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# SOYBEAN CROP LOSSES TO NATURAL DISASTERS

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DOCUMENTS

HEARING FEB 17 1981

BEFORE THE

SUBCOMMITTEE ON OILSEEDS AND RICE

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OF THE

## COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

ON

### H.R. 7796 and H.R. 7813

OCTOBER 8, 1980  
PORTAGEVILLE, MO.

Serial No. 96-BBBB



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# SOYBEAN CROP LOSSES TO NATURAL DISASTERS

WEDNESDAY, OCTOBER 8, 1980

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON OILSEEDS AND RICE  
OF THE COMMITTEE ON AGRICULTURE,  
*Portageville, Mo.*

The subcommittee met at 9:20 a.m., pursuant to notice, in the University of Missouri Delta Center, Highway 61, South, Portageville, Mo., Hon. Dawson Mathis (chairman of the subcommittee) presiding.

Present: Representative Burlison.  
Staff present: James A. Davis.

## OPENING REMARKS OF HON. DAWSON MATHIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. MATHIS. The subcommittee meeting will come to order.

It is a pleasure for me as chairman of the Subcommittee on Oilseeds and Rice of the Committee on Agriculture to be here at Portageville at a time obviously of great crisis to most American farmers.

We have come here today at the request of your Congressman, Bill Burlison, to receive testimony from as many witnesses as possible relative to legislation that was originally introduced by Congressman Burlison.

We hope to hear from farmers, from agribusiness, related individuals, from bankers, from business people and others in relation to the problems that we know that you have with soybeans as we do have in my district of Georgia.

I might point out at this point in time for informational purposes, mainly to those who have an interest in this legislation—obviously you do or you wouldn't be here—it is extremely late in this legislative session. We do know, however, that we are going back this year after the elections for what is commonly referred to as a lame duck session, and it is my fervent hope during that period of time we may be able to frame some sort of emergency legislation that would be pertinent to this year's crop or to lay the groundwork for early action in the next session of the Congress to attempt to improve the situation of the soybean farmers in this country.

We do have a lengthy list of witnesses today, for which we are grateful. We appreciate the interest of those of you who have come out.

The first witness that we will hear today is your Congressman, Bill Burlison, and I might just say in a way that I would be a little slack in my duties if I didn't, that we have not had in the years that I have been in the Congress, the 10 years I have served on the Agriculture Committee and the 6 years I have served as chairman of this subcommittee, a Member of Congress who has been more diligent and/or more persistent in his efforts on behalf of the soybean producers in this country.

Sometimes, Bill, you would have found yourself at odds with some of the spokesmen for our national organizations who have been advocating one sort of program while you have taken the position, that sometimes was politically unpopular, that we have to have a more aggressive program on behalf of our farmers, flying in the face of some congressional wisdom.

You and I have not always agreed but during the years you have been in the Congress you have been the most persistent advocate for soybean producers that I have known in the Congress. It is because of my respect for your ability and the things you have done for the soybean farmers that I am here today to hear from your people that you have so ably represented in the Congress for the past 12 years.

It is a distinct pleasure to be here at your invitation, and we will be happy to hear from you for the record now the testimony that you would like to present.

[The bills H.R. 7796 and the report and H.R. 7813 may be found at the conclusion of the testimony.]

**STATEMENT OF HON. BILL D. BURLISON, A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF MISSOURI**

Mr. BURLISON. Thank you, Mr. Chairman. I appreciate very much those kind remarks.

I want to express my sincere appreciation for your coming to the 10th District to hold these Federal hearings. We think that this piece of legislation is extremely important for this district and a lot of other agricultural districts that are similar to it.

We do have quite a long list of witnesses and I want to express my appreciation to these farmers and agribusiness spokesmen for giving their time and coming out to present their views on this legislation and their views in general on the disaster situation that prevails in this congressional district.

I know that I might point out that I am quite astounded that we have a willingness on the part of so many to participate and to show up for these hearings in view of the timing. The timing I refer to is the fact that we are now, I suppose, near the height of the harvest season for some of our commodities here in the Boot-heel, and many farmers are in the fields now with the fortunate weather that we have to harvest what is left after the effects of the disaster and in too many instances that is a very small harvest.

Mr. Chairman, I want to make a few remarks with respect to the merits of my bill, H.R. 7813, and other similar legislation that has been introduced in this session.

Let me say that there have been 10 of my colleagues who have cosponsored the original legislation that I have introduced. Those are Mr. Lott, Mr. Bevil, Mr. Ginn, Mr. Andrews, Mr. Hubbard, Mr.

Hall, Mr. Jenrette, Mr. Jeffries, Mr. Whittaker, and Mr. Carter, who have sponsored this identical legislation.

As you know, some of our other colleagues have introduced similar or related legislation, among them being the chairman of my Subcommittee on Agriculture Appropriations, the gentleman from Mississippi, Chairman Whitten, who, as you know, also serves as chairman of the full Committee on Appropriations as well as being the dean of the House.

We must know from that that the drought of southeast Missouri is not a localized regional situation. We all know that it is virtually nationwide.

My purpose in introducing this legislation was to assure that soybean producers were treated equitably with the major commodity producers in case of a disaster declaration.

The sad truth is that there is now no program for soybeans. As the chairman knows, this is not a new position for me. For many years I have striven, without success, to treat soybean producers equally with wheat, feed grain, and cotton growers.

As you know, there has never been an income support or a target price program for soybeans. That is why we are in the present dilemma. Neither has there been a loan mandated by law. Rather, the Secretary has had the discretion of providing a loan. For the last several years I have been the chief advocate in the Congress for a higher loan.

In 1969, I thought a \$2.50 loan was inadequate and was vocal in opposition to administration threats to lower it to \$2.05. Over my protests, the Secretary did in fact lower the loan to \$2.40, \$2.25 and \$2 in successive steps between 1970 and 1973.

It has been my view that if we were to have no soybean program, the least we should do is provide a realistic loan. This for a commodity that ranks second in the Nation and first in my district among cash crops. Each time the subject has come up in the House over the past 12 years I have maintained this position.

But, of course, the position on the loan is a different subject and we will save further discussion on that for a more appropriate time.

We are now faced this year with a National and State disaster for drought. My farmers had what was the beginning of the best crop prospects in several years when the spring planting was completed and the crops were up.

But that situation did not prevail and now the losses are really incredible for this district. The most current estimated loss based on current prices for the 10th District in the 12 major crop counties is almost a third of a billion dollars, if you can believe such a figure.

USDA estimates it will spend in the Nation approximately \$655 million for wheat, feed grain, cotton, and rice payments for the 1980 disaster.

As we all know, however, the amount of moneys paid on disaster programs is based on a formula method for each commodity and does not cover full losses.

You can imagine then what the total disaster production losses will be in the United States. Missouri's 10th District alone in its

major crop counties has an estimated loss of \$140,733,372.32 for these crops, excluding soybeans.

It is virtually impossible to gather reliable figures on the estimates for soybean disaster simply because the program does not exist. It is difficult to build a foundation of figures on something on which you have no history basis.

Missouri's 10th Congressional District estimate, however, for soybean loss for the 12-county area which is currently available, is a little over \$152 million.

My congressional district at the last USDA calculation ranks sixth in harvested acres for soybeans. You can see what a devastating situation my farmers now find themselves in. Last year our district had 43 million bushels of soybeans. This year it is estimated at 17½ million and that is a very rosy estimate.

H.R. 7813 is a bill which will benefit soybean farmers and give them the same protection as already exists for wheat, feed grains, cotton and rice. The bill is written with the goal of treating soybeans comparably with the major commodities.

It is not the purpose of my legislation to give the soybean producer a better law than the other major commodities nor vice versa. The legislation is drafted to make them comparable.

A few farmers were able to have a fair soybean crop through irrigation efforts and a minimal number had enough rainfall to at least keep them from disking up the crops. On the whole, however, this year was a complete loss for my farmers.

At a time when it is impossible to meet the rising costs of production, the drought disaster could have an enormous backlash in causing many marginal farmers to go under. We must strive to protect our farmers, who make up 4 percent of the Nation.

I have just heard within the last day or so, I believe there are more recent statistics now, that percentage is down to 3 percent—food and fiber raised by 3 percent of our folks who live and work on farms.

We need to take action immediately to assist the segment of the United States responsible for providing the other 96 percent Americans, as well as much of the world, with food and fiber products.

The House will reconvene, as you know, Mr. Chairman, on November 12 to conclude the 2d session of the 96th Congress. I will push ahead in that session to make every effort for a further and successful consideration of this bill.

