are not in tune with current conditions.

Major issues likely to be considered in 1977 include higher loan levels and target prices for feed grains, wheat and cotton; the basis for setting target prices and loan rates; disaster payments; payment limitations; mandatory loans for soybeans; government controlled reserves of major farm commodities; export controls; the minimum support level for manufacturing milk; extension of the 1976-77 rice program; proposals to reduce the cost of the peanut program; and changes in the rules under which tobacco allotments may be transferred.

The following Farm Bureau policy positions generally outline our views on government farm programs and related issues:

FARM PROGRAM

Government programs with respect to agriculture should be designed to create conditions which will permit farmers to operate under the market system. We favor a market-oriented agriculture because we believe farmers will fare better under the market system than under any type of government-managed system.

The essential ingredients of a sound national farm program include measures to assure and improve farmers' access to domestic and foreign markets; programs to help farmers to obtain needed crop and market information, research, educational assistance and credit; programs to provide workable grades and standards and to safeguard product quality through inspection services; programs to help farmers to eradicate or control plant and animal pests and diseases; programs to encourage the conservation of land and water resources; and programs to prevent the exercise of monopoly power.

A continuing effort should be made to achieve a prosperous, productive agriculture through economically sound programs with a minimum use of price

and income support measures. It should be a national objective to avoid the need for such measures. If support programs do become necessary as a cushion against disaster, it should be recognized that this need reflects failure to achieve a sound national farm program.

Support programs must be carefully designed and implemented to avoid conditions which are self-perpetuating, to protect our competitive position in world markets and to avoid undue interferences with market-directed adjustments in production and marketing.

ACCESS TO MARKETS

If not restricted by government controls, American farmers will continue to meet the food needs of the nation and a large portion of the world. Embargoes and moratoriums on agricultural exports will only inhibit food production and antagonize foreign customers. Such controls will contribute to a U.S. balance-of-payments deficit, foster inflation, and reduce our ability to purchase needed products, such as petroleum, which are in short supply here.

We vigorously oppose all governmental restrictions on the sale of agricultural products in world markets. Agricultural exports must not be held hostage in the name of political expediency or foreign policy. Decisions affecting agricultural exports should be made with full participation by farmers and the Secretary of Agriculture. Such decisions must not be made by labor leaders or government agencies, such as the Department of State, which are primarily interested in foreign policy considerations.

THE AMERICAN FARMERS' RESPONSIBILITY RELATIVE TO WORLD HUNGER

The best food reserve for America and for the people of the world is the productive capacity of our land, the ability of the American farmer, and the profit incentive system. We are safeguarding the interests of consumers through (1) the tremendous productive capacity of American agriculture; (2) the stocks carried by farmers, processors, and the trade; (3) the fact that major crops are produced over wide geographic areas; and (4) the flexibility that goes with a livestock economy.

We oppose the creation of a government-controlled food reserve in the United States and U.S. participation in any internationally-controlled reserve.

In order to provide opportunity for more orderly marketing and to avoid government-controlled reserves, we favor programs to encourage and assist farmers to increase on-the-farm storage. Such programs include loans at favorable interest rates for the construction of new storage capacity, longer-term CCC commodity loans, and storage payments for grain that is kept in storage by the producer for more than one year.

Foreign buyers of U.S. farm products should be encouraged to make long-term commitments for these commodities through arrangements with producers or the private trade. Foreign nations desiring to maintain food reserves in excess of their current needs should make their own arrangements for the maintenance of such reserves.

We favor an extension of P.L. 480, to permit the United States to continue to provide food assistance to needy countries. The USDA should announce in advance the quantities of farm commodities that will be distributed by the government under P.L. 480 and the quantities that will be made available for distribution by private welfare groups.

To meet emergency needs throughout the world, we favor the establishment of an international fund to be used for the purchase of agricultural commodities only in the amounts, and when, needed. All nations of the world should support such a fund and should share in its control in proportion to their contributions. The fund could be used to purchase needed agricultural commodities from any nation having available supplies in order to meet disaster needs and other emergencies. We will continue to explore ways of implementing this concept.

WHEAT, FEED GRAINS, AND COTTON

Government programs to improve farm income should be designed and administered to enhance market opportunities to the end that farmers will earn higher incomes in the marketplace and will not be dependent on government payments for a portion of their income.

We will continue to oppose any program which, by excessively high target prices or loan rates, would make farmers dependent on government payments or reestablish a government-controlled stockpile of any agricultural product.

Farm income has increased substantially since the market was relieved of the surpluses accumulated under previous programs. The market system is working. We have confidence that it will continue to work. We will support an extension of the principal provisions of the Act of 1973 with respect to wheat, cotton, and feed grains; provided that this Act is not amended in ways that would: (1) make farmers dependent on government payments on a continuing basis, or (2) establish a government-controlled stockpile of agricultural commodities.

We favor continuation of the authority for acreage set-aside programs contingent upon the extension of the Act of 1973, and the effective use of this authority, if necessary, to avoid burdensome surpluses. Farmers should be encouraged to participate in set-aside programs through per acre payments for performance.

We continue to oppose per farm limitations on any payments that may be made to farmers under government farm programs.

We oppose transfer of cotton allotments across state lines.

Due to the increased cost of production we recommend raising the CCC loan on cotton, and extending loans for 18 months.

We urge the continuation of the disaster program in cotton by the USDA without penalty when land is planted to another crop after the disaster. Limitation of payment should not apply to disaster pay. Disaster pay should be figured on a graduated scale according to the amount of disaster.

SOYBEANS

We oppose acreage controls or marketing quotas on soybeans. We recommend that soybean loan rates be set at a level which will not stimulate overproduction.

MILK

We recommend that manufacturing milk be supported at not less than 80 percent of parity and that the level of support be reviewed quarterly.

We support authority for continuation of the Class I Base Plans now in effect under federal milk marketing orders.

We also support extension of the provisions of the Act of 1973 which relate to the Secretary's authority to (a) donate dairy products owned by the CCC to the Armed Services and Veterans Administration and (b) make indemnity payments to dairy farmers and dairy processors who, through no fault of their own, have their milk contaminated by, and condemned because of, the presence of pesticides residues, or radioactive fallout.

PEANUTS

We support the present peanut program . . . and will continue to work with peanut growers in all peanut producing states to develop amendments to the peanut support program to reduce its cost, provide opportunities for growers to produce for export, and assure a fair price to peanut farmers, and establish differentials as a part of the legislation. We support the efforts of growers and the U.S. Department of Agriculture to develop expanded export markets.

We appreciate the opportunity to present these recommendations to you at this hearing. As more specific proposals are advanced dealing with these and other issues we will share with you our specific recommendations.

STATEMENT OF HON. McMILLAN LANE, COMMISSIONER, STATE DEPARTMENT OF AGRICULTURE AND INDUSTRIES, MONTGOMERY, ALA.

It is a privilege for me to have an opportunity to comment on our present agricultural program and express what I feel are some of the desires of Alabama farmers. We are aware that the Agriculture and Consumer Protection Act of 1973 expires on December 31st of this year (1977).

We understand that you are holding hearings around the country to determine how farmers feel about the present program and to find what

adjustments, if any, should be made to improve and update this agricultural program. It is also my understanding your plans are to get this information together and report it out of committee in May so that any necessary changes can be voted by the Congress in September.

Consumers in our nation have been blessed with a bountiful supply of relatively cheap food and fiber because of the productivity and efficiency of American farmers. America is the best fed and clothed nation in the world because of the American farmer who produces sufficient food and fiber for himself and 56 others. However, to continue a production program that will provide these needs of the American people and a portion of world needs, the American farmer must receive some assurance of a reasonable profit on his input of labor and capital. Thus, it is essential that farm programs be continued and that recognition be given to the farmer cost inputs.

Despite the ability to meet the needs of the consumer through increased efficiency in production, farmers continue to have financial problems. In the last 20 years, mortgage indebtedness on American farms has increased almost five times, from slightly over \$8 billion to over \$46 billion. This trend is also true on Alabama farms, increasing from about \$114.5 million to \$634.8 million. At the same time, the value of U.S. farm real estate has increased from about \$98 billion to almost \$370 billion, while in Alabama it has increased from about \$1.2 billion in 1955 to almost \$5.0 billion in 1975. Land appreciation may be one of the major reasons farmers can stay in business.

Alabama farm production expenditures or costs continue to rise. In 1971, production costs per farm were \$18,220 while in 1975 these costs were \$29,172, an increase of over 50 percent. Because of rapid changes in production practices, most farm inputs now come from off-farm sources. The ever increasing costs of these inputs is an uncontrollable factor with which the farmer has to cope. Today the farmer must pay the cost of production plus a reasonable profit for all agricultural inputs, but he is then forced to sell his product at a buyer's price in a buyer's market. For example, prices paid by farmers for commodities and services, interest, taxes, and farm wages last year were four percent higher than a year earlier and prices received were two percent below a year ago.

If the Congress decides to extend present farm legislation, most farmers with whom I have talked feel consideration should be given to immediate adjustment of target prices and loan rates.

In a recent speech before the National Cotton Council of America, Secretary of Agriculture Bergland stated that in early March this Administration will have a food and fiber policy to recommend to the Congress. He said, and I quote, "There are many alternatives open to us. One, we could leave everything to chance. In other words remove the government from any and all responsibilities or functions in the field of commodities. Two, we could have heavy intervention, complete domination, or three, we could have neither of these two alternatives and find some middle ground which seems to make sense."

In addressing himself to the question of reserves, the Secretary told the group we have on hand the largest carryover of wheat since 1963, the largest carryover of rice in the history of the United States, and more feed grains on farms today than ever in the history of the country.

I quote, "And so the question of whether we have reserve stocks or not is academic; we have them, they are there. The question is how shall they be managed? And in that area, there are a number of alternatives open to us."

Secretary Bergland said they are going to recommend to the Congress of the United States an economic strategy, and that our policies will be market-oriented. He said, and I quote, "It is imperative for the economic well being of the U.S. and for peace in this world that we continue our overseas market development. I would rather trade goods than gunfire. The more trade we can develop about the world, the more likely we are going to see a world at peace with itself."

Senator Talmadge has proposed that we move to actual cost of production as a basis for target prices, and that loan levels would be related to the cost of production. There are also those who believe we should stay on the old program using parity as the basis for a loan or target levels, making adjustments as needed. As usual, we have many different proposals concerning a farm program which would be fair to both the farmers and the consumer.

As you know, Senator Allen, members of my staff and I are, and have been for several years, very concerned about the manner in which the Environmental Protection Agency is managing the implementation and enforcement of

the Federal Insecticide, Fungicide and Rodenticide Act as amended (FIFRA). The administration of FIFRA has been and continues to be a fiasco of monumental proportion.

If mismanagement of FIFRA is allowed to continue unbridled, I fear agriculture in this state and the country will suffer irreparable damage.

As now written, the Senate Agriculture Bill will fund the Environmental Protection Agency's enforcement of FIFRA for three years and pass over Senate Oversight Hearings on FIFRA until 1980 or later. In our judgment, it is most important if not imperative, that full Oversight Hearings in the Senate be held before the administration of FIFRA is funded further.

Several FIFRA issues require full discussion in the Senate Agricultural Committee. Among these are the regulations promulgated under Section 3 of FIFRA dealing with registration, reregistration, and classification of pesticides. EPA's pesticide registration, reregistration, and classification process is at a complete standstill. As a matter of fact, from where I sit the only section of EPA's Office of Pesticide Programs that is functioning at peak efficiency is the one that suspends and cancels pesticides.

Pesticides are vital to agricultural production. Everyone admits to this fact. In the current situation at EPA, new pesticides are not getting registered and pesticides which have been used for years can't get reregistered.

In the Wednesday, June 30, 1976 Federal Register there were published twelve (12) proposed changes to Section 3 Regulations. These proposals, recommended by the American Association of Pesticide Control Officials, have to my knowledge, not been acted on. Designed to bring some order to EPA's registration mess, these twelve recommendations should be an agenda item for early Senate FIFRA Oversight Hearings.

Another issue of great concern is EPA's recent announcement that commercial pesticide applicators who supply pesticides as part of their services are in fact distributors of pesticides. The Environmental Protection Agency's contention being that commercial applicators hold pesticides for sale and distribution. It is our strong belief that commercial pesticide applicators hold pesticides for use in their business activity. This is a very basic issue requiring congressional resolution.

We believe there is need for an oversight evaluation of the term "Use" as defined in regulations promulgated under Section 3 of FIFRA. As currently defined by the Environmental Protection Agency in their regulations, "Use" means many things in addition to application.

Other issues of importance that should be surfaced in early Oversight Hearings are:

The Federal bureaucratic red tape that stifles states' 24(c) Special Local Need pesticide registrations;

Minor uses of pesticides which do not warrant registrants' expenditures necessary for continued registration; and

Possible required registration of use dilutions of pesticides.

We urge early Senate Oversight Hearings so that these and other critical issues can be fully discussed and explored before the Senate Agricultural Committee and the American people.

STATEMENT OF R. C. BAMBERG, CHAIRMAN, CARTER-MONDALE FOOD AND AGRICULTURE COMMITTEE FOR ALABAMA

This report was compiled by key members of the Alabama Carter Food and Agriculture Committee in an attempt to define the principal problems facing American agriculture during the four years of the Carter Administration and to offer broad guidelines to assist in the solution of these problems.

PROBLEMS

I. We recognize, as we are sure the President and the new Administration do, that the development of a sound national energy policy has to be this country's most immediate and urgent need. Equally necessary in the long range is the development of a national food and fiber policy which will take into account, for the first time in our history, the fair and equitable concept that this nation's farmers must be guaranteed the "cost of production" to enable them to continue to make this nation's people the best fed and clothed in the

history of the world and at the same time continue our large exportation of agricultural products and its present relation to our balance of payments in world trade.

II. Agricultural inputs which the producer uses in making his crops today are now priced to him by strong forces in the market who determine these prices by their "cost of production" plus a reasonable profit.

III. The farmers' dilemma today is two fold:

A. Because of rapid changes in present progressive production practices most farm inputs now come from off-farm sources and the ever increasing cost of these inputs is an uncontrollable factor with which the farmer has to cope.

B. Today the farmer must pay the "cost of production" plus a reasonable profit for all agricultural inputs but he is then forced to sell his product at a buyers price in a buyers market.

SUGGESTED SOLUTIONS

I. The concept of "cost of production" for agriculture is essentially comparable to the concept of minimum wages for labor in the non-farm segment of our society. The minimum wage policy has long been established and set by law as public policy. The concept which forces a farmer to sell his food and fiber production at less than his "cost of production" is equal to asking labor to work for less than the minimum wage and asking industry to sell their products below "cost of production." Therefore, we suggest that the U.S. Department of Agriculture establish, publish and maintain the "cost of production" for every basic agricultural commodity by regions or by state on a continuing monthly basis similar to the manner in which the Department of Labor obtains and publishes monthly the cost of living index.

II. Strategically our nation's greatest resource lies in agriculture's demonstrated ability to produce food and fiber far in excess of this nation's domestic needs. This tremendous capacity of our agriculture has supplied and blessed the American consumer of this nation with food and fiber at less real cost than any other nation at any other time in history at the world's lowest cost as a percentage of individual income. We therefore believe that this tremendous American agricultural production in the future should be better utilized for the peaceful interest of mankind through diplomatic and other negotiations by the State Department. Without the vast exportation of food and fiber we could not long afford the imports of oil and energy products which are taken for granted by nearly every American citizen.

If the above conditions are to continue, then our State Department in its international negotiations must be charged with the responsibility of protecting our domestic agricultural plant in all their dealings. In international negotiations we think that a bushel of food for a hungry family is more important than a barrel of oil to an energy starved agricultural and industrial country.

III. We therefore propose a new concept of "cost of production" two-price support policy which would give the farmer the option of receiving full "cost of production" for a given commodity and waive all rights of redemption or either select to receive a high percentage of full "cost of production" as a loan with the producer retaining control and the right to redeem the commodity during the loan period. We believe this loan period should be twenty-four months or two crop years. We further believe that commodities tendered to the government under the full "cost of production" pricing system should not be disposed of by the government at less than cost plus carrying charges unless the commodities are bartered for strategic materials necessary to the well being of the United States. We would also hope that the government would use discretion in the orderly marketing of such tendered commodities to prevent price deflation to farmers during harvest season.

SUMMARY IN CONCLUSION

Basically every American must know that the adequate uninterrupted production of food and fiber is the single most important input into the well being of each American consumer and millions of hungry people in less fortunate countries. With this being true, we must face up to the fact that American agriculture as American labor and American industry must be guaranteed its fair "cost of production" to enable it to continue to feed and clothe this nation and large parts of the entire world. We do this for American labor with our minimum wage law. We do this for American industry with our tariff laws. Should we do less for American agriculture?

STATEMENT OF VAL T. IVEY, PRESIDENT, AND BILL BALDWIN,
LEGISLATIVE REPRESENTATIVE, ALABAMA PESTICIDE INSTITUTE

Representing the Alabama Pesticide Institute, an organization composed of 132 active members and 42 sustaining company members, who are actively engaged in the demonstration, research and marketing of pesticides in and around the State of Alabama, we offer the following statement:

We feel that over-regulation of pesticides has virtually buried the E.P.A. in paperwork. This paperwork that was mandated by Congress without consideration of the effects that it would have on the efficiency of the E.P.A. has resulted in the interruption of registrations for new and existing pesticide products for several months. Without such registrations, new products will not get to market. The effect will result, very shortly, in inadequate crop protection, less efficiency in agriculture and, ultimately, higher food and fiber prices.

Key products such as Endrin, EPN, Toxaphene and Sevin, to name a few, are in serious jeopardy of being removed from the market. In fact, there are some forty-odd products that are up for review by the E.P.A. that, if removed from the market, could leave the average farmer defenseless in the protection of his crops. We feel that the farmer is unaware of what is taking place and that he does not realize the impact that these decisions will have on his livelihood.

We feel there is a definite need to change Section 3 of FIFRA, as was recommended by the State-Federal FIFRA Implementation Advisory Committee (SFFIAC) printed in the Federal Register, June 30, 1976, Volume 41, Number 127. We support, fully, these recommendations and suggest that they be reviewed.

We feel that authorization for funding of FIFRA should not exceed one year, thus not beyond September of 1978 and we would request that the de la Garza Sub-committee withhold hearings and consideration of any amendments to the FIFRA until after action on the Farm Bill has been completed.

We appreciate your support and assistance concerning these matters.

STATEMENT OF ED ALLEN, PRESIDENT, ELLIS IMPLEMENT CO., CENTRE, ALA.

Senator Allen, I would like to offer a very sincere word of thanks and appreciation to you for this opportunity to appear personally before your distinguished Committee. I particularly appreciate the fact that you are holding field hearings on a subject of such vital importance. To me your approach represents a constructive, comprehensive—in fact, excellent—extension of the all-important fact-gathering phase of the legislative decision-making process. I am sure it might be *easier* to do this in Washington. Obviously, you have determined that when decisions are reached in that manner, often things are left out in translation.

May I add on this point that I, for one, particularly appreciate being represented by a senator who is not a recent convert to the idea of bringing government closer to the people. That has suddenly come in vogue, but I wonder how long some of the converts will keep the faith. It will be interesting to see. In this regard, I would like to say that to my knowledge no one in the Senate or the entire Congress, for that matter, has worked harder or more successfully in making government more responsive to the people than you have, Senator Allen. I think the people of Alabama deeply appreciate your effort in this area and recognize that it has not always been a popular or an easy cause to promote.

For the record, I should state that I am Ed Allen and that I am testifying as an individual small businessman located in Centre, Alabama—a businessman who views these hearings and the legislation you are about to write as a great opportunity to deal with one of the most fundamental problems of American agriculture—the lack of stability or dependability from one year to the next. As a farm equipment dealer serving producers within a 40-mile radius in the northeastern section of the state, I'm directly affected and so is just about everyone else in the local community from the banker, the barber, the car wash and the dry cleaners. If you ran a study on it, it might even affect the collection plate on Sunday.

For many years I have been active in the National Farm and Power Equipment Dealers' Association which represents farm equipment dealers all across the United States. Four years ago I was privileged to serve as National President of this organization, an experience which provided me with an opportunity to compare our situation with that in other parts of the country. Certainly it was no surprise to find that the degree of instability or the lack of predictability or "peaks and valleys"—call it what you will—is not just an Alabama problem; it is a nationwide problem. And, at the present time, for an industry which has been so successful with innovation and adaptation—in fact, one that has a problem-solving track record which is envied the world over—we seem to experience remarkably little agreement and remarkably great confusion about what can and should be done to solve this problem.

Perhaps like many problems there is no total or complete solution; no safe or convenient answer. But surely we can do better. And surely a nation so obviously unable to fight its energy deficits without food and fiber surpluses must recognize the importance of doing better.

The beginning point for any effort in this area must, in my opinion, focus on the farmer, who has been forced over the years to "tough it out" as the expression goes, absorbing the bumps and bruises of downswings, if—and it is a mighty big if—his accumulation of resources from the upswings was great enough. Suffice it to say that without the increased borrowing power created by land inflation he simply couldn't have done it. Also, suffice it to say that when the farmer is hurt financially, so are all the rest of us in his local community.

I'm sure the Senator will have access to a great number of statistics, data and expert testimony back in Washington. For that reason, I would like to attempt to focus on a practical idea from my vantage point on how we might bring about some improvement in this area.