Mr. Chairman, I might very briefly give an idea of the dollars and cents figures that could be involved if this legislation is enacted.

Just to illustrate the formula that is set out in the bill, which I have noted seeks to make soybeans comparable with the other commodities, if we take 100 acres of soybeans and assume that the average yield has been 30 bushels to each acre and if we assume further that farmer makes 10 bushels to the acre this year, under the formula set out in the bill the result would be for that 100-acre soybean farmer to be entitled to \$3,300 or \$33 per acre.

It is obvious that is not going to give the producer a return on his investment. It is not going to pay all of his expenses. It is not going to give him the return he would have had, had he had a normal crop.

The idea is to provide some semblance of effort to help him survive into another crop year right along with the other major commodity producers.

Mr. Chairman, again, thank you so much for coming to southeast Missouri and conducting these hearings in my district.

Mr. MATHIS: Mr. Burlison, thank you for your testimony and again for the work that you have done in the Congress over the years on behalf of soybean producers.

I might just mention, but I don't think you need to know it because, of course, you are keenly aware of it, and I am sure most of the individuals who are gathered here today are aware, not only do we face this situation where 3 percent of the farmers are producing the food and fiber of this Nation, but that percentage is almost exactly reflected in the Congress.

We have fewer and fewer Members of Congress who not only represent rural areas but even less than that who have an understanding of what the workings of American agriculture are today.

I think that is why it is essential those of us who are there who do have some understanding continue to speak out in a forceful way, as you have done, on behalf of the farm producers of the country.

Congressman Burlison, if it meets with your approval, because of your knowledge of the individuals who will be testifying today, I would like at this time to turn the witness list over to you and have you call and introduce for the record those individuals who will testify.

We will simply proceed along those lines if it meets with your approval.

Mr. BURLISON. Very well, Mr. Chairman. We have quite a list of witnesses and we will call this list as we have them and then at the conclusion if there are some witnesses who have been overlooked or if there are farmers or other spokesmen who are here who want to be heard, we will be delighted to recognize you at that time.

Mr. Hilton Bracey of the Missouri Farmers Association is here. He is a longtime resident of this district and a longtime activist for agriculture and has held a number of important positions in the agriculture associations and commodity groups.

We are delighted he has come to testify on this legislation.

Mr. MATHIS. Let me interrupt at this point just to mention to the audience and for the record this list of witnesses that we are proceeding from was compiled in order of the requests of the witnesses to be heard. It in no way reflects any bias on the part of the committee but simply the order in which we received the requests to be heard today.

Mr. Bracey, we will be happy to hear you.

**STATEMENT OF HILTON BRACEY, VICE PRESIDENT,  
MIDCONTINENT FARMERS ASSOCIATION, PORTAGEVILLE, MO.**

Mr. BRACEY. Thank you, Mr. Chairman, Mr. Burlison.

My name is Hilton Bracey, and I live at Portageville, Mo. I appear here today as vice president of Midcontinent Farmers Association. MFA is a farm organization headquartered in Columbia,

Mo., with farmer members throughout Missouri and the Midcentral United States.

First of all, we welcome you to Missouri. We are delighted to have you. We have heard from some other people from Georgia and we are glad to have you representing that great State and we appreciate your concern and interests in farm matters.

Our membership sincerely appreciates this opportunity to explain the need for legislation to provide soybean farmers with protection from natural disasters, and to express our support for the various bills that would accomplish this objective—particularly H.R. 7813 introduced by Congressman Burlison.

Congressman Burlison's bill is simple and straightforward. This bill, if enacted, would accomplish a singular and most deserving objective—fair and equitable treatment of soybean farmers under the various disaster assistance programs of the U.S. Department of Agriculture.

It simply requires that soybean farmers be treated the same as livestock farmers and the producers of other major crops—nothing more or less, just fairness and equity.

H.R. 7813 provides that a farmer who harvests less than 70 percent of a normal crop of soybeans or the difference between his actual yield and 70 percent of his established 1979 yield.

As you well know, cotton is eligible at the rate of 19½ cents a pound, rice is eligible at the rate of \$3.16 per hundredweight, and the major grains are eligible at one-half of the applicable target price.

The disaster payments proposed for soybeans in H.R. 7813 are very similar to and well in line with those for cotton, rice, and grains, and are certainly no more than fair.

Enactment of H.R. 7813 would be a very small but tremendously important move toward rectifying past oversights and neglect of soybean farmers. Soybeans are one of our most important cash farm crops. They account for some one-fourth of all crop exports from this country, making a major contribution to our Nation's effort to achieve a favorable balance of trade so essential to our national well-being. Soybeans are vitally important to the pursuit of peaceful relationships with countries throughout the world.

One of the most serious weaknesses of current farm policy is its failure to project the fairness of and the need for soybean farmers to be treated the same as producers of all other major farm crops.

Current farm policy not only fails to recognize soybean farmers under disaster assistance programs available to livestock farmers, and producers of wheat, cotton, rice, corn, milo, peanuts, and tobacco.

It also fails to provide soybean farmers with eligibility for the farmer-held reserve, provides no target price support, and leaves the price support loan level up to the discretion of the Secretary of Agriculture. Just why soybeans as a commodity and the needs of soybean farmers continue to receive less than fair and equitable treatment is one of the continuing mysteries of our national farm policy.

In urging fairness and equity for soybean farmers, we are not in any way criticizing the limited assistance being afforded other

farmers. All farmers need all the help they can get, and we are simply asking that soybean farmers be included.

This part of the country has experienced the worst siege of heat and drought in its history. Limited relief came much too late to benefit pastures, crops, and livestock that have been devastated almost beyond belief. Wells and ponds have dried up in many areas, and dry pastures have left farmers seeking feed for their livestock.

Crop yields in affected areas vary from zero on thousands and thousands of acres up to some 40 percent of normal on an average basis. Missouri soybean production as a whole is officially forecast to be 20 bushels per acre compared to 31.5 bushels last year.

However, this forecast includes near normal production in some portions of the State where heat and drought were less severe.

In areas most affected, the average yield per acre is expected to range between 10 and 15 bushels, about 40 percent of the 1979 yield. Similar and even more severe conditions exist in adjoining States and areas.

According to USDA figures, per acre cost of producing soybeans—including current land costs—in 1979 was \$207.88. This year it is estimated to be \$244.07, an increase of 17 percent.

When average yields in Missouri are applied to these costs per acre, it cost farmers \$6.60 per bushel to produce soybeans last year, compared to an officially estimated \$12.20 per bushel this year. But that is only a part of the story—for those farmers devastated by the drought, we cannot talk about average yields. For many, the total loss of their crop resulted in nearly the fully \$244.07 per acre. For others, with a 10-to-15-bushel-per-acre yield, the cost of production is in the unbelievable range of \$16.27 to \$24.40 per bushel.

Last fall the USDA predicted that net farm income would drop from \$33 billion in 1979 to around \$25 billion in 1980. By early summer, USDA indicated that 1980 net farm income would fall about 40 percent to around \$20 billion. When adjusted for inflation, this would have been the lowest net farm income since the 1920's.

As effects of the drought became evident, farm commodity prices began to rise. Then the USDA raised its estimate of net farm income from \$20 billion to \$25 billion. Unfortunately, increases in commodity prices have not helped many drought-stricken farmers. They learned in 1974 and they are being reminded again this year, that price is not particularly important when you have very little or nothing to sell. Their misfortune has served only to improve prices and income for those farmers fortunate enough to raise a crop. While they are pleased to know of the good fortune of other farmers, they have reason to be concerned when general farm income statistics are used in ways that do not reflect their personal losses.

To add to the consequences of this year's natural disaster, soybean farmers are struggling to cope with such man-made or Government-made disasters as the four grain embargos, and meaningless price support policies of the past decade. To protect themselves as best they could from the price risks involved, many farmers forward their crops at predrought prices. Now in all too many cases, they will not produce enough to fulfill their contractual commitments.

Consequently they will have to pay the difference between their contract price and post-drought prices on the portion they couldn't produce.

The man-made or Government-made disasters of meaningless price supports and export embargoes coupled with the natural disaster of heat and drought will without question be more than many soybean farmers can bear. The farmer lost his markets, received no price protection, and then even lost the opportunity to benefit from price increases because of the drought.

The USDA emergency livestock feed programs designed to share in the cost of feed has been implemented in most counties in drought areas. The USDA is moving ahead with low yield disaster assistance on all major crops with the exception of soybeans.

These programs, as limited as they are, can and probably will mean the difference between maintenance of livestock and crop production and outright bankruptcy for many, many farmers.

Gentlemen, in fairness and equity, if for no other reason, we urge that soybeans be included in current disaster programs of the USDA.