In my opinion the most realistic approach would be to simply give farmers more flexibility to deal on their own terms with the uncertainties of the marketplace.

I have spent my entire career in farm equipment. During more than 30 years in the business, it has been one of the greatest pleasures of my life to become closely associated with many individual farmers. Almost to the man, the people in this business that I've gotten to know over the years are extremely independent and willing to take their share of chances. Of course they do that every time they put a seed in the ground. They all want to produce the best possible crop for the best possible price, and rarely have I met anyone who is interested in hand-outs, or hoping that something will come his way with little or no effort.

There is ample evidence of all this: the farmer wants to produce, just look at the production figures for the past decade. Almost without exception the trend continues to be up-up-up; and with fewer and fewer people doing it.

In return for his commitment to production the farmer deserves more cushion from the circumstances beyond his control, and the best way to provide it, in my opinion, is through more flexible financing.

I haven't seen an official announcement, but I understand that under the new reorganization you, Senator Allen, will be heading up the subcommittee with responsibility over the whole area of farm financing. I think this is perhaps the most promising area for combatting this problem of instability.

Let me offer these suggestions which, I hope, will be of some value:

First, the framework for dealing with this problem may well be in place already, and only need some legislative fine-tuning. The Rural Development Act of 1972 authorized federally guaranteed production and ownership loans to farmers, but today, almost five years later, there has been little or no practical benefit to the farmer.

These loans guaranteed up to 90 per cent by the Farmers Home Administration are actually placed by the local banker. In the case of production loans, such a source of funding could have tremendous benefit to the farmer who is caught, for example, with a market price at or below the cost of production, and a "must sell" situation resulting from production-related obligations. Yet, the results of this program, at this point in time, have been insignificant to the point of non-existent.

There are several reasons why:

The guaranteed loan program as presently structured has been unattractive to the local bank lender. First, the interest rates established by the statutory limits are at unrealistic levels. Second, the ceilings on the maximum amount of these loans is too low. And, finally, it is my understanding that up to now the local banker has been unable to "sell off" this paper in the secondary market. However, I was interested and much encouraged to learn that the Farmers Home Administration is about to issue a change in the regulations which will make this possible. Since the guaranteed loans would not, according to the Independent Bankers Association, count against the lending ceiling of the average country bank, these loans should become much more attractive.

The lending record under this new authority over the past three years strongly suggests that some extensive change would be much in order.

In Fiscal Year 1974, FHA guaranteed only 537 loans at an average size of \$28,607.

In Fiscal Year 1975, there were 640 such loans at an average size of \$27,934.

But last year there were only 365 of these loans and the average size was reduced to \$26,609.

Compare this to overall volume in 1976 of 44,000 FHA loans at an average size of \$12,242.

As much as the government bureaucrats are criticized, this is probably not a case where the regulations are at fault.

In order to make these loans more attractive Congress will need to raise both the statutory ceilings on interest and amounts available through the FHA:

The current maximum interest rate of 5 per cent on farm ownership loans and eight per cent on production loans are simply unrealistic and should be changed.

So should the ceilings of \$100,000 on ownership and \$50,000 on production.

I was glad to learn that the new Secretary of Agriculture, Mr. Bergland, sponsored legislation in the last Congress which would do just this. As a matter of fact, I believe that there were some rather extensive hearings on his bill HR 14641 which would have raised the ceiling on ownership loans to \$300,000 and on production loans to \$200,000.

Hopefully, the new Secretary will continue his efforts in this area to provide greater financing flexibility.

In closing I would like to emphasize again my personal feeling that such flexibility represents one of the greatest problems the individual farmer faces. And if you can provide help in this area, Senator, you will have provided him a great service.

From a procedural standpoint I am not close enough to the process now underway with this hearing to know whether this issue should be considered as part of the general Farm Bill or treated as a separate issue. I'm perfectly content to leave that in your hands, trusting of course that you will be sympathetic with the need, and knowing that through your influence, progress can be made.

STATEMENT OF R. DENNIS ROUSE, DEAN, SCHOOL OF AGRICULTURE, AND DIRECTOR, AGRICULTURAL EXPERIMENT STATION, AUBURN UNIVERSITY, AUBURN, ALA.

I am R. Dennis Rouse, dean of the School of Agriculture, and Director of the Agricultural Experiment Station of Auburn University. Senator, let me express my deep and grateful appreciation for the outstanding leadership you are bringing to the U.S. Senate in many areas but especially in Agriculture and Forestry.

I would like to speak to four aspects of S. 275, "Food and Agricultural Act of 1977."

The Alabama Agricultural Experiment Station is just completing a survey conducted by our Department of Agricultural Economics and Rural Sociology to determine the opinions of Alabama farmers about agriculture and food issues and questions. This questionnaire was designed to encourage farmers to tell us how they feel about a wide range of topics related to commodity legislation. Questionnaires were sent out to 1,497 farmers selected to provide a valid stratified random sample of Alabama farmers. To date, 410 Alabama farmers have responded and their response has been summarized. At this time, I am presenting a tabulation of the results of this survey and will bring to your office next week a narrative and summary statement. You will be interested in noting

particularly that their average recommended target price for 1977 for corn is 6 cents above the target set out in S. 275 for 1978, their average recommended target price for wheat is 14 percent above the target price in S. 275, and their average recommended price for cotton for 1977 is 11 cents a pound above the target price for 1978 in S. 275. You will also be interested in these farmers opinions concerning many issues in connection with the commodities legislation. This is a study conducted cooperatively with Indiana, Iowa, Illinois, Tennessee, and Georgia and Bobby Keen, a good Auburn graduate, at Purdue University will put together the summary returns from these six states. I trust this will be valuable to you in the deliberations concerning this bill.

I am especially qualified to speak to title VIII, Food and Agricultural Research, and I appreciate the opportunity that I have had to work with the very able staff of the Senate Agriculture Committee and especially Mr. Dale Stansbury in drafting this legislation. Senator, it is no exaggeration when I say that the future of American Agriculture hinges largely on the outcome of our attention to Agricultural Research. It has been grossly under funded, especially at the Federal level. This act states clearly that it is the sense of Congress that funding for Agricultural Research should be approximately double the current level of funding. It is essential for the Nation's welfare that this be brought about. The other very positive aspect of this bill is that it clearly establishes the USDA as the lead agency in food and agriculture. Senator, I'm sure you know that there is already adequate Federal legislation to do what needs to be done in support of agricultural research. The facts are, however, that these statutes or the way needs have been presented have not been sufficiently attractive for Congress to appropriate the funding necessary to provide the kind of agricultural research base that this Nation needs. Senator, I feel that I share your desire to keep Federal spending in bounds, but I am asking that you support an effort to give full consideration to the priorities that are currently assigned to research and development. In 1940, 40 percent of the Federal dollars for R. & D. went in support of food and agriculture research. Today, this has dropped to 1.6 percent of the total. Defense R. & D. has risen to 42.7 percent of the total. Space R. & D. is 14.1, basic science D. & D. is 11.3, biomedical is 10.5, energy is 9.7, environment is 5.6, social is 4.4 percent of the total. Therefore, this most important component of our economy, the productivity of our lands—our agricultural industry receives less than half the funding of the next lowest item listed. Surely, the level of funding suggested in this bill is a minimum level needed for the agriculture industry of this Nation. Agriculture in Alabama and throughout this Nation and the world is exceedingly complex. It must have a strong technology base.

There are many aspects of this bill that are commendable and I support them fully. It does provide for an excessive bureaucratic structure to accomplish coordination and advisory inputs. I urge your consideration of the revisions that I have suggested to Mr. Stansbury and your staff to reduce the complexity of this policy and coordination structure.

The statutes that establish the Agricultural Experiment Stations and under which they are funded currently have served this Nation well. I plead with you to insert wording into this title that would say clearly that it is the intent of Congress in enacting title VIII to augment, coordinate, and supplement the planning, initiation, and conduct of existing agricultural research programs under existing statutes. These statutes simply have not been supported at a level necessary to conduct the research needed to adequately service American agriculture in recent years. Senator Talmadge in presenting the bill stated that in 1967 Congress appropriated about \$250 million for agricultural research; the agricultural research appropriations this year, in 1967 dollars is about \$250 million. I do not need to call to your attention the tremendous increase in complexity of American agriculture that has occurred during this time, the many changes resulting from an agriculture of surpluses to one of shortages, an agriculture with an abundance of stored energy to one of energy shortages and crises in the immediate future, an agriculture geared to make maximum use of agricultural chemicals to an agriculture faced with severe restraints because of our concerns for environmental quality, an agriculture of acreage controls to a market oriented agriculture. Finally, let me plead for your strong support and leadership in passing title VIII of S. 275 taking in consideration the specific revisions that I will present to your staff.

I would speak now to title XII that is an extension of the Federal Insecticide, Fungicide, and Rodenticide Act.

We need a strong Environmental Protection Agency but we need an Environmental Protection Agency dedicated to reducing with reason and knowledge unnecessary hazards to man and his environment. You provided a forum last February before the then Administrator of EPA, Mr. Russell Train, for a delegation of the Alabama Legislature to express their concerns for several of the actions of EPA. I was privileged to accompany this group and bring with me my colleague who then served as Chairman of the Experiment Station Committee on Organization and Policy, a position that I now hold in these United States and accompanying me was the Director of the Cooperative Extension Service and a representative of the Extension Committee on Organization and Policy. We thank you for providing that audience. I am now concerned that title XII grants a 3-year extension of this Agency that is not functioning presently in the best interest of this Nation. In my opinion, it is not carrying out the intent of Congress. I request that you provide an opportunity for ESCOP and ECOP to present testimony on March 11 in which we will propose specific amendments that we believe will enable EPA to function effectively and carry out the intent of Congress. Those amendments are currently being prepared and I do not have them ready to present to you today. We have worked diligently with EPA attempting to get agricultural chemicals classified and to make progress on registration and registration. President Ford's Budget for fiscal 1978 earmarks funding to enable us to work in partnership with EPA and yet we are unable to maintain any positive contact with that Agency. I would consider a 3-year extension a positive endorsement that EPA does not merit. I would urge you to reduce this to a 1-year extension to provide for another review after a year. They must have more adequately qualified staff not more staff.

Finally, I speak to title XIII, this provides for the inclusion of aquaculture and human nutrition among the basic functions of the Department of Agriculture.

Senator, you know that Auburn University has worked long and diligently to call attention to the potential that exists in this State for the development of aquaculture, particularly catfish production. The major limitation to this becoming an important food commodity in Alabama and the other southern States is the lack of a lead agency to provide the kind of services that agriculture provides to the rest of farming enterprises. The assignment of this responsibility to the U.S. Department of Agriculture will make a tremendous contribution to this State and Nation and I urge your full support.

I close again thanking you for the tremendous contributions you are making to America.

TABLE I.—REPORT OF FEDERAL RESEARCH AND DEVELOPMENT, 1976 BUDGET YEAR (ENDING JUNE 30, 1976)

Description	Amounts (millions)	Percent of total ¹
Food ²	\$0.4	1.6
Energy.....	2.4	9.7
Environment.....	1.4	5.6
Space (NASA).....	3.5	14.1
Defense.....	10.6	42.7
Basic science.....	2.8	11.3
Health (biomedical).....	2.6	10.5
Social.....	1.1	4.4
Total.....	24.8	

¹ Calculated by writer.

² Total USDA obligations for all areas including food, \$463,000,000.

Source: Federal Council for Science and Technology.

TABLE II.—FEDERAL FUNDING FISCAL 1976 (ENDING JUNE 30, 1976)

USDA funds for research for food and fiber (from budget information)

	<i>Dollars in millions</i>
ARS Agricultural Research Service.....	\$216.0
ERS Economic Research Service.....	22.9
FS Forest Service.....	77.9
FCS Federal Cooperative Service.....	1.7
SRS Statistical Reporting Service.....	0.6
Subtotal	318.1
CSRS Cooperative State Research Service.....	92.0
Contracts and grants.....	11.0
Other Federal agencies.....	35.3
Subtotal	138.3
Grand total.....	456.7

The text statement of about \$400 million spent on agricultural research compares with \$0.4 billion from table I as shown by Federal Council for Science and Technology but is low compared to amounts shown here.

TABLE III.—FUNDING FOR STATE AGRICULTURAL EXPERIMENT STATIONS

	Amount (millions)	Percent
Non-Federal funds:		
State appropriations.....	\$278.0	78.9
Product sales.....	37.3	10.3
Grants from industry.....	24.0	6.6
Other (checkoff by commodities foundations, etc.).....	15.0	4.2
Total, non-Federal.....	361.0	
Part of the funds listed under USDA are allocated under Hatch, McIntire-Stennis Acts and Colleges of 1890 and Tuskegee:		
Cooperative State Research Service.....	92.0	
USDA grants and contracts.....	11.1	
Other Federal grants (presume EPA, FDA, OSHA, etc.).....	35.3	
Other research related to agriculture in part, at least, is non-Federal:		
Colleges of veterinary medicine (estimated).....	30-40	
Colleges of home economics (have no estimate).....		

TABLE 1.—INCREASE IN FUNDS REQUESTED FOR SUPPORT OF RESEARCH PROGRAMS IN THE STATES FROM FEDERAL SOURCES (CSRS), FISCAL YEAR 1978

Component	Hatch	Mc-St	Specific grants	1890 and Tuskegee	Rural development	Total
Increased operating costs.....	5,688,100	492,720		801,120	90,000	7,071,940
Improved productivity of crops.....	6,900,000		2,000,000	650,000		9,550,000
Improved productivity of livestock and poultry.....	5,300,000			350,000		5,650,000
Improved environmental quality and conservation of natural resources.....	5,000,000		500,000	200,000		5,700,000
Food and human nutrition.....	3,000,000		500,000	1,200,000		4,700,000
Consumer competence and family resource use.....	1,700,000		500,000			2,200,000
Improved timber supply and use of forest land.....		4,000,000				4,000,000
Rural development.....				1,200,000	4,000,000	5,200,000
CSRS administration.....	827,600	379,790			163,600	1,370,990
Total.....	28,415,700	4,872,510	3,500,000	4,401,120	4,253,600	45,422,930

AUBURN UNIVERSITY,
AUBURN, ALA., February 17, 1977.

Memorandum to: Dean Rouse.

From: Lowell Wilson.

Subject: Alabama Agricultural Policy Survey.

Attached is a set of tables summarizing responses of 410 Alabama farmers to a policy survey made by this department in December 1976. We put this material together earlier this week. The narrative, which would be brief has not been written. However, notes outlining the major points relative to the survey are on the following page.

Surveys using essentially the same questionnaire were made in November and December 1976 in Indiana, Iowa, Illinois, Tennessee and Georgia. Following some discussion with Bobby Keen at Purdue University we decided to participate in the surveys. The Purdue staff is to summarize all the state responses into one report.

We thought this material might be useful to you at the Montgomery hearings of Senator Allen.

Notes for a brief explanation of policy survey.

1. Time for Congress to again consider new farm legislation.
2. Purpose—obtain farmer opinions about Agriculture policy.
3. Tied in with surveys being made in some midwestern States and at least 2 other southern States. Work being coordinated in the Department of Agricultural Economics, Purdue University.
4. Sample of Alabama farmers surveyed by mail questionnaire:
 - (a) Sample drawn by Alabama Crop and Livestock Reporting Service.
 - (b) Same methodology in drawing sample as used in other States.
 - (c) 1497 farmers selected (stratified random sample—all major commodities included in sample).
 - (d) Questionnaire mailed November 30, 1976, second mailing about 10 days later.
 - (e) Response:
 1. 27 bad addresses.
 2. 465 responses.
 3. Less 55 unuseable questionnaires—not now farming, etc.
 4. 410 questionnaires used in study, $410 \div 1497 = 27.4$ percent.

SUMMARY OF RESPONSES TO POLICY QUESTIONNAIRE

1. As a farmer, what do you think would be a fair market price in 1977 for the following products? (answer only for the products you produce).

Enterprise and unit	Number of farms	Average price	Standard deviation
Corn (bushel)	134	\$2.93	\$0.59
Wheat (bushel)	9	3.72	.34
Soybeans (bushel)	88	6.86	.71
Cotton (pound)	36	.72	.13
Peanuts (pound)	63	.26	.09
Feeder calves (hundredweight)	115	47.03	9.88
Hogs (hundredweight)	57	46.26	6.11
Broilers (pound)	9	.41	.08
Eggs (dozen)	7	.71	.09
Milk, grade A (hundredweight)	9	11.37	1.34

2. The 1973 agricultural act set up a system of target or Government prices for feed grains, wheat, and cotton. Do you favor target prices?

	Number of farms	Percentage
Yes	155	38
No	140	34
No response	115	28
Total	410	100

If yes, listed below are the national target prices established for 1976. To the right put in your recommendations for target prices for 1977:

	Target price for 1976	Number of farmers	Recommended target prices for 1977	Standard deviation
Corn.....	\$1.57	84	\$2.34	\$0.56
Wheat.....	2.29	5	3.05	.33
Cotton.....	.432	24	.62	.14

3. If the target price system is to be kept in new legislation in 1977 on what basis should target prices be established?

	Number of farmers	Percentage
(a) Start with current target prices, adjust each year for changes in prices farmers must pay for production items, including labor and interest rates.....	188	46
(b) Use an average cost of production for the major producing and including average costs.....	88	21
(c) Use the parity principle of equal purchasing power for farmers calculated from the 1910-14 base period adjusted for recent changes.....	26	6
(d) Other.....	8	3
(e) No response.....	100	24
Total.....	410	100

4. Listed below are the national average Government loan rates for 1976. At the right, put your recommendations for loan rates on the crops for 1977:

	Loan rates for 1976	Number of farmers	Recommended loan rates for 1977	Standard deviation
Corn.....	\$1.25	117	\$2.08	\$0.45
Wheat.....	1.50	8	2.61	.37
Soybeans.....	2.50	74	4.01	1.28
Cotton.....	.3712	27	.51	.12
Peanuts.....	.207	39	.25	.07

5. The Agricultural Act of 1973 is due to expire at the end of 1977. What do you think Congress should do about future farm legislation in 1977?

	Number of farmers	Percentage
(a) Keep the present law as it is—extend it for another period of years.....	40	10
(b) Let the law expire; go back to earlier price and income support laws.....	17	4
(c) Revise the 1973 act by raising target and loan prices closer to costs of production, but keep it in its present form.....	214	52
(d) Eliminate all Government price and income support programs.....	56	14
(e) Other.....	6	2
(f) No opinion or no response.....	77	18

6. Acreage set aside programs were in effect in 1973 and certain earlier years. Based on what has happened since 1973, how do you feel about acreage set aside programs?

	Number of farmers	Percentage
(a) The set aside program should be available to use if needed.....	173	42
(b) Set aside programs should not be used.....	82	20
(c) Instead of set aside acres, give farmers a chance to store grain from a specified acreage under a government financed storage program. Such grain could not be sold unless supplies were short and prices rose above a certain point.....	94	23
(d) Other.....	6	1
(e) No response.....	55	13
Total.....	410	100

How do you feel about the following statements?

7. Let farm market prices move up and down without direct government interference to guide farmers in their production decisions.

	Percentage of farmers (410 farmers)	Percent
Strongly agree.....		25
Agree.....		30
No opinion.....		8
Disagree.....		9
Strongly disagree.....		7
No response.....		11
Total.....		100

8. To stabilize farm and food prices and supplies, the Government should hold some grain reserves. It should buy when grain prices are low and sell when they are high.

	Percentage of farmers (410 farmers)	Percent
Strongly agree.....		17
Agree.....		36
No opinion.....		10
Disagree.....		19
Strongly disagree.....		8
No response.....		10
Total.....		100

9. The Government should continue to use tax revenues to keep farmers' prices and incomes from dropping to low levels during times of large supplies.

	Percentage of farmers (410 farmers)	Percent
Strongly agree.....		28
Agree.....		38
No opinion.....		10
Disagree.....		11
Strongly disagree.....		5
No response.....		8
Total.....		100

10. The Government should use tax funds to help buy food for our people with low incomes.

	Percentage of farmers (410 farmers)	Percent
Strongly agree.....		13
Agree.....		35
No opinion.....		12
Disagree.....		18
Strongly disagree.....		12
No response.....		10
Total.....		100

11. The food stamp and other Government food assistance programs in this country help strengthen the U.S. farmers' markets.

<i>Percentage of farmers (410 farmers)</i>	<i>Percent</i>
Strongly agree-----	12
Agree -----	32
No opinion-----	11
Disagree -----	22
Strongly disagree-----	13
No response-----	10
Total -----	100

12. In recent years under Public Law 480, our Government has distributed about 5 percent of our farm and food exports to low income countries for credit at reduced interest or as gifts. With the present world market, we should discontinue all such export assistance.

<i>Percentage of farmers (410 farmers)</i>	<i>Percent</i>
Strongly agree-----	20
Agree -----	25
No opinion-----	15
Disagree -----	21
Strongly disagree-----	4
No response-----	15
Total -----	100

13. We should provide food aid only to countries suffering from disasters such as drouth, floods, or earthquakes.

<i>Percentage of farmers (410 farmers)</i>	<i>Percent</i>
Strongly agree-----	26
Agree -----	42
No opinion-----	4
Disagree -----	17
Strongly disagree-----	1
No response-----	10
Total -----	100

14. The Government should not restrict farm and food product exports under any circumstances.

<i>Percentage of farmers (410 farmers)</i>	<i>Percent</i>
Strongly agree-----	13
Agree -----	21
No opinion-----	10
Disagree -----	32
Strongly disagree-----	10
No response-----	14
Total -----	100

15. The Government should not restrict farm and food imports under any circumstances.

<i>Percentage of farmers (410 farmers)</i>	<i>Percent</i>
Strongly agree-----	4
Agree -----	10
No opinion-----	9
Disagree -----	39
Strongly disagree-----	22
No response-----	16
Total -----	100

16. Export agreements with Japan, Russia, and Poland to supply a certain amount of our farm and food commodities have been made during the past year. How do you feel about these?