Mr. MATHIS. Thank you, Mr. Bracey, for your excellent testimony, and thank you for your presentation of it.

Mr. BURLISON. Before we move on that, may I ask Mr. Bracey a question or two?

Mr. MATHIS. Certainly.

Mr. BURLISON. Mr. Bracey, some have suggested that the new Federal crop insurance legislation would supplant the need for this type of legislation. Do you have any views on that?

Mr. BRACEY. I don't think that is a legitimate suggestion. First of all, no one knows for sure just what the new crop insurance program is. It hasn't been put together yet. USDA is working on it, and we are trying to work with them to get a workable program, but it remains to be seen as to what it is going to be. Regardless of this, all other commodities next year will have a choice between staying in the regular disaster program or going into a new crop insurance program—all major crops with the exception of soybeans. Unless you do something in the way of new legislation, soybean farmers will not have this choice. Here again, they are left out or overlooked.

Mr. BURLISON. Some have suggested that to have this type of program for soybeans would harm the movement, or place obstacles in the movement, of soybeans in foreign markets. Do you have any response to that?

Mr. BRACEY. My response is that I can't even imagine any such possibility. There is no way for including soybeans in a disaster program that would in any way be connected with the movement of soybeans to foreign markets. I think we have confused ourselves from time to time with such thoughts.

I know it has been suggested even price supports would harm the movement of beans in foreign markets, but that is just a suggestion that has never been proven to be a fact. I think farmers, being as independent as we are, we like to think we can compete with any farmer in any country—Brazil, for example. I think that is true. I think farmers here in this part of the country can compete with any Brazilian farmer, but we lose sight of the fact we are not

allowed to. We are competing with the Brazilian Government, for example.

When you put a farmer in this area up against the Brazilian Government, that is a different matter. This is where it gets cloudy and confused. I think this is something people would want to look at.

Mr. BURLISON. Of course, we constantly hear that the Government should get out of farm programs; we should have an entirely free market system, eliminate all farm programs. Do you think that is a realistic alternative to the commodity programs for farmers.

Mr. BRACEY. I think we all wish it were, but as a practical matter, I think all of us know it is not. In the first place, there is no way to get the Government out. The Government is in everything, and no doubt will continue to be in everything. How agriculture could survive as an island, so to speak, just would not be possible.

I believe this one here is something we all like to think is possible, but we know down deep it isn't.

I might add this. We are all proud of the way our soybeans have moved into foreign markets, but we fail to recognize that the main reason they have moved into foreign markets is because of Government programs of one sort or another.

I am talking about the Public Law 480 program, the credit program provided to the Commodity Credit Corporation, the Export-Import Bank. In other words, our Government provides programs now to finance exports of foreign commodities, and without these Government programs there would be no way to move them. Where are we going to put them if we don't have a mechanism and a way to finance them in order to get them overseas?

Government is a part of this whether we like it or not, and, frankly, some of these things I believe we even like, particularly when they help us.

Mr. BURLISON. Thank you very much.

Mr. MATHIS. Thank you again very much for your testimony, Mr. Bracey.

At this point, I would like to read into the record before I forget it a letter from the National Farmers Organization of Missouri, addressed to me:

Mr. Chairman, we appreciate your action in arranging this hearing. Prior commitments prevent my personal appearance but, on behalf of the Missouri National Farmers Organization, I wish to compliment Congressman Bill Burlison for his initiative in introducing H.R. 7813.

This bill would provide some much needed assistance for soybean growers in this disastrous farm season. It is in character, considering Mr. Burlison's long record of service in the Congress. We also appreciated his influence in farmers' behalf as the Missouri member on the important House Appropriations Committee.

You are urged to provide him support in moving this bill, H.R. 7813, through the Congress when you meet again in November. Signed Joe Sonnenmoser, NFO State President, Weston, Missouri 64098.

That will be made a part of the transcript of this hearing.

Mr. BURLISON. The next witness is Mr. Wayne Cryts, who, at the present time, is serving as president of the Missouri American Agriculture Movement, and he makes his home and has his farming operation in Puxico, Mo.

STATEMENT OF WAYNE P. CRYTS, PRESIDENT, MISSOURI  
AMERICAN AGRICULTURE MOVEMENT, PUXICO, MO.

Mr. CRYTS. Thank you for the opportunity of speaking on behalf of agriculture. Many times people speak for agriculture, but few people get the benefit of sowing seeds and watching it grow and produce, or enjoy the opportunity to raise a family and watch them grow in a farm environment. Many have enjoyed this over the years. Many have been forced to take off-the-farm jobs to support their families. It appears the producing family farm is threatened with being destroyed.

I have had the opportunity to work with Congressman Burlison in an effort to pass good farm legislation, and I realize the difficulties involved. So-called farm experts with no knowledge whatsoever have spoken on farm issues for their own advantage at the expense of the farmer.

We, in this country, have got to adopt a national agriculture policy that all segments can live under and produce under without destroying each other. When you have associations that get their money from checkoffs, which increase with volume and high exports and oppose reasonable prices, they compound the farm problems and make it more difficult for our elected officials to see what is best for agriculture.

The farmers of this country have got to stand up and voice their opinions and fight for the right given us under our constitution or face extinction. Soybeans must be included with all other feed grains in our new farm bill. These farmers face the same problems, the same increases in cost of production, and similar weather problems as other feed-grain producers.

H.R. 7813 is a step in the direction of providing equal protection to one of the largest segments of producers; that being the soybean producers.

Mr. Chairman, if I could at this time, since my written testimony was brief, if I could make an oral statement, I would like to do this.

Mr. MATHIS. You may certainly proceed, sir.

Mr. CRYTS. Thank you very much.

Almost over a hundred years ago, William Jennings Bryan said:

Burn down your cities and keep your farms, and the cities will spring back as if from magic, but destroy your farms and the grass will grow in the streets of the cities of this country.

In the last 3½ years, I have had the opportunity to see many of our cities from the seat of a tractor. I can tell you there is grass growing in the streets of the cities of this country. I have been through New York and Washington, D.C., and Detroit, Mich., and Memphis and St. Louis,—and once where there were prosperous factories, beautiful homes are now rubble and grass growing.

You can drive down the streets of Smalltown U.S.A., and where there used to be railroads, where there used to be thriving businesses, now they are boarded up. The reason for that is that our farms are being destroyed. This year alone, they say there is a \$32 million decrease in income to the American farmer. When we look and see that each dollar generated in agriculture generates seven others through the economy, and when you multiply seven times \$32 million, there is one reason why there is grass growing in the streets of our cities.

I, as an American farmer, am tired of subsidizing this country's enemies with cheap food. If Russia and our other enemies had to pay a fair price for our farm products, they would not have the money to buy the bombs and the shells that they do now.

It seems incredible to me that the most prosperous, the hardest working, the most productive people in the world are being destroyed. And why? This country is addicted to a cheap food policy. It is almost like the heroin addict that is addicted to heroin. It gives him a momentary high, but in the end it destroys him.

If this country doesn't look at agriculture and see its contribution and get off this kick of a cheap food policy, we are going to lose our freedom, and we are going to lose this country for it.

You know, most of us are acquainted with agriculture. How many of us here can name twenty 20-year-old farmers? How many can name twenty 25-year-old farmers? Where are they? They are not there. The younger generation of farmers is not allowed to start. And why? Because land prices are too high; because equipment is too high; interest is too high. So what are we really saying? We are saying that agriculture is not getting a fair return on its investment.

If they were, young farmers could start out and farm and produce. I think that legislation we are talking about today is a step in the right direction. I think the legislation that you introduce for loan moratoriums is going to be a very needed bill this year.

Another thing that concerns me is where is our representation in Washington, D.C.? I was up there last week, and I read with alarm Mr. Howard Hjort—I think you are acquainted with him—has successfully made the shift in USDA policy from producer-oriented to consumer-oriented in policy and budgetary matters.

The only representation that the American farmer has in Washington, D.C., is a handful of Congressmen such as you and Bill Burlison. I have also been to District of Columbia long enough to realize that the city of New York can outvote every rural Congressman we have. That is why we have to impress on the American people there is more at stake here than just cheap food for a short period of time.

I am glad to say that our Congressman from the 10th District is probably one of the best spokesmen for agriculture we have in Washington, D.C. We like to think of the 10th District as a rural congressional district, but I looked up the records, and less than 7 percent of the voters in the 10th District are farmers. So when you look at that, I think we can say Bill Burlison has done a good job, because he has gone far beyond the call of duty in representing the farmers of this district.