(a) We should not make any export agreements; let each country buy as it needs the commodities and as we have them available.

<i>Percentage of farmers (410 farmers)</i>	<i>Percent</i>
Strongly agree.....	30
Agree	38
No opinion.....	4
Disagree	13
Strongly disagree.....	3
No response.....	12
Total	100

(b) We should agree to sell Japan all that it wants.

<i>Percentage of farmers (410 farmers)</i>	<i>Percent</i>
Strongly agree.....	9
Agree	19
No opinion.....	11
Disagree	30
Strongly disagree.....	11
No response.....	20
Total	100

(c) The agreement that requires Russia to buy at least 6 million tons of grain every year, and allows them to buy more, is in the best interest of farmers.

<i>Percentage of farmers (410 farmers)</i>	<i>Percent</i>
Strongly agree.....	12
Agree	30
No opinion.....	14
Disagree	18
Strongly disagree.....	10
No response.....	16
Total	100

(d) We should set up export agreements with all major buyers of our farm commodities to assure a steady market for our farmers and stable supply to our consumers.

<i>Percentage of farmers (410 farmers)</i>	<i>Percent</i>
Strongly agree.....	23
Agree	43
No opinion.....	10
Disagree	9
Strongly disagree.....	3
No response.....	12
Total	100

PERSONAL INFORMATION ABOUT FARMERS IN SURVEY

	<i>Number of farmers</i>	<i>Percentage</i>
Age:		
Under 30 yr.....	29	7
30 to 39 yr.....	42	10
40 to 49 yr.....	68	17
50 to 59 yr.....	103	25
60 yr and over.....	161	39
No response.....	7	2
Total.....	410	100

	Number of farmers	Average acreage	Standard deviation
Acreage farmed in 1976:			
Total acreage farmed, acres.....	341	194	353
Corn, acres.....	227	60	95
Soybeans, acres.....	107	119	137
Cotton, acres.....	42	192	288
Peanuts, acres.....	71	57	91
Wheat, acres.....	34	78	122

	Number of farmers	Percentage
Proportion of land farmed in 1976 that was owned by the farmer:		
All.....	199	49
Part.....	122	30
None.....	43	11
No response.....	46	11
Total.....	410	100

	Rank in importance on the farm					
	1st		2d		3d	
	Number	Percent	Number	Percent	Number	Percent
In terms of total gross value of sales, what were the 3 most important agricultural products sold from the land you operated in 1976:						
Corn.....	62	18	2	1	32	25
Wheat.....	2	1	50	22	4	3
Soybeans.....	48	14	5	2	17	13
Cotton.....	23	7	31	14	4	3
Broilers.....	10	3	11	5	2	2
Eggs.....	5	1	2	1		
Hogs.....	28	8	3	1	9	7
Feeder calves.....	73	21	27	12	26	20
Milk, grade A.....	10	3	38	17	1	1
Peanuts.....	39	11	17	7	3	2
Other.....	47	13	42	18	30	23
Total.....	347	100	228	100	128	99

	Number of farmers	Percentage
Worked any off the farm in 1976:		
Worked on the farm only.....	196	48
Worked at another job in 1976.....	196	48
No response.....	18	4
Total.....	410	100

	Number of farmers	Percentage
Education of farmers:		
Grade school.....	79	19
Some high school.....	84	21
Graduated from high school.....	118	29
Some college.....	48	12
Graduate from college.....	63	15
No response.....	18	4
Total.....	410	100

MEMBERSHIP OR ASSOCIATION WITH SELECTED ORGANIZATIONS

Organization	Member in 1976	Not a member now but was a member at 1 time
Farm bureau.....	264	51
Farmers union.....	3	6
Grange.....	2	2
National farmers organization.....	5	7
Labor union.....	31	12
Pork producers.....	55	13
Cattlemens association.....	134	27
Milk producers.....	12	7
Poultry association.....	28	4
Soybean association.....	38	6
Peanut producers association.....	36	2
Cotton association.....	25	13

DEPARTMENT OF AGRICULTURAL ECONOMICS AND RURAL SOCIOLOGY, AUBURN, ALA.

QUESTIONS AND ISSUES ABOUT AGRICULTURE AND FOOD—TELL US HOW YOU FEEL

Question 1. As a farmer, what do you think would be a fair market price in 1977 for the following products? Answer only for the products you produce:

Corn (per bushel).....	\$--	Eggs (doz.).....	\$--
Wheat (per bushel).....	\$--	Hogs (per 100 lb.).....	\$--
Soybeans (per bushel).....	\$--	Feeder Calves (per 100 lb.).....	\$--
Cotton (per lb.).....	\$--	Milk (Grade A, per 100 lb.).....	\$--
Broilers (lb.).....	\$--	Peanuts (per lb.).....	\$--

Question 2. The 1973 Agricultural Act set up a system of target or Government prices for feed grains, wheat, and cotton. Do you favor target prices — No, — Yes. If yes, listed below are the national target prices established for 1976. To the right put in your recommendations for target prices in 1977:

	1976	I recommend for 1977
Corn.....	\$1.57	
Wheat.....	2.29	
Cotton.....	.432	

Question 3. If the target price system is to be kept in new farm legislation in 1977, on what basis should target prices be established? (check one.)

- Start with current target prices, adjust each year for changes in prices farmers must pay for production items, including labor and interest rates.
- Use an average cost of production for the major producing area including average land costs.
- Use the parity principle of equal purchasing power for farmers calculated from the 1910-14 base period adjusted for recent changes.
- Other

Question 4. Listed below are the national average government loan rates for 1976. At the right, put in your recommendations for loan rates on these crops for 1977:

1976	For 1977 I recommend
Corn, \$1.25 (raised to \$1.50 in Oct. 1976).....	
Wheat, \$1.50 (raised to \$2.25 in Oct. 1976).....	
Soybeans, \$2.50 (remained at \$2.50, bu.).....	
Cotton, \$.3712.....	
Peanuts, \$.207.....	

Question 5. The Agricultural Act of 1973 is due to expire at the end of 1977. What do you think Congress should do about future farm legislation in 1977? (check one.)

- Keep the present law as it is—extend it for another period of years.
 -----Let the law expire; go back to earlier price and income support laws.
 -----Revise the 1973 Act by raising target and loan prices closer to costs of production, but keep it in its present form.
 -----Eliminate all Government price and income support programs.
 -----Other -----
 -----No opinion.

Question 6. Acreage set aside programs were in effect in 1973 and certain earlier years. Based on what has happened since 1973, how do you feel about acreage set aside programs? (check one.)

- The set aside program should be available to use if needed.
 -----Set aside programs should not be used.
 -----Instead of set aside acres, give farmers a chance to store grain from a specified acreage under a government financed storage program. Such grain could not be sold unless supplies were short and prices rose above a certain point.
 -----Other -----

	Strongly agree	Agree	No opinion	Disagree	Strongly disagree
Check below how you feel about each statement:					
7. Let farm market prices move up and down without direct Government interference to guide farmers in their production decisions.	-----	-----	-----	-----	-----
8. To stabilize farm and food prices and supplies, the Government should hold some grain reserves. It should buy when grain prices are low and sell when they are high.	-----	-----	-----	-----	-----
9. The Government should continue to use tax revenues to keep farmers' prices and incomes from dropping to low levels during times of large supplies.	-----	-----	-----	-----	-----
10. The Government should use tax funds to help buy food for our people with low incomes.	-----	-----	-----	-----	-----
11. The food stamp and other Government food assistance programs in this country help strengthen the U.S. farmers' markets.	-----	-----	-----	-----	-----
12. In recent years under Public Law 480, our Government has distributed about 5 percent of our farm and food export to low income countries for credit at reduced interest or as gifts. With the present world market, we should discontinue all such export assistance.	-----	-----	-----	-----	-----
13. We should provide food aid only to countries suffering from disasters such as drought, floods, or earthquakes.	-----	-----	-----	-----	-----
14. The Government should not restrict farm and food product exports under any circumstances.	-----	-----	-----	-----	-----
15. The Government should not restrict farm and food product imports under any circumstances.	-----	-----	-----	-----	-----
16. Export agreements with Japan, Russia, and Poland to supply a certain amount of our farm and food commodities have been made during the past year.	-----	-----	-----	-----	-----
Check how you feel about these:					
(a) We should not make any export agreements; let each country buy as it needs the commodities and as we have them available.	-----	-----	-----	-----	-----
(b) We should agree to sell Japan all that it wants.	-----	-----	-----	-----	-----
(c) The agreement that requires Russia to buy at least 6,000,000 tons of grain every year, and allows them to buy more, is in the best interests of farmers.	-----	-----	-----	-----	-----
(d) We should set up export agreements with all major buyers of our farm commodities to assure a steady market for our farmers and stable supply for our consumers.	-----	-----	-----	-----	-----

17. For research purposes, we would like to know a little about you and your interests:

- (a) Your age (please check). (1) ----- under 30 (2) ----- 30-39 (3) ----- 40-49 (4) ----- 50-59 (5) ----- 60 or older.

(b) Number of acres you farmed in 1976 ----- Acres of Corn -----
 Acres of soybeans ----- Acres in cotton ----- Acres in peanuts -----
 Acres in wheat -----

(c) In 1976, how much of the land that you farmed did you own?
 (1) ----- none (2) ----- part (3) ----- all.

(d) In terms of total gross value of sales, what were the three most important agricultural products sold from the land you operated in 1976?

Specify product	Percent of total
1st -----	-----
2nd -----	-----
3rd -----	-----
4th All other -----	-----
	100%

(e) Did you do any work off the farm at another job in 1976? (1) ----- yes
 (2) ----- no.

(f) What was the level of formal education you completed?
 (1) ----- grade school; (2) ----- some high school; (3) ----- graduated
 from high school; (4) ----- some college; (5) ----- graduated from
 college.

(g) Please check your association with these organizations:

Organization	Member in 1976	Not member now but member at one time
Farm Bureau -----	-----	-----
Farmers Union -----	-----	-----
Grange -----	-----	-----
National Farmers Organization -----	-----	-----
Labor Union -----	-----	-----
Pork Producers -----	-----	-----
Cattlemens Association -----	-----	-----
Milk Producers -----	-----	-----
Poultry Association -----	-----	-----
Soybean Association -----	-----	-----
Peanut Producers Association -----	-----	-----
Cotton Association -----	-----	-----

Thank you for answering these question. All your individual responses will be kept confidential. You need not sign your name. You are welcome to make any comments on the bottom of this page, or on a separate sheet if you want to write more. Please return in the self-addressed envelope. It requires no postage. We appreciate your prompt response.

Comments: -----

STATEMENT OF ALTON HALL, OXFORD, ALA.

My name is Alton Hall. I farm and operate a farm supply business in White Plains, Alabama. My principal interests are in poultry, beef and soybeans. I would like to thank you for inviting me to come here today to discuss some of the legislative needs that I see in agriculture and particularly those that we feel in the poultry industry. In addition, I would like to thank you for the interest and concern and help that you have given to farmers as their representative in the Senate.

The broiler industry is Alabama's largest agricultural enterprise, generating nearly 30% of the State's agricultural income. It is nearly 100% vertically integrated and controlled by large corporate interests. The producers of broilers own 90% of the production capacity in houses and equipment and

while the ratio may vary, the producer's investment is roughly equal to that of the company in hatchery, feed mill, trucks, processing, etc. Producers with this ratio of investment need a tool which will permit them to participate with their company. I do not feel that this type of partnership will occur voluntarily and would ask assistance for the contract producer in the broiler industry in the form of passage of an agricultural bargaining bill similar to that offered in the house by Representative Bernard Sisk of California.

Poultry production requires large producer investment.—Frequently PCA, Land Bank, FmHA and other lending agencies will continue to lend money for the construction of poultry houses when production capacity in the integrator's area of operation is already sufficient to meet 100% of his production demands. It would be of great assistance to the contract producer and a protection to his investment if Federal banks were required by regulation to cease lending money for new poultry house construction when integrator capacity is reached and to require that existing producers be given the right to expand their capacity when new integrator capacity is developed.

A wide variation in payment procedures and contract terms from one area of the country to another is another problem. It would be a great help to contract producers who are trying to work with their companies to have a report prepared by the "Statistical Reporting Service" which reports contract terms on a State, regional and national basis on a quarterly basis.

The last recommendation I would make would be to encourage consideration of a revision of the Packers and Stockyards Act to include poultry under the same administrative procedures as other livestock. Current regulations require that procedures be concluded in a court of law. This is too costly and time consuming a procedure and the number of cases considered in poultry is evidence that the Packers and Stockyards Act, for all intent and purpose, excludes the broiler industry. I know this was not the intent of the law.

Once again I thank you for inviting me to appear. I will be happy to assist you or your staff in implementing any of these suggestions.

STATEMENT OF BEN F. BOWDEN, EUFAULA, ALA.

I certainly appreciate this opportunity to discuss the new, pending farm bill and related problems. First, however, I want to thank you for your past effort, your good judgment and your concern for the farmers of your district. My predecessors have commented on fields of expenses, exports, concern and need for additional funding for agriculture research I wholeheartedly agree. I do not agree that farmers are not prospering. I do feel farmers on average are better off than ever before.

I would like to start by saying that I think the Farm Bill of 1973 has proven to be the best bill farmers have ever had. It allowed development of individuals who really wanted to farm. For the first time in years, we could become more flexible and diversified. We could plant what was needed for the market. By being able to do so, we now realize that we are working for more than ourselves. The community, the nation and the world need us to be more productive; and we will be as long as it is financially possible.

The markets have done a good job of utilizing all of the production until now. I see surpluses building in a lot of commodities. Wheat, corn, rice, pork, dairy and beef are all under pressure; and this is where we need protection. The success of the past four years has not put the pressure on our having to manage at the target price levels of the 1973 Farm Bill. However, we don't know if we can manage even one year with these prices. I do know that target prices and payments have no meaning if limits are attached to the payments. Today's farmers operate on such large acreage and with such high costs, a \$20,000.00 payment limitation could still cause a financial disaster. When we are going all out to produce for the consumers of this country, we would like to know that they would uphold us with unlimited support.

The proposed increases in the loan price and the target prices are up some. However, the cost of production is up more than these increases. I do feel that we could hold on for a short time at these price levels without limitation of payments. These prices would not create an incentive for additional production for government storage and carrying charges. Here again, I would like to emphasize that target prices have no value if payment limitations are attached.

We are speaking of problems with a disaster, but we also have problems on the profit side of farming too. When a farmer makes the right decisions and plants the crops needed for the market and these crops bring a good profit, he is then discriminated against. I am sure you are aware that farmers are not allowed the same 50 percent earned income tax exemption as are other professional people. Doctors, lawyers, dentists and salaried people such as executives have a tax liability limit of 50 percent. A farmer is only allowed 30 percent of his profit as earned income when all of his income is a direct result of his ability and effort. This should be changed. In the future, with the continued increased volume and cost of operating a farm, more and more farmers will be affected because of this ruling.

In connection with chemicals, I feel that the Insecticides, Fungicides and Rodenticide Act could be better managed by the United States Department of Agriculture and should be transferred to that Department. It should be interpreted and managed by people who are more aware of the needs of these chemicals and of the benefits and cost derived by the use or loss of use of them. Now of urgent consideration is the claim of the new pyrotheic for use in worm control. We should use economical value as a priority in the cancellation of chemicals. I would like to comment on what I mean. In my opinion, the present fuel crisis and shortage is a direct result of the irresponsible past rulings of the Environmental Protection Agency on fuel pollutants. They switched everyone over to natural gas because it burns clean, and we don't have enough to go around. These same kind of rulings by the Environmental Protection Agency or other agencies could cause a food shortage. We need more supervision of these agencies. One way would be that the head of the departments be elected. Then majority would help make the decisions. Another way would be to have a review committee with veto power to review these rulings before they are put into practice. Still another would be to treat them just like the farm bill—have a termination date, a time for re-evaluation, and a time for justification. In other words, they would expire if not needed or were not serving the best interest of the country. Let's change these agencies from the position of unlimited power and unlimited duration.

Another area of vital concern of the farmer is land use. We don't have a national land use plan, and I hope we won't. However, we do have land use. If we don't stop the encroachment of the Environmental Protection Agency, the Occupational Safety and Health Administration (OSHA), the Corps of Engineers and several more agencies, soon there will not be anything else to regulate. These agencies are slowly taking the freedoms that made our country great. We are being governed more and more by the unelected, unmanageable bureaucratic agencies and less by our elected officials. If this trend is not reversed, soon every move and every effort of every farmer, and other individuals, will be dictated by someone else. This will remove all incentive and individual creativity. Desire, pride and the development and use of intelligence will all be gone. All we will have left will be the ability to look for a hand out. I don't think this is what we want.

I have strayed from land use some, but I think people are our greatest resource and we need to be able to perform according to our ability. If a land use policy is inevitable, I think we should keep these thoughts foremost in our minds. First is the inalienable right guaranteed by the Constitution to own and to hold property. We should oppose land use unless initiated and supported at district or county levels; to object to zoning as a land use tool. We should support the Grandfather Clause in all land use. One back door land use policy of the Environmental Protection Agency is the Environmental Impact Statements and Best Management Practices. Normal agricultural practices should be exempt from this policy. Farmers cannot handle all of these regulations and still provide economical food and fiber. Farm land is a valuable non-renewable resource, and its conservation should receive the highest priority. Most farmers are good servants of the soil and could be encouraged to more conservation by additional cost share funding through the Department of Agriculture and Soil Conservation Service. This is an area where government can be productive without being too demanding. These kind of practices are ones which farmers want to do anyway and will do with a little encouragement and assistance.

Minimum wage should not be increased to the proposed \$3.00. Computer workers usually find their level of productivity only puts more of less skilled out of work and on welfare.

With regard to peanuts, I am a peanut producer and derive a major part of my income from their production. I cannot understand the logic of the last proposal to change the program. If peanuts are already in surplus, how can we help the situation by open end planting and asking for more production. This type of program did not work for rice, and it would be even worse with a perishable crop like peanuts. Peanuts have a shelf life of less than a year without refrigeration. All other major commodities can be stored much longer without much additional expense. Peanuts are different and should be separated from the general farm bill. If we have to change the present peanut program, I am in favor of a lower price support instead of an acreage reduction. Don't have open end planting and create new producing areas until they are needed. We have the necessary tools in the present program to create additional acreage once the surplus is gone. We have the first deficiency payments to farmers this year, and it is to the rice farmer who went the open end route. This type of change could end up costing more than the present program while no one is making a profit.

I want to thank you again for having the interest you do in the farm community, for giving your time and going out into the field to gather this information. We admire you and are thankful for you. We are confident that you consider our profession of great importance.

STATEMENT OF COL. THOMAS BLAKE, HAYNEVILLE, ALA.

In preparation for the Senate hearing on the new farm program, a meeting with some leading farmers of Lowndes County was held on 8 February 1977. The following farmers attended: Mr. J. W. Wible, Mr. Edward McCurdy, Mr. Keith Till, Mr. David Lyons, Mr. Bobby Nichols, Mr. Todd Meadows, Col. (Ret.) Thomas B. Blake

Comments from this meeting follows:

1. In the past, the target prices have not been sufficient to cover farmers' cost of production. It was felt that these costs should be computed on an area basis since production costs on cotton, for example, will vary considerably throughout the cotton producing areas. Southeastern states usually have a very high insect control cost. Soybeans and corn can be produced cheaper in the Midwest.

2. We do not agree that the Environmental Protection Agency (EPA) should have more power or more money. The farmer realizes that the EPA is necessary; however, in some cases hasty decisions have been made in taking some pesticides off the market to the detriment of the farmer. Cotton farmers will be penalized this year in case of a bollworm infestation. Galecron is no longer available—thanks to EPA.

3. The farmer is still feeling the effects of the grain embargo imposed by President Ford. We would like some assurance that this will not happen again. The farmer would like to see a free trade policy continued. We do not want to create another situation whereby the U.S. will have a large surplus of grain and fiber on hand as was the case in the 1950's.

4. The Agriculture Conservation Program is most beneficial to the farmer and should be continued at an increased level, if possible.

5. Farmers need some protection against the high risks involved. Weather conditions can't be controlled but if the farmer is to pay inflated prices for his fertilizer, machinery, feeds, clothing, repair parts, or any item he buys, then he should receive inflated prices for the things he produces.

Strengthening that portion of the farm bill that takes as much risk as possible out of farming is vital. The small farmer has already been driven out of farming because he cannot afford to take the risk involved.