It is going to take a program of educating the people of the cities, and if this is not done, I think we are going to see more grass growing in the cities, and I think we are going to lose our freedom, because you know we made a mistake over the past few years. We allowed our energy production to get in the hands of a few.

Ladies and gentlemen, I can tell you whenever our food production gets into the hands of a few, it will take away our freedom.

Mr. BURLISON. Thank you very much, Mr. Cryts.

Next is Mr. Jeff Wade.

Mr. MATHIS. Bill, before you proceed, and before Mr. Cryts leaves the room, let me say that I appreciate very much not only your testimony in the prepared form, but also the remarks that you made after. I don't recall ever hearing a more eloquent summation of the problems that we face in this country articulated in an off-the-cuff manner by a young farmer. How old are you, Mr. Cryts?

Mr. CRYTS. Thirty-three.

Mr. MATHIS. How many years have you been farming?

Mr. CRYTS. Thirty-three.

Mr. MATHIS. I don't believe you could have survived 33 years of farming and still look as young as you do. I do want to thank you for your testimony. I think you have put your finger directly on the problem we have.

You talk about people like Howard Hjort, who is a very highly educated man—he may be too overeducated for his own good. Certainly he is overeducated when it comes to the production of food and fiber in this country; but he is making policy in the Department of Agriculture today, and that is what is wrong. It seems as if it doesn't make any difference.

I happen to come from a State that happens to be the home State of the President, and it pains me to say it doesn't make any difference whether you have a Republican or Democratic President; the policy has been the same. We are going to penalize that producer.

That has to turn around, and I urge you to continue to carry that message that you brought here today everywhere in this country at every corner that you can. I deeply appreciate your testimony. I also thank you for what you said about our colleague, Bill Burlison, because you are right on target there, too.

Thank you very much.

Mr. BURLISON. Mr. Chairman, the next witness is a farmer from Bragg City, Mo., Mr. Jeff Wade, who also is a member of the board of directors of the Midcontinent Farmers Association.

We are delighted to have you, Mr. Wade.

#### STATEMENT OF JEFF H. WADE, FARMER, BRAGG CITY, MO.

Mr. WADE. Thank you.

Mr. Chairman, first of all, I, too, want to welcome you to the bootheel of Missouri. We are delighted to have a Congressman of your stature from the great State of Georgia.

I am a member of the American Agriculture Movement, a State board member of MFA, which is Midcontinent Farmers Association, a member of American Soybean Association, and I am secretary-treasurer of the Missouri Soybean Merchandising Council. But, most of all, I am a soybean producer, as I make my living from farming, and I also grow wheat, milo, and cotton on my farm. I am speaking to you today as a farmer.

I see no need in bringing to your attention the good points of the farm bill that gives us a disaster benefit for our cotton, wheat, milo, and corn; also the provision where we can place our corn and wheat in the farmer-owned reserve and hold for better prices. Your foresight gave us these good practices; they are working for us farmers, and we thank you for them.

But I am here to tell you that I feel the soybean farmer is being discriminated against, as we do not have these advantages. The soybean farmer needs and deserves the same treatment the other grains are afforded.

I opened my statement, giving the different farm groups and marketing associations I am affiliated with. The AAM fully supports H.R. 7813; MFA fully supports it, and I will say the grassroot, dirt farmer who is a member of all the other groups, does, also. I know I support it wholeheartedly.

The soybean farmer needs two major things: First, we need a farmer-owned reserve, and, second, we need to be eligible for disaster payments on our soybeans.

For instance, take my case. I had good soybean crop yields in 1978 and 1979, but I had to sell my soybeans on the open market for the best price I could get. Now if I had had the farmer-owned reserve program, I could have stored those beans on my farm, and I would have reaped the benefit of the higher prices we are having this year due to the drought.

The wheat farmer and corn farmer have been able to do this, because they have this system; therefore, they are reaping the benefit of this year's higher prices. The soybean farmer has been left out.

We desperately also need the disaster payment part of the bill. There are thousands of acres of soybeans in the bootheel this year that have already been destroyed, because there wasn't anything there, and thousands of other acres where it is doubtful that it will be expedient to combine them.

I have some like both of these cases. My expenses on these is the same as if I had had a full crop. Why am I not entitled to disaster payments on these soybeans just as the cotton farmer is on his, the corn farmer is on his, the milo farmer is on his, and the wheat farmer on his? Under this bill, H.R. 7813 I would be.

Soybeans are this country's third largest crop, and we grow three-fourths of the world's soybeans. I think this is a real asset to our country. I think it is much too valuable an asset to risk hurting this crop.

I want to thank you and Congressman Burlison for giving me this opportunity to express my point.

Mr. MATHIS. Thank you very much, Mr. Wade, for your excellent testimony.

Mr. BURLISON. Our next witness is Mr. Harold Jackson, from Steele, Mo. Mr. Jackson is currently a member of the State ASCS committee, and we are delighted to have you with us today, Harold.

#### STATEMENT OF HAROLD JACKSON, STATE ASCS COMMITTEEMAN, STEELE, MO.

Mr. JACKSON. Mr. Mathis, it is certainly an honor to have you. I would like to point out I am going to make my testimony, and, as such, it is going to be statements and questions that are made by farmers across the State of Missouri through our ASCS office. Missouri being the third producer of soybeans in the Nation and the top four counties being in the bootheel—most of you know that, but I want to point that out—I would like to read to you some of

the statements and questions that we are hearing through our ASCS office, and, of course, all of it pertains to the bills we are referring to.

Farmers are inquiring why soybeans are not included under the program benefits offered by the ASCS, such as the low yield disaster provision; since soybeans are included in the normal crop acreage—NCA—of the farm, and plantings with the normal crop acreage is a qualification for program benefits.

Under the past agricultural act program benefits were determined by allotments, and soybeans were not considered an allotted crop. But farmers believe since soybeans, the No. 1 crop, is included in the NCA of the farm, that they should be entitled to program benefits under the low-yield disaster provision, the same as all the other major crops.

As one farmer commented, "It doesn't make sense that soybeans are not included in the low-yield disaster provision; it is like having four children and taking hospital insurance on three of them and the hell with the fourth child, who is the main source of help." Of course, this reference is being made to cotton, wheat, feed grain, and soybeans—which is the fourth child.

Farmers are inquiring why the U.S. Department of Agriculture, the ASCS does not cover the soybeans under the low-yield disaster provision; when a Federal agency such as FCIC covers production loss for this crop.

Since soybeans contribute over one-fourth of all agricultural income for the State of Missouri, why this crop is not included under the low-yield disaster provision is beyond their comprehension. The loss in production on this crop not only affects the farmers' income, but the whole economy of the State.

Why shouldn't soybean producers be eligible for assistance, is the question being asked, if the USDA can give livestock producers financial help under the emergency feed program when they have a natural disaster?

Farmers are making the comment about the Government assisting the Chrysler Corp.; so why can't some financial assistance be provided to the farmer during a year of extreme production loss on the soybean crop, such as including this crop to be eligible for benefits under the low-yield disaster provision?

Those are the questions, Mr. Chairman, that we are hearing through our USDA office.

Mr. MATHIS. Thank you, Mr. Jackson, very much for your presentation. I hope that you also are passing those questions up to the ASCS in Washington, as they come into the State office as well.

Mr. JACKSON. Sir, we certainly are.

Mr. MATHIS. Good.

Mr. BURLISON. Mr. Chairman, our next witness is Mr. David Brewer, who is president of the Soil and Water Conservation District, State of Missouri, and is also currently serving as president of the Mississippi County Soil and Water Conservation District. He makes his home and farming operation in Mississippi County around Charleston, Mo.

David, we are glad to have you.

**STATEMENT OF DAVID B. BREWER, PRESIDENT, SOIL AND WATER CONSERVATION DISTRICT, STATE OF MISSOURI, AND PRESIDENT, MISSISSIPPI COUNTY SOIL AND WATER CONSERVATION DISTRICT, CHARLESTON, MO.**

Mr. BREWER. Thank you, Mr. Chairman, and Congressman Burlison.

I farm in Mississippi and Scott Counties, and, as you said, I am president of the Mississippi Soil and Water Conservation District. I appreciate the opportunity to appear before your subcommittee today for the purpose of conveying my favor of H.R. 7813 and related bills.

I would like to commend Congressman Burlison on behalf of his introducing this legislation. I think it is something we certainly need. My granddaddy always told me the way to have a short winter is to sign a note for fall to come due in the spring, and we had a short summer this year. I signed a note this spring that is coming due. Pretty soon this fall, we are going to come up short.

In the Mississippi County, according to ASCS figures, we have three times more soybean acreage than we did in feed grains, wheat, cotton and rice combined.