STATEMENT OF DR. C. E. BUTTERWORTH, JR., REPRESENTING AMERICAN SOCIETY FOR CLINICAL NUTRITION

I am Dr. C. E. Butterworth, Jr. appearing on behalf of the American Society for Clinical Nutrition (ASCN) and the National Nutrition Consortium, Inc. The ASCN is a professional Society of approximately 350 scientists, mostly

physicians, devoted to education and research in human nutrition in health and disease. It is the "clinical arm" of the American Institute of Nutrition, which comprises some 1500 members representing a wide range of scientific expertise in such fields as agriculture, food technology, biochemistry, industry, government regulatory agencies, and many others. The National Nutrition Consortium is a voluntary association of 7 Professional Organizations with a total membership of over 50,000, all devoted to ethical practices and the promotion of the science of nutrition. I am also a Professor of Medicine at the University of Alabama, School of Medicine in Birmingham, and a member of the Food and Nutrition Board of the National Academy of Science/National Research Council.

I wish to appear in opposition to certain provisions in S-248 (Congressional Record January 14, 1977) and S-272 (Congressional Record January 18, 1977). I should state, first, that I support fully the background statements and laudable objectives of these bills. The proponents of these bills are to be commended for identifying and describing in clear language a number of very serious problems affecting nutrition and health in this country (See: Findings and Declarations, Section 801 (a) of Title VIII, in S-272).

It is true that the efforts of various agencies are not well coordinated—and that the fruits of research are not being efficiently transferred to the people of the United States. I would be willing to go a step further and say what the gentlemen of the Senate are perhaps unwilling to say: the weakest link in the chain that brings the benefits of agricultural productivity to the people is the health care delivery system for humans. It is not the farmer, the processor, the shipper, the grocer, or the housewife. On the contrary I believe the problem lies in the lack of information concerning direct relationships of food to health at the doctor-patient interface—and also in the lack of application of nutrition knowledge already in existence. Development of new knowledge, and better utilization of it offer the potential of making enormous contributions toward the improvement of public health. The nation needs to know as much about feeding its citizens (along with cost factors involved) as it knows about feeding its dairy cows, beef cattle, dogs, and chickens.

Congress should be aware that recent studies in Birmingham, Boston, and elsewhere suggest that 40 to 50% of all patients in our large municipal hospitals show evidence of protein-calorie malnutrition. This is not caused by the farmer but by deficiencies in education and health-care delivery systems. There is a rising tide of evidence suggesting that the most cost-effective means of dealing with atherosclerosis, obesity, and some forms of cancer, is prevention through dietary modifications. There is an urgent need to strengthen facilities, manpower, education, and research efforts in these areas.

The National Institutes of Health have in existence a working system, developed through years of experience, for dealing with human biomedical research. They enjoy the respect of scientific research organizations and universities. Yet NIH is virtually excluded from participation in the all-important human-research aspects of these two bills. While it is probably fair to say that NIH has neglected nutrition research in the past, they are in a better position to remedy the situation, with help from the Congress, than the Department of Agriculture. It should be emphasized that the science of Nutrition is so interwoven with disease and the prevention of disease that it must be considered within those segments of government concerned with health-related research.

Our organization (ASCN) believes that human nutrition is a biomedical health issue, and that this should fall properly under the jurisdiction of HEW for management at the national level. We believe that transfer of this function to USDA as proposed in S-248 and S-272 would seriously impair the effectiveness, efficiency, and productivity of human nutrition research.

The Senate Agriculture Committee, of which you are a member Mr. Allen, would be well advised to support and endorse the objectives of these bills, particularly as expressed in the findings and declarations of S-272.

It would be my personal recommendation, however, that the interests of the Agriculture Committee and the people of the United States would be best served if funds for human nutrition research were channelled through the administrative systems of the National Institutes of Health. Unfortunately S-272 is vague as to authorization of funds, and S-248 specifies only \$7,500,000 annually for human nutrition (out of a total of \$750,000,000). I consider this

grossly inadequate in relation to the great need as well as to proposed expenditures in other areas including animal health. I would like to suggest that whatever sums Congress wishes to expend for human nutrition research should be specifically "earmarked" and mandated for such use by the National Institutes of Health. I believe it would not be inappropriate to authorize expenditures of up to \$1,000,000 annually in each of the 50 states for programs in human nutrition research and education.

Thank you very much for holding this hearing and for allowing me to present these views.

I also attach a reprint "The Dimensions of Clinical Nutrition" (from The American Journal of Clinical Nutrition volume 28: 943, 1975) in the hope that it will be of interest to you and your staff.

STATEMENT OF JAMES H. SANFORD, PRESIDENT, MCQUEEN SMITH FARMS, INC.,
PRATTVILLE, ALA.

Senator Allen, persons of this hearing, my name is Jimmy Sanford.* I am a diversified farmer. Our people produce cotton, swine, cattle, grain crops, soybeans, and seed crops. We also operate handling and processing facilities which serve some of the beforementioned agricultural commodities.

Thank you Senator Allen for making this special effort to conduct these hearings in Alabama. It offers people involved in agriculture an opportunity to discuss with you their problems and possible solutions.

Senator Allen, I represent a family farm and we are in favor of an extension of most provisions of the 1973 Farm Bill. Although it may not have been administered to our liking during its tenure of four years, we basicaly believe that Congress passed good legislation in 1973.

America is greatly dependent upon its agriculture. Four percent of America's population allows the other ninety-six percent to seek endeavors which are not classified as necessities of life, and it also allows our economy to compete with other world economies for scarce resources.

The freedom of the current farm bill preserves the concept of incentives which is the most important aspect of American Agriculture. Prices and not people through their government should ration resources and supplies. The free market concept under the current farm bill allows a farmer to make the decision based on prices as to what to produce and when to market his production. He knows best what risks to assume to try and gain a profit. Our government should aid and help him to assume these risks through adequate loan programs and disaster relief programs as well as an insurance program to aid his recovery from a loss. These programs could be related to the cost of production.

However, two caveats are in order. First the cost of production is very variable among farmers in different regions of the country and variable among farmers within regions of the country. A national farm program must be fair to all farmers of the country. Second, loan programs, any concept similar to target prices, and a return to subsidies must not be allowed to serve as a market for farmers' commodities. This event only encourages the inefficient producer, and discourages and removes incentives from the efficient producer. America as a whole will be the loser under such programs.

An economically feasible and actuarially sound crop insurance program should be provided in order that producers with government participation can protect themselves from disasters due to weather, flood, or other conditions beyond their control. Such a program should be offered in all counties, should be available to cover the entire planted acreage and premiums and payments for losses should be based on individual farm yield experience.

Until a satisfactory insurance program can be developed, however, the present crop disaster program provided in the 1973 Act should be continued and administered in a practical and reasonable manner to protect those farmers suffering losses.

Generally the 1973 Act, if properly administered and updated to reflect current operating costs, can provide an adequate and sound farm program. The

*President, McQueen Smith Farms, Inc. of Prattville and partner, Sanford and Sanford Farms of Selma and Orrville.

CCC loan level should be set to assist producers in crop financing and marketing, and assure a return of a percentage of production costs during periods when the market is depressed. Interest rates charged producers for CCC loans should be established at the lowest possible cost to aid in marketing and should be reviewed and revised quarterly.

If target price concept is continued, target prices, in order to avoid the inequities of payment limitations, should not exceed the loan level by more than ten percent. The \$20,000 limitation on benefits to producers under the current farm program should be increased to \$30,000 to partially offset current and future inflation. Payments to producers under disaster provisions of the Act should not be limited. Payment limitations under the current law are very discriminatory to family farms such as ours. The fears of corporate farming are not justified for this provision.

Three provisions should be emphasized and considered most important for any policy action.

A. Research, education and the extension of this knowledge is very prevalent in the success story of American Agriculture. If we are to continue to be competitive in our market places and if America's economy is to continue its leadership in the world, we must provide a dramatic increase for a long term period in funds and priority of other matters to research, education and extension. In cotton, accelerated research programs are essential if the spiraling costs of production are to be abated. Yields per acre in the Southeast have declined in recent years. Programs of production research and extension must be expanded and fully funded to solve these problems.

B. In the Southeast the allotments for cotton are generally not in the hands of cotton producers. With the nature of allotments being attached to the land, these allotments do not change with shifts in production. Although lease and sale features as well as release and reapportionment provisions have tried to counteract this problem, these provisions are cumbersome and inadequate to deal with the problem. These provisions should be a part of the system but not the system for adjustment in the inequities that now exist.

First, under no circumstances should a change in the allotment system be considered if it in any way jeopardizes the historical allotments in the southeastern states. Any discussion of allotments should always be qualified as to "within states' boundaries". It is a known fact that western producing states of cotton are constantly attempting plans to relieve the midsouth and southeastern states of their cotton allotments. Recognition of this fact is extremely important.

A plan should be devised which will protect the cotton allotment to an owner of the land who no longer produces cotton on his land but at the same time allows a bona fide cotton producer to apply for this allotment on a "use-only" basis, but would be semipermanent in nature to the applicant cotton producer. The non-cotton producing land owner will maintain a negotiable and redeemable certificate to his allotment which could be sold or redeemed if he desires to produce cotton at a future date. However, if he is not a bona fide cotton producer he automatically loses the use right to his allotment and he has no rights of leasing his allotment or participating in allotment programs pertaining to loans, government subsidies or other program provisions. Qualifications as to a bona fide cotton producer will be on an annual basis. The bona fide cotton producer who applies and receives additional "use-only" cotton allotments will not have a negotiable claim to this additional allotment.

C. An area of major concern to agriculture today is the proliferation and unwarranted rules, regulations and restrictions of the so-called "Super Agencies". The laws creating these agencies are good and needed but the intended application and methods utilized in carrying out these laws are dangerously headed in the wrong direction. The costs versus the benefits have not thoroughly been analysed. Operating procedures of these agencies approach violation of constitutional rights. Additionally, and possibly most serious of all, the "Super Agencies" are affecting competition not only domestically but world wide.

Senator Allen, thank you for giving us this opportunity. Your philosophy is our philosophy as reflected by your quotation of Chaplain Edward Everett Hale some two generations ago. I have esteem and eminent respect for you and admire your representation and record in serving the people of Alabama.

Your service measures far beyond the high standard of trust entrusted in the office of Senator. By the grace of God, you will be recorded by history as one of the most outstanding statesmen to ever serve in the halls of Washington, D. C. May God bless you and yours.

STATEMENT OF DAIL GIBBS, EXECUTIVE VICE PRESIDENT,
ALABAMA RURAL ELECTRIC ASSOCIATION OF COOPERATIVES

Mr. Chairman and Members of the Senate Agricultural Committee:

My name is Dail Gibbs, Executive Vice President of the Alabama Rural Electric Association of Cooperatives. This Association represents 22 rural electric cooperatives in the State of Alabama, who serve approximately one-fourth of the state's population with electric service. We are in 59 of the 67 counties.

We appreciate this opportunity to participate in these hearings concerning farm legislation. As you know, the Alabama rural electric systems have a major stake in seeing to it that agriculture prospers. Thousands of our consumers are engaged in farming and a sizeable number of the directors of our Alabama systems are farmers. A healthy agriculture is basic to the economy of the rural areas of not only Alabama but the rest of the nation and we hope the committee will devise the legislation needed to maintain a vigorous farm economy. As to the specifics of the kind of farm legislation that will achieve this goal, we leave that to representatives of farm organizations who are experts in the field.

We suggest, however, that the committee consider including provisions in the farm bill that will encourage the administration to fully implement the Rural Development Act of 1972. Both the farm and non-farm sectors of the rural economy could benefit as a result. Certainly there is an interdependence between the non-farm and farm sectors as is quite obvious in most Alabama rural communities. We need both a strong farm and non-farm economy if rural America is to grow and prosper. Some 40 to 45-million rural Americans depend on non-farm jobs for their livelihoods, and over 50% of farm families obtain more than one-half their income from non-farm jobs.

Mr. Chairman, there is precedence for farm legislation to include rural development matters. In Title IX of the Agriculture Act of 1970 Congress made a historic commitment to rural development. That commitment stated: "The Congress commits itself to a sound balance between rural and urban America. The Congress considers this balance so essential to the peace, prosperity and welfare of all our citizens that the highest priority must be given to the revitalization and development of rural areas."

The manifestation of this commitment was in the Rural Development Act of 1972, which you, Mr. Chairman, played a leading role in shaping. As you know, the rural electrics in Alabama, through their national association, strongly supported the Rural Development Act, which unfortunately has not been implemented to the extent Congress intended. In resolutions at our national association's annual meetings, rural electric systems have strongly backed full implementation of the Rural Development Act.

While it is possible to improve any legislation, we believe the Rural Development Act as written could achieve all the objectives Congress intended for it if the Executive Branch would implement it on a scale commensurate with the need. We are encouraged to think that the new administration will use the broad rural development authorities which Congress provided in that legislation, not only to help stabilize the populations and economies of rural communities, but as a part of its priority commitment to reduce unemployment.

We believe the Rural Development Act contains the potential for creating hundreds of thousands of jobs in a wide variety of fields such as housing, community facilities of all kinds, business and industry, farming and others. In addition, the Rural Development Act, through farm operating loans and ownership loans, can supply the credit many farm operators require to stay in business.

With unemployment nearly 8% nationally, we have to assume that rural areas are being severely affected. The extent of unemployment in rural areas is more difficult to ascertain since the Department of Labor figures are not always current. Moreover, there is extensive underemployment in rural areas that does not show up in official statistics. In this regard, we urge the com-

mittee to request the USDA and the Department of Labor to develop a method to monitor rural unemployment and underemployment more carefully and on a more current basis.

In brief, the Rural Development Act expanded existing authorities and programs in USDA and supplied some essential missing components in order to make possible for the first time the launching by the federal government of the kind of massive, comprehensive rural development necessary to provide an alternative to continued rural outmigration. Of the new programs established by the Act, that which provides financing for job creating enterprises is the most significant, in our opinion. This was the most important missing ingredient in the USDA's rural development tool kit. Jobs must be at the top of the list in any effort to revitalize rural areas and to stabilize their population.

The Rural Development Act rounded out USDA's capabilities in rural development by complementing on-going programs such as rural electrification, housing, and others. Moreover, Congress assigned the mission for rural development to the USDA and authorized and directed the Secretary of Agriculture to coordinate the programs of all executive agencies with respect to rural development. Thus, the Rural Development Act gave one federal department, the USDA, the additional major components for rural development which it lacked, authorized expansion of existing programs, provided unlimited financing for these programs, and assigned to it the authority it needed to carry out its responsibilities and to see to it that the other agencies worked in concert.

While, to a large extent, the objective of the Rural Development Act was to reverse the migration from rural to urban areas and that is now happening, the Rural Development Act plus the on-going programs it complements, has the potential of substantially reducing unemployment in rural areas, and we believe this will have an impact on the unemployment in urban areas. It is well known that when rural people are out of jobs, many of them go to the cities to seek employment.

Since most of the funding under the Rural Development Act and the programs it complements in the USDA is in the form of loans, either insured or guaranteed, there would be minimal impact on the federal budget. For example, Farmers Home Administration rural housing programs could be expanded greatly which, in turn, would put thousands of people back to work and also furnish modern shelter for thousands of rural people who desperately need it. The same agency's business and industrial development loan program could be greatly expanded from the present level of \$350-million loan authorization to help the private sector to create new job opportunities and to help existing businesses expand. The same applies to other programs which finance water, sewer and essential community facilities of all kinds; and, as we pointed out, most of these funds would not involve appropriations.

We believe the new administration would welcome the support of Congress in focusing the broad job creating authorities of USDA on the unemployment program. Such support could be included in farm legislation by asking the Secretary of Agriculture to draw up a nationwide plan to mobilize and coordinate the resources of the USDA's agencies and their constituencies in a national effort to attack unemployment in rural America. This, it seems to us, could greatly strengthen the national economy and could greatly strengthen the farm and non-farm rural economies as well.

To insure such a plan achieves maximum results, it should include whatever supplementary legislation the Secretary may consider essential. This could include amendments to the Rural Development Act or additional legislation. One such amendment, for example, might be the increase of the authorizations for grants for water and sewer facilities under the Act commensurate with needs in rural areas. Presently the limit is \$300-million annually. Moreover, another amendment that might be helpful would be to increase the maximum grant for water and sewer systems from the present 50% to a higher figure or, as an alternative, provide interest credits which would reduce the interest rates on loans for these purposes. In regard to community facilities, grants are not presently available. To stimulate construction of such projects, which many communities cannot afford to fully finance, grants might be authorized. Also, the \$200-million, which has been the maximum loan authorization for FmHA's community facilities loan program in the past few years, would have to be substantially increased if it is to be an effective job-creating component.

As part of the plan which the committee could request the Secretary to develop for the purpose of combating unemployment in rural America, recommendations should be made for funding commensurate with a stated goal of creating a specific number of jobs over a period of perhaps two years for the reduction of unemployment in rural areas. While we would estimate this would probably require doubling the amount of funding authorized in F.Y. 1977 for rural development programs in USDA—or approximately \$14-billion—we, again, emphasize that most of these funds would not have to be appropriated since they constitute loan authorizations and, as such, would have relatively little impact on the federal budget.

Again, Mr. Chairman, we wish to thank the committee for extending this opportunity to us to express our views. Thank you.

STATEMENT OF HON. GEORGE C. WALLACE, GOVERNOR OF ALABAMA

Senator Allen, I want to thank you for being here in Alabama today as a member of the Senate Committee on Agriculture and Forestry, and for conducting this hearing on behalf of the citizens of Alabama, and especially the farmers of our state.

You are to be commended for the outstanding job you have done as a member of this committee and for the way you have represented the people of Alabama in the U.S. Senate. You have certainly served the best interest of the farmers of Alabama, as well as all the people of our State.

In your three hearings that you are conducting this week in Alabama, I know that you have heard, and will hear, from a large number of our citizens who are knowledgeable of the problems faced by the farmers of our State. I know that you will value their views highly as you work toward formulating a new farm program that hopefully will better meet the needs of our farmers.

Mr. Chairman, I can think of no other industry that has done so much for our country and received so little in return, than have our farmers. For their efficiency we have rewarded them with neglect. For their productivity, they have received wages at the poverty or the near-poverty level.

The American consumer gets the best food buy in the world. No place on earth does anyone pay a smaller percentage of his "After Tax" dollar for food.

And it is the productivity of our farmers that allows our nation to maintain a favorable balance of trade position. Over 20 % of our export trade comes from the farm. Farmers must continue to produce these agricultural surpluses to maintain this balance. They cannot do it unless they receive a fair return for their investment and their work.

They are not receiving a fair return. They are being neglected and they are too important to the economy of this nation to be ignored.

Since 1950, farm production has continued to increase about five percent a year. Today one farmer produces the food and fiber for himself and 56 others. Production is increasing, but the number of farms and farm families is tragically decreasing. Today, some five percent of all farms in our nation produce nearly half of the food products.

So how are the smaller farmers surviving? According to Department of Agriculture figures, 50 percent of the income of farm people comes from jobs off the farm. In other words, today's farmer is forced to take additional jobs away from the farm in order to keep his home and provide for his family who want to stay on the farm. This is a sad commentary of our time.

The American farmer has lost control of his own profession. He has little or no say-so about the business of farming or establishing the market for his product.

Added to these woes, the farmer of course has no control of the weather or natural disasters, and no protection when supply and demand get out of balance.

The farmer needs to have more input into the decisions that are made involving his profession. He needs to be free to make management decisions regarding his farm, and he needs to be assured of a fair price for his products that will allow him to continue to provide the food and fiber vital to the future of our country.

I understand that the farm bill you are considering in Congress will provide some help in some of these areas. I hope that whatever provisions are included will restore the family farm and allow it to grow and prosper instead of being forced into extinction.

I also understand that the bill you are considering would extend the food stamp program. I hope that congress will follow through with proposals to eliminate from the program those who do not deserve to receive food stamps so that

those who really are in need can be better served. I cite as an example, those college students who come from families who have adequate incomes yet these students qualify and receive food stamps through a deficiency in the screening of applicants.

In closing, there is an area of special concern I would like to mention at this time. Since Alabama has moved up to the number two peanut growing state, we are certainly concerned with the future of the peanut program.

As you know, peanuts are now among the three most valuable row crops grown in our state. Our annual harvest is now more than half a billion pounds.

At the farm level, we're talking about more than one hundred million dollars of peanuts. Our entire state benefits from our peanut-producing area.

At present there are 14,000 peanut allotments in Alabama. They average less than 20 acres each. Equipment has been purchased. Processing plants have made arrangements to handle the yield. Our farmers have a right to expect some stability through an adequate peanut program.

It is the peanut program that makes it possible for the grower to obtain the necessary financing he needs each spring to make a crop.

The peanut program also has assured the consumer of a dependable supply of one of nature's most nourishing foods at a most reasonable cost. Even today, you can still make a good peanut butter sandwich for about a dime.

Stability is something that seems to be in short supply these days. A government program that provides some stability for growers and consumers certainly is worthwhile as long as it can be carried out at a reasonable cost.

I know there have been some problems in this regard. I agree with those who say the department of agriculture over the past few years has deliberately tried to discredit the program by artificially inflating the program costs.

Our growers are as concerned as anyone else that the program not impose excessive costs. In fact, it may even become necessary to consider reducing the support level over a long period of time. But the program is a good one and it should not be abandoned.

Our peanut farmers are ready, willing and able to work with those officials concerned with the program to develop a solution to these problems.

And so, Senator Allen, let me again thank you for conducting this hearing and allowing us an opportunity to be heard on behalf of the farmers of our State.

I know that, through you as their able spokesman in the Senate, their voice will be heard and we trust that in formulating the farm program in congress, reason will prevail.

Thank you very much.