Many of the farmers in Mississippi County are also growers of other commodities in addition to soybeans. Why shouldn't these people have the same protection as the corn and wheat farmer? It costs just as much for a soybean farmer to live as it does a wheat farmer, and his cost of production is probably greater.

The farmers in my county have suffered financially this year, and I believe it will take a lot of good luck for several years to get over it.

We have soybeans yielding 10 to 12 bushels per acre on land that normally yields 40 to 45.

This type of situation is not going to fill many grain contracts and sure isn't going to allow the farmers to pay off their notes when they come due.

This idea to include soybeans with other major crops in various disaster programs is a commonsense idea. In my county the soybean is the major crop.

I thank you, Mr. Chairman, for the opportunity to express my views.

Mr. MATHIS. Thank you very much, Mr. Brewer, for your testimony.

Mr. BURLISON. Our next witness is Mr. Arthur Duncan, who is a farmer over in the Gideon, Mo., area.

Arthur, welcome to the subcommittee.

**STATEMENT OF ARTHUR L. DUNCAN, DUNCAN FARMS INC., GIDEON, MO.**

Mr. DUNCAN. Thank you, Congressman Burlison.

Honorable Congressman Dawson Mathis, I am Arthur Duncan. I live at Route 1, Gideon, Mo. I am the principal owner of a family farm corporation, farming 2,000 acres—400 acres, corn; 300 acres, milo; 200 acres, cotton; 400 acres, wheat; 1,400 acres, soybeans. The beans include acres double-cropped with wheat and beans.

I also offer agri-lime and seed for sale to farmers in the bootheel area.

In addition to this, I serve as vice-chairman on the board of supervisors of the new Madrid Soil and Water District; chairman of the Dealer Advisory Council of Pfizer Genetics in St. Louis, Mo. This is the seed division of Pfizer of New York. I also serve as a member of the Board of Directors for Pemiscot-Dunklin Electric Cooperative in Hayti, Mo.

These affiliations bring me in contact with farm people in a wide area of the Midwestern States, and I can speak with firsthand knowledge of the seriousness of this summer of drought and extreme heat. It has been devastating to all crops. Many acres of corn, milo, and soybeans have been plowed under. Soybean yields in the bootheel have been as low as 4.9 bushels per acre; normal yields would have been 30 bushels per acre.

Northeast Arkansas yields are projected at 10 to 12 bushels per acre. Central Missouri yields are very low; some fields will not be harvested at all. Twelve southeast counties of Missouri have a projected yield of 13.8 bushels per acre. These same 12 counties have a projected money loss of \$334 million. I wonder when we think of that kind of loss, when we think of what it will be across the United States.

Mr. Chairman, many farmers have only wheat and soybeans; some only soybeans. Runaway production costs and low yields will force many young farmers out of farming if they do not have some kind of economic aid. This country desperately needs young farmers.

I have put together some facts from my own farming operation. Sixteen hundred acres of my farm is under irrigation. The 1980 corn yield is 68 percent of the normal crop; the 1980 milo yield is 64 percent of the normal crop; the 1980 wheat yield is 100 percent of the normal crop; and the 1980 soybean estimated yield is 66 percent of the normal crop. These are all under irrigation.

This year, we began irrigating in mid-June and stopped September 16. Our cost for fuel for irrigation increased by 250 percent. Because of the added cost of irrigation and low yields, our economic loss will be very close to the loss suffered by the farmer without irrigation.

Mr. Chairman, we began this crop with disastrously low commodity prices. Then we were hit with another embargo; this followed by extreme heat and drought, causing further economic loss. Then to find no Federal program for soybean growers, to help ride out this disaster, as do the growers of corn, milo, wheat, rice, cotton, peanuts, tobacco, and livestock.

This has many farmers wondering how they can pay the difference between the bushels forward-contracted and the actual bushels harvested.

Soybeans play a very vital part in the world balance of trade, because of their oil and protein value.

Mr. Chairman, it is my opinion that this economic loss to the American farmer and to the community they live in is far greater than that of Penn Central or Chrysler Corp. The American farmer has accepted his responsibility to feed the world and has accepted it well. Then when he fails because of an act of God, the Nation should accept the responsibility to "shore up" some of the farmers' cost.

I recommend that your committee act favorably and include soybeans in the disaster program of the U.S. Department of Agriculture.

Mr. Chairman, I wish to thank you for bringing this hearing to our area, saving us the added expense of traveling to Washington.

Mr. MATHIS. Mr. Duncan, thank you very much for your testimony. I appreciate very much your being here today.

Mr. BURLISON. The next witness to be called is Mr. J. T. Moody, a farmer from over at Clarkton, Mo.

It is nice to have you.

**STATEMENT OF J. T. MOODY, FARMER, CLARKTON, MO.**

Mr. MOODY. My name is J. T. Moody. I live and farm in the Clarkton area.

Farm-related committees in which I am involved include: chairman, Dunklin County M.F.A. delegates; vice chairman, Dunklin County Farm Bureau; chairman, ASCS Community Committee, Freeborn township; vice chairman, Federal Land Bank Association, serving Dunklin and Pemiscot Counties.

As everybody has already heard, our area has experienced a serious drought this year with crop production being cut by two-thirds. Farmers have planted soybeans as many as three times, without realizing any production from acreages.

Soybeans are the No. 1 crop in Dunklin County and the State of Missouri, so, therefore, I can see no reason why they cannot be included in the disaster program, along with other crops.

Our production costs, in some areas, are up 100 percent over last year, and taking into consideration the low yields per acre, we can't get back production costs.

For a farmer who has only soybeans acreage this year, he will be in deep financial trouble.

We have two young sons, getting into farming, and this year has been extremely difficult for all farmers.

It is impossible for a young farmer to get started today without some help, especially in a crop year such as we are experiencing.

The embargo has definitely hurt the farmer. At this time prices are up, due to the drought, but it does not help if there are no soybeans harvested for sale.

Many farmers booked soybeans for fall delivery, but because of the drought cannot fill the contracts, and are going to have to borrow funds to pay off contracts. Soybeans are eligible for SBA and FmHA disaster loans, as well as Federal crop insurance.

So for these reasons, I definitely feel that soybeans should be included in the disaster program, along with cotton, corn, milo, and wheat.

We appreciate the fact that the subcommittee has taken the time to come into our area for this meeting.

Mr. MATHIS. Mr. Moody, thank you very much for your testimony. We appreciate your being with us.

We have Mr. Pat Lea from Sikeston who is serving as president of First National Bank of that community. We are very delighted to have you, Pat.

STATEMENT OF PAT LEA, PRESIDENT, FIRST NATIONAL BANK,  
SIKESTON, MO.

Mr. LEA. Mr. Chairman, members of the committee, I am Pat Lea, president of First National Bank of Sikeston; chairman of the Bootheel Economic Council and a taxpayer.

I appear before you in support of H.R. 7813, which was introduced by our own Congressman, Bill Burlison.

As you are aware, our President, some months ago, for national security purposes, placed an embargo on the sale of grain to the Soviet Union. At that time he felt that this would assist in our overall defense strategy.

This embargo has to a certain degree been effective in conveying to the world our unwillingness to tolerate military intervention by the Soviet Union in the affairs of other countries.

The American farmer was asked to pay the price to implement this policy for the defense of all Americans, without subsidy or other rewards.

This policy has not been as effective as all of us had hoped it would be; yet it has been significant.

During this period our country has been beset with a drought, the worst such natural disaster to occur in our country since the mid-1930's.

This drought, plus the cost of paying for our national defense policy, has knocked the American farmer to his knees. We have been struck an almost mortal economic blow by this drought.

Under these conditions, we feel the need to call upon all Americans who have been the beneficiaries of this embargo—through cheap food prices—to help us weather the economic storm that has engulfed us.

The soybean farmers have suffered and carried America's burdens as much, if not more than, livestock farmers, producers of wheat, cotton, rice, corn, milo, peanuts, and tobacco.

Present eligibility requirements excludes one of the more substantial contributors to our national defense policy: the soybean farmer. To discriminate against him is indefensible in light of his contribution in standing by the American flag and our fellow countrymen.

With the support available to them under H.R. 7813, our soybean farmers will be able for the most part to pay for the repair and maintenance of their machinery and equipment; pay for fuel cost; pay for harvesting and planting; pay for farm labor; pay for seed and fertilizer and chemicals, and hopefully pay interest on their loans.

This resolution is a must unless there is some deliberate attempt to bankrupt the soybean farmer.

We trust that you and your good committee will quickly and favorably pass this bill out of committee and prevail upon other Members of Congress to enact this legislation immediately.

Mr. Burlison, businessmen, bankers and agribusiness people and the farmers of southeast Missouri movement are grateful to you for your determined efforts on our behalf as demonstrated by this bill. We appreciate and recognize the respect and influence that you have with other Members of Congress as acknowledged by this hearing.

On behalf of all of us, thank you, and thank you, Congressman Mathis.

Mr. MATHIS. Thank you very much, Mr. Lea, for your testimony.

I am particularly glad, I might add, to see an individual of your position, in terms of the presidency of the banks to come to testify on behalf of this legislation. Unfortunately, there are too many bankers who take different views from those you have expressed here today, and I am very grateful you have come and made this statement.

Thank you very much.

Mr. BURLISON. Mr. Chairman, our next witness is a representative of the bank at Kennett, Mo., Mr. Joe Kerr.

**STATEMENT OF JOE S. KERR, AGRICULTURAL  
REPRESENTATIVE, BANK OF KENNETT, KENNETT, MO.**

Mr. KERR. Thank you, Congressman Burlison and Chairman Mathis. We are glad to have you both here today, and we hope this will prove to be a worthwhile hearing.

My name is Joe Kerr.

The extremely high temperatures experienced this summer, in my opinion, have contributed more to the reduced crop yields than the drought, but the two together have really had devastating effects on our crop yields.

According to weather records at radio station KBOA, Kennett, Mo., we had 46 days this summer that registered over 100° or better. We also had 3 days that reached 112°. The 112° days were recorded on July 11, July 14, and July 15, and we had several other days when temperatures of 109° and 110° were recorded.

According to U. U. Alexander, University of Missouri agronomist, we have approximately 137,000 acres of soybeans in Dunklin County this year. Mr. Alexander estimates that our soybeans will average approximately 10 bushels per acre as a result of the extreme hot, dry weather.

He indicates that we should normally expect a yield of 25 to 26 bushels per acre in Dunklin County, and oftentimes higher than this.

It has been reported just recently that some of the early soybean fields in the Rives, Mo., area have made about 5 bushels per acre.

In all fairness, we feel that soybeans should be included in the disaster program for 1980 so that our soybean farmers are not discriminated against. Production costs continue to increase as a result of increased cost of fuel, seed, fertilizer, and farm machinery.

Some of our farmers have only soybeans, and other young farmers who are just getting started, are, of course, especially hard hit by the crop disaster we have experienced.

As we all know, our farm exports, of which soybeans play an important part, have helped us maintain a more favorable balance of payments for the past several years.

It is now evident that some of our farmers will be unable to fulfill their contracts because of a short crop. This, in itself, will create more problems for the farmer who is already hard hit.

I feel that the Missouri soybean farmer is as much entitled to disaster assistance as the producer of any other agriculture crop.

We must maintain a strong agriculture so that we can keep America strong in the years ahead.

Mr. MATHIS. Mr. Kerr, thank you very much for your testimony. I appreciate the position that you have taken and your coming to testify today.

Mr. BURLISON. Mr. Chairman, our next witness is representing the Caruthersville Credit Association. His name is Terry Rollins.

Mr. MATHIS. Glad to have you, Mr. Rollins.

**STATEMENT OF TERRY ROLLINS, VICE PRESIDENT, CARUTHERSVILLE PRODUCTION CREDIT ASSOCIATION, CARUTHERSVILLE, MO.; REPRESENTING EARL BULLINGTON, PRESIDENT, CARUTHERSVILLE PRODUCTION CREDIT ASSOCIATION**

Mr. ROLLINS. I am making this statement today in the absence of Earl Bullington, president of the association, who had to be out of town.

We appreciate this opportunity that allows us to present the views of the Caruthersville Production Credit Association on permitting soybeans to be eligible for low yield payments for the year 1980.

No one is more aware than we of the devastating effect this year's heat and drought has had on all growing crops, particularly soybeans. Our association provides approximately two-thirds of the operating credit extended to farmers in Pemiscot and Dunklin Counties.

On a day-to-day basis, we monitor the conditions of the growing crops in our area. The condition of all crops in the bootheel area has deteriorated on a daily basis since July 1.

It is our opinion that the damage to crops this year from excessive heat and drought will exceed the damage done to the 1957 crops from excessive moisture. If this statement holds true, the 1980 crop will be the worst in nearly 25 years.

The low yield provision of the present farm law is already serving its intended purpose this year. Payments are now being made on wheat, milo, corn, and cotton and a few farmers in our area who raise livestock are receiving payments for damage to pastureland.

We are aware of various bills that have been introduced to add soybeans to those crops that are already eligible for low yield payments. In a sense of fairness to the soybean farmer, we support this approach. We also support this provision because it does not create a perpetual liability for the Federal Government since it deals with only the year 1980.

A few years ago, soybeans were planted on the land left over after the farmer had planted his major crops. Things are different today. Soybeans are a specialty crop and we finance many operators who grow nothing but soybeans. Soybean sales in our area repay more of the farmer's debt than any other crop grown.

Another point to be made on behalf of the soybean farmer is that, a few years ago, a normal crop acreage was established for all farms. Included in the normal crop acreage were soybeans. If the farmer exceeds the normal crop acres established for his farm, then he is not eligible for low yield payments on any crops.

I make this statement simply to point out that, although soybeans do not enjoy the benefit of being eligible for low yield pay-

ments, they are included in the NCA base for each farm and, if overplanted, could prevent the farmer from receiving low yield payments. This again points out the unfairness of the low yield program as it applies to soybeans.

There is another reason we feel soybeans should be treated on an equal basis with other crops when considering low yield payments. Low yield payments are designed to provide relief to those farmers whose crops have been reduced by natural disasters. These payments are not designed to see that a farmer makes a profit each year.

The farmer would have to make less than 70 percent of a normal crop before the low yield payment is even triggered and then it is figured only on the production loss from 70 percent down to actual production. Because of the extremely low yield this year and the large acreage of soybeans involved, a low yield payment on soybeans could help keep many farmers in business.

The soybean farmer is not looking for a handout but he would like for his crop to be treated equally with other crops when the low yield provision of the farm bill is considered.

Thank you.

Mr. MATHIS. Mr. Rollins, thank you very much for your testimony on behalf of Mr. Bullington.

Let me ask one question. You mentioned correctly that the legislation, H.R. 7813, deals specifically with crop year 1980. Do you think that there would be objections raised on behalf of the people for whom you were to speak if this were to be permanent legislation as opposed to just affecting the one crop of 1980?

Mr. ROLLINS. Mr. Chairman, we have talked to some of the members of our loan committee and board and this is the feeling of some of those folks, yes, that this should just be considered as a 1980 provision at the present time.

As seen by some of the other statements here today, apparently that is not the position of all the folks involved but some of the people we deal with—and, of course, we represent many farmers with different views—this is their view.

Mr. MATHIS. Thank you very much for your statement.

Mr. BURLISON. Mr. Chairman, we were to have Mr. Robert Wright from Sikeston, Mo., who is president of the Production Credit Association, north of us. Mr. Charles G. Causey will appear in his place.

**STATEMENT OF CHARLES G. CAUSEY, DEXTER, MO., CHAIRMAN OF THE BOARD, PRODUCTION CREDIT ASSOCIATION, SIKESTON, MO.; REPRESENTING ROBERT WRIGHT, PRESIDENT, PRODUCTION CREDIT ASSOCIATION, SIKESTON**

Mr. CAUSEY. Mr. Wright was unable to be here today and I am filling in for him.

I am Charles Causey, a farmer, chairman of the board, Sikeston Production Credit Association, and on the loan committee.

The Sikeston Production Credit Association operates in the seven bootheel counties of Missouri.

From an agricultural lender's standpoint, our loans projected in the seven counties, the best estimate we can make, we will loan about \$125 million a year to 1,750 borrower members.

The 12-county projected loss of \$293 million in the 7 counties that we serve, this is \$209 million, and these are the ASC figures that have been mentioned earlier.

The seven-county loss on soybeans in the area we serve is \$115 million. This is half of the total loss, so we can see the importance that the soybean plays in the part of the agricultural lending. Other factors creating hardships are the cost of fuel, energy, machinery, irrigation, fertilizers, and, as has been mentioned, the embargo.

From an agricultural lender's standpoint, the embargo did place quite a hardship upon our farmers in this area. The farmer has been encouraged in times past to store his soybeans, thereby not having a glut in the market in the fall, spreading the sale out over the years.

To use Mr. Burlison's phrase, which I think was put very well, we replenish the Russians by punishing the American farmer. He had his soybeans in storage in the fall.

It is a common practice among most lenders that the previous year's expenses be paid before we start a loan for another year. Many farmers were forced to sell their soybeans at a depressed price and then the rain stopped. The soybeans that he had planted and was hoping for a good price for 1980 did not materialize.

Many of the beans in my area have been destroyed because they were not worth saving. The beans that are left, other than a few irrigated beans, are of very poor quality.

We see especially in the loans that we are looking at now with the young farmer, the small farmer, the disaster that has come from the soybean crop this year. The other crops that are protected, the amount of money will help. Anything will help in a time like this.

We cannot see why or how such a great product as the soybean should be excluded when all the other products are favored in our Government.

So why should we penalize or punish one particular farmer?

Many of us have both soybeans and other crops. We feel very strongly that the soybean should be included. It is a big piece of the pie in our balance of trade. It should be included, we feel very strongly.

Thank you.

Mr. MATHIS. Thank you very much, Mr. Causey, for your testimony.

As I said earlier, your prepared statement will be made a part of the committee record. Thank you for being with us.

Mr. BURLISON. Mr. Chairman, we are very pleased to have Mr. Jack Tipton from the southern portion of Pemiscot County, former president of the Missouri Soybean Producers Association.

Glad to have you, Mr. Tipton.

**STATEMENT OF JACK H. TIPTON, PEMISCOT COUNTY, CARUTHERSVILLE, MO., FORMER PRESIDENT, MISSOURI SOYBEAN PRODUCERS ASSOCIATION**

Mr. TIPTON. Thank you, Mr. Burlison.

Chairman Mathis and Congressman Burlison, as has been stated, my name is Jack Tipton. I present this statement as a soybean

farmer from Caruthersville, Mo., and on behalf of the Missouri Soybean Association—MSA.

The Missouri Soybean Association is a statewide, farmer volunteer, nonprofit, single-commodity association organized to assure the potential for profitable soybean production.

MSA is affiliated with the American Soybean Association. Both MSA and ASA are producer-controlled associations and no soybean processor or exporter has a vote in determining our policies.

On behalf of the soybean producer/members of the Missouri Soybean Association, I express our sincere appreciation to you for your efforts to hold this field hearing today in Portageville, to receive public testimony on several bills which would establish a disaster payment program for soybeans.

In particular, we appreciate Mr. Burlison's concern for the soybean producers of his district and those of the Nation who have experienced one of the most damaging droughts in history this year.

Undoubtedly, the drought of 1980 will be the "straw that broke the camel's back" for many producers already burdened earlier with low prices resulting from the Soviet embargo. Many of our farmers also found it necessary to borrow money at the 17- to 19-percent interest level which prevailed at that time.

If these farmers are to survive economically, it is apparent that they will need financial assistance.

Although we applaud the intention of providing soybean producers with a soybean disaster payment program similar to that afforded feed grain and wheat producers; the Missouri Soybean Association has several concerns about how such a program could work.

First, to be fair, any disaster payment program would have to be based on providing producers with a payment on the difference between the normal yields and their yields during the year of a disaster. Unfortunately, the Department of Agriculture has not been collecting data on individual farm soybean yields. Thus, it would appear to us to be impossible to define a normal soybean yield to each and every farm.

Our greatest concern is whether a soybean disaster payment program would require the establishment of a soybean target price. As you are aware, both the Missouri Soybean Association and the American Soybean Association have long opposed the establishment of a soybean target price on the basis that world supply and demand for soybeans should be the price factor affecting U.S. soybean production—not the potential for Federal payments.

The U.S. soybean industry has grown at a fast rate because of a rapidly climbing world demand for soybean protein and soybean oil. As increased demand resulted in increased prices, U.S. soybean producers have declined or leveled off relative to world oilseed supplies, U.S. producers have responded by reducing their soybean plantings.

Such was the case in 1980 when national soybean acres dropped by over 3 million acres from the record level of over 71 million acres in 1979.

We fear that a soybean target price would serve as an incentive for greater soybean acreage in some years than is justified by world soybean demand. After all, soybeans are worth only as much

as the world will pay for them, not what the Government establishes as a target price. There are those who differ from us on the issue of target price for soybeans.

However, I would point out that the Federal support program currently in effect for soybeans has resulted in soybeans being America's largest cash crop, its largest export earner and its second largest crop in planted acreage.

The soybean industry has been prosperous without a target price and we are convinced it will continue to be profitable without one.

On August 20, 1980, American Soybean Association President Frank Ray wrote to members of the House and Senate Agriculture Committees to indicate that ASA would not oppose the establishment of a soybean disaster payment program provided it did not require a soybean target price. MSA is in agreement with ASA on this issue.

We stand ready to assist the Congress in determining if a workable and equitable program can be developed which will assist soybean producers to withstand the economic effects of the 1980 drought.

With respect to the future, MSA feels that the crop insurance program recently passed by the Congress will provide the disaster protection needed by soybean producers.

By using the crop insurance program, soybean producers will have the option to insure their crop up to 75 percent of its value, which is more than would be provided under a disaster program.

We applaud the Congress for developing this program and look forward to the time when it is available.

In the interim, we would urge you to see that adequate disaster loans are made available to the thousands of soybean producers adversely affected by the drought of 1980.

Moreover, we ask that you urge the Department of Agriculture to delegate more manpower to the Farmers Home Administration to allow prompt and efficient processing of disaster loan applications. Unless loans are made available soon for many farmers, it will be too late.

We commend you for your concern for the soybean producers of Missouri who have suffered from the drought of 1980. We stand ready to assist you in providing needed assistance to those producers.

Mr. MATHIS. Mr. Tipton, thank you very much for your testimony on behalf of the Missouri Soybean Association. We appreciate your being here and we will certainly give consideration to your testimony.

Mr. BURLISON. Our next witness is Mr. Lowell Mohler, secretary, Missouri Farm Bureau Association.

**STATEMENT OF LOWELL MOHLER, SECRETARY, MISSOURI FARM BUREAU ASSOCIATION, JEFFERSON CITY, MO.**

Mr. MOHLER. Thank you, Congressman Burlison.

Mr. Chairman, we are mighty glad you are here in Missouri, as some of our previous speakers have commented.

Incidentally, I did receive, 2 days ago, a letter from the president of the Georgia Farm Bureau, who listed some 13 points that he is going to present in behalf of the Georgia Farm Bureau to the

American Farm Bureau, also dealing with the problems not only of soybeans, but other problems we have.

As Congressman Burlison stated, Mr. Chairman, my name is Lowell Mohler, and I am secretary of the Missouri Farm Bureau. We represent approximately 75,000 member families in 108 county farm bureaus throughout Missouri.

We appreciate this opportunity to appear before the Oilseeds and Rice Subcommittee of the House Agriculture Committee and present the views of our members on various proposals designed to assist soybean producers who have been hard-hit by the 1980 drought.

For the benefit of Congressman Mathis, who may not be as familiar with the 1980 crop situation in Missouri as Congressman Burlison, let me quickly review the 1980 soybean crop. Soybeans are Missouri's No. 1 cash crop. Nationally, Missouri is a major producer of soybeans, ranking third among the States in soybean production.

In 1980, Missouri's soybean farmers planted nearly 6 million acres to soybeans and appeared headed for another near-record soybean year. Then disaster struck. The worst drought recorded since the early 1930's, coupled with a record-setting heat spell, blanketed the State for most of the summer and severely damaged soybean production.

I think I will skip part of my written text that deals with the total damage as we see it.

Missouri is the No. 3 State in soybean production, although it is looking bleak at this time.

I think it is important to point out that we planted this spring some 6 million acres statewide, which is the most acres we have planted in soybeans, and it looks like we are going to harvest somewhere about 5.5 million acres statewide. Normally we have an average yield in the last few years of somewhere around 31½ bushels of soybeans. We are expecting that statewide average will be somewhere down around 21 bushels, and here in the bootheel, where we have been hit harder than other places across the State, it looks like closer to 16.

I have had the opportunity to travel throughout Missouri the last 10 days and to most farming areas of the State and it is very obvious that our counties are hardest hit. We do have here obviously not only lack of production because of the drought, but lack of quality, also.

Having reviewed the severity of the losses in Missouri, let's turn to the focus of this hearing—the various legislative proposals intended to address this problem.

Soybean producers in general, and our members that are soybean producers are no exception, have not favored including soybeans in a full-scale Government farm program with target prices, reserves and set-aside provisions. Consequently, current law does not provide soybean farmers the disaster aid protection provided to other crops more fully included under Government farm programs. I think we have discussed this already this morning pretty well.

Our 1980 Farm Bureau policy on soybeans states:

We oppose acreage controls or marketing quotas on soybeans.

We recommend that the soybean loan rate be set at a level which will not stimulate overproduction.

We oppose establishment of a soybean reserve program.

We hope to have more specific policy in 1981 on the inclusion of soybeans in the disaster provision of the farm program. Such policy will be in place before any serious consideration of new soybean legislation takes place after Congress reconvenes next January. For the purposes of today's discussion, however, I will have to assume that soybean farmers in our organization will not drastically change their basic attitudes about the inclusion of soybeans in a government farm program.

Consequently, we would urge consideration of the following points for any program that Congress devises to assist soybean producers on a short or long-term basis: First, no target price or reserve program; second, no acreage controls or marketing quotas; third, the soybean loans should be kept at a level which will not stimulate overproduction; and, fourth, every possible effort should be made to establish accurate yield and acreage histories at the county level in order to allow a fair basis for offering emergency disaster assistance in the future.

Soybean producers have enjoyed minimum Government involvement despite the ups and downs of our market system. They are not anxious to be drawn into a more heavily Government-controlled system of acreage controls and reserves with loans and target prices used as the leverage for program compliance.

In closing, the Farm Bureau would support a specially designed disaster program like H.R. 7813, which will not lead to a full-scale farm program for soybeans included in H.R. 7813.

In addition, we encourage Congress to appropriate the necessary funds to SBA and FmHA to insure that all qualifying farmers here in Missouri will have low-interest loans available to them. These loans are needed, and needed now.

Again, Mr. Chairman, we appreciate your time and attention to our problems here in Missouri and appreciate your coming.

Mr. MATHIS. Mr. Mohler, thank you very much for your testimony.

Mr. BURLISON. Are there any other farmers or agribusiness leaders who are here and would like to present testimony?

Mr. MATHIS. Let me say at this point that we received and filed this witness list prior to the time we arrived in Portageville, but if there are others, because of the cooperation of the witnesses who have testified and the brevity of the testimony that we have received, we certainly don't want to go away without everyone having an opportunity to speak his or her piece.

I know that Congressman Burlison feels that way, as he has indicated. If there are any others who would like to be heard, we certainly would welcome the opportunity to hear them relative to this bill, H.R. 7813.

If there are any of you who want to be heard, I hope you won't be bashful about coming forward.

If not, Bill, let me again say thank you to all of the witnesses who have testified and the others who have indicated their interest in this legislation by their appearance here this morning. I am certain that were it not for the weather conditions that exist outside, this room would probably have been packed and overflowing. We understand that. We are thankful there are a number of

you who do have concerns about the soybean program and the situation that you face, particularly in southeast Missouri; that you are here today.

I think the testimony we have received will certainly be beneficial to all the members of the subcommittee as we begin to deliberate not only in the so-called lameduck session that we will be convening on November 12, but hopefully in the next Congress as well, when the formulation of the new farm bill begins to take place.

It is always helpful, and I think more beneficial, for testimony to be received in the field than in Washington, D.C. It is for that reason, over the years that I have been in the Congress, and certainly in the period of time I have been privileged to serve as chairman of the subcommittee, that we have tried as many times as possible to get to the field, where we can hear from individuals who sometimes find it, if not impossible, then certainly difficult to make that journey to Washington, D.C., to have their views known.

I would reiterate for the record that we are here today, of course, at the request of Congressman Burlison, who introduced the original piece of legislation to provide for the disaster payments to be made to the soybean producers of 1980.

I don't know of any other occasion, Bill, where I have had the privilege to go farther for a hearing into a congressional district of a Member to introduce the original legislation. So, something new has occurred for me here today, and I want to thank you for the hospitality that you and the staff have shown, and particularly the staff of the Center here.

Mr. Cromwell has been very helpful to us, and we certainly appreciate your hospitality and your courtesy.

Bill, if you have any closing statement you would like to make for the record, please do so.

Mr. BURLISON. Thank you very much, Mr. Chairman, again, for coming to southeast Missouri and hearing these 15 or 16 or so witnesses with respect to the soybean disaster legislation, which is so critical to our district this year.

I want to echo your appreciation for this turnout of farmers and businessmen, and I also want to second your remarks of appreciation to the Delta Center Experiment Station and Mr. Cromwell for making these facilities available to us. We appreciate it very much. Thank you.

Mr. MATHIS. Thank you very much, Congressman.

If there are no other witnesses, then the subcommittee will stand adjourned, subject to the call of the Chair.

[Whereupon, at 11:05 a.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

[The bills H.R. 7796 and H.R. 7813 follow:]

[H.R. 7796, 96th Cong., 2d sess.]

A BILL to provide soybean producers with the same protection from natural disasters as producers of wheat and feed grains

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, producers of 1980 crop soybeans are hereby eligible for compensation in the case of prevented plantings or failure to harvest normal crop acreage because of drought, flood, or other natural disaster, or other conditions beyond the control of the producers. Rates of compensation shall be determined by the Secretary of Agricul-*

ture and shall be comparable to rates received by producers of wheat and feed grains under the provisions of the Agricultural Adjustment Act of 1949, as amended.

DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
Washington, D.C., October 17, 1980.

Hon. THOMAS S. FOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your request of July 29, 1980 for a report on H.R. 7796, a bill "to provide soybean producers with the same protection from natural disasters as producers of wheat and feed grains."

The Department opposes this bill.

Soybean acreage has increased over the years and, for 1980, soybeans rank third in total planted acreage, next to corn and wheat. Thus, soybeans contribute substantially to the farm and agribusiness economy. Because of their importance, we recommended that soybeans be included as a program commodity in the development of the Food and Agriculture Act of 1977. It is too late to include soybeans as a program crop this year for the reasons described in detail below. Even so, we continue to believe that soybeans should be seriously considered for program benefits similar to those offered for corn and wheat.

H.R. 7796 would make 1980 crop soybeans eligible for one benefit—disaster payments. However, enactment of this bill at this late date in the 1980 season would result in a number of problems, including:

1. Additional government costs. While it is impossible to accurately estimate the additional costs that might be incurred, we estimate that the cost would range between \$85 and \$215 million in fiscal year FY 1981, depending on the final outcome of the 1980 crop.

2. No farm program payment yields have been established for soybeans. A program payment yield would have to be established for every soybean farm. This would involve considerable time and expense.

3. It would be difficult, at this late date, to determine whether producers were prevented from planting soybeans and the acreage that they intended to plant. Likewise, it would be difficult to determine the acreage and production loss for those producers who were able to plant their soybeans but, because of the drought, plowed up, grazed, cut for hay or otherwise disposed of them prior to enactment of the disaster program.

4. The disaster payment rate for covered commodities is based on a percentage of the established "target" price—33⅓ percent for prevented plantings and 50 percent for low yields (for wheat and feed grains). No target price exists for soybeans. Therefore, a comparable payment rate would have to be determined for soybeans. A further complication for 1980 involves the fact that two target prices are in effect for wheat and feed grains depending on whether or not the normal crop acreage (NCA) established for the farm is exceeded. Wheat and feed grain producers who plant within the NCA are eligible for higher disaster payments than those who exceed the NCA.

Disaster protection has been and is available to soybean producers through the Federal Crop Insurance Corporation. Since the new comprehensive program has been signed into law by the President, expanded levels of coverage and areas of availability will be offered to producers in the future.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

BOB BERGLAND, *Secretary.*

[H.R. 7813, 96th Cong., 2d sess.]

A BILL to authorize the Secretary of Agriculture to make payments to producers of the 1980 crop of soybeans for losses caused by natural disasters

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That if the Secretary of Agriculture (hereinafter in this Act referred to as the "Secretary") determines that because of drought, flood, or other natural disaster the total quantity of the 1980 crop of soybeans which a producer is able to harvest on a farm is less than 70 per centum of the product of the acreage planted by such producer for harvest for the 1980 crop of soybeans and*

the farm soybean yield, then the Secretary shall make a payment to such producer in accordance with section 2.

SEC. 2. The amount payable under the first section of this Act to a producer shall be equal to the product of—

- (1) a payment rate of \$3 per bushel of soybeans, and
- (2) the amount by which 70 per centum of the product of the acreage planted by such producer for harvest for the 1980 crop of soybeans and the farm soybean yield, exceeds the actual yield of the 1980 crop of soybeans.

SEC. 3. For purposes of this Act, the term "farm soybean yield" means—

- (1) the soybean yield per acre established for a farm for the 1979 crop year, or
- (2) if no soybean yield is established for a farm for the 1979 crop year, such yield per acre as the Secretary determines to be fair and reasonable.





